

## SMALL SCALE INDUSTRIES INCLUDING FOOD PROCESSING INDUSTRIES

(Item No. 8)

Attaining rapid industrialisation by promoting the small scale industrial sector is one of the major policy objectives of the Government both at the Centre and State. Various policy initiatives were taken to strengthen the Small Scale Industries sector since the announcement of the Industrial policy of 1991 by the Government of India. These initiatives included (i) Simplification of procedures for the registration of new units. (ii) The enactment of "Interest on the Delayed Payments Act, 1993" to ensure the prompt payment of dues to the Small Scale Industries Units. (iii) the formulation of a new scheme to train small entrepreneurs and managerial assistants. (iv) Launching of an Integrated Infrastructural Development scheme to strengthen infrastructural facilities in 50 centres in rural and backward areas. (v) Extension of excise duty concessions available to units with a turn over of Rs.30 lakhs to Rs.75 lakhs per annum to non registered sector (vi) Introduction of Quality Certification scheme to improve the quality standards of Small Scale Industries products to acquire ISO 9000 or similar international quality standards and (vii) a special package of measures to secure for the Small Scale Industries Units timely and adequate credit from banks as per the guidelines issued by the Reserve Bank of India. This package includes (a) Preferential treatment to village industries, tiny units and Small Scale Industries units in that order in catering to these requirements. (b) to prepare annual budgets on "Bottom up" basis to ensure that the legitimate requirements of the Small Scale Industries sector are met in full and (c) the insistence to adopt the "Single Window Clearance Scheme" of the SIDBI by other banks in matters relating to the provision of credit to this sector.

02. The Department of Industries and Commerce is the nodal agency for development of Industries in general and small scale industries in particular in the State of Tamil Nadu. The Department of Industries, ever since from its formation, manned by qualified professionals with Engineering background of various disciplines like mechanical, Electrical, Chemical, Electronics etc. District Industries Centres are headed by the General Managers, who are qualified Engineers, and provide technical feasibility and economic viability reports to small industrialists. In addition, PMRY and all other developmental schemes are being implemented by providing subsidies upto a limitation of Rs.50 lakhs with 15% project cost in Backward/Most Backward blocks and taluks. The role of the District Industries Centre is to plan and implement various schemes for the promotion of industries. These include the following: (1) providing entrepreneurial guidance (2) register small scale industries and grants ancillary status Certificates (power, licence, etc.) (3) assists small units in acquiring and various inputs including finance (4) Assists in the import of capital goods, machinery and scarce raw materials (5) implementing Centrally sponsored schemes like self employment programmes for the educated unemployed youth under PMRY scheme (6) sanction and disbursement of various subsidies and incentives such as state capital, generator subsidy, power tariff subsidy, interest free sales tax deferral/waiver margin money assistance for sick units (7) Creation of awareness of the various policies and programmes through seminars and dissemination meets (8) providing organisational support and technical, managerial, and financial assistance for the formulation and running of Industrial Cooperatives (9) conducting entrepreneurs development programmes especially to women entrepreneurs and conducting of Technoeconomic surveys (10) assist small scale units in the export of their products and providing escort services to the entrepreneurs (11) identify rural artisans and assist them in the promotion of Cottage Industries and (12) conducting single window committee meetings at the district level for promotion of industrial growth.

03. The data relating to the permanent registration of small scale industries in the State given below serve as indicator of progress.

<i>Year as on</i>	<i>No. of permanently registered units</i>	<i>Investment (Rs. in lakhs)</i>	<i>Production</i>	<i>Employment (in lakhs)</i>
31-3-90	113658	204584	625119	11.93
31-3-91	127202	228963	699611	13.73
31-3-92	138404	290648	761212	14.95
31-3-93	157892	357789	888406	17.50
31-3-94	178114	397227	1034841	19.41
31-3-95	207357	512765	1326176	21.88
31-3-96	234400	562794	1434348	23.23

#### Handicraft units:

04. In all the Districts craftsmen and Artisans have been identified. If they run units which have been registered under Handicraft category, registration certificates are issued to them permanently. The achievement so far made are detailed below:

<i>Year</i>	<i>Target</i>	<i>Achievement</i>	<i>Employment generated</i>
1990-91	7500	7291	17539
1991-92	7500	7822	17698
1992-93	8000	7936	19741
1993-94	8000	7634	17754
1994-95	8000	5901	12173
1995-96	8500	5494	13615

#### Cottage Industries:

05. Cottage Industries engaged in various villages are identified and registered. The target fixed and achievement made are indicated below:

<i>Year</i>	<i>Target</i>	<i>Achievement</i>	<i>Employment generated</i>
1990-91	7500	7465	28218
1991-92	7500	8169	21955
1992-93	8000	8879	19622
1993-94	8000	8122	18652
1994-95	8000	6399	13352
1995-96	8000	4896	12605

#### Prime Minister's Rozgar Yojana Sheme

06. The Government of India have introduced a scheme called the Prime Minister's Rozgar Yojana for educated unemployed youth. The scheme has been launched on 2nd October 1993. It relates to the setting up of the self employment ventures through industries, service business routes. The progress of achievement is shown below:

Year	Target	Applications received to Banks	Applications		
			Recommended by Banks	Sanctioned	
(1)	(2)	(3)	(4)	Nos. (In lakhs) (5)	Amount (6)
1994-95	17400	54138	35509	14519	8238.68
1995-96	21800	53106	50423	19304	11068.51
1996-97 (as on 31.10.96)	21800	29154	29791	3653	2175.89

	No. of persons trained	Disbursement	
		No. (Rs. in Lakhs) (8)	Amt. (9)
	(7)	(8)	(9)
1994-95	11976	11356	6124.33
1995-96	15787	11699	6365.88
1996-97 (as on 31.10.96)	1585	382	205.82

07. The Tamil Nadu Panchayat Act provides powers to Panchayat Union Councils to promote and encourage cottage industries (Section 112(n)) and to review the schemes, programmes and other activities executed by the Government or by any statutory body or other agency within the Panchayat Union (Section 114(2)). The Act also provides power to the District Panchayat to organise a standing committee on "Industries and Labour" (Section 97 (1)(a)(ii)). The intention of the Act is to provide advisory powers to District Panchayats and review of schemes to Panchayat Union Councils. Thus, three tiers of rural local bodies will have clear cut responsibilities for the promotion and encouragement of small industries tiny industries, cottage industries and food processing industries. Keeping in view the above position, the State Planning Commission group recommends the following entrustment of powers.

## I VILLAGE PANCHAYAT

ACTIVITY (1)	ENTRUSTMENT OF POWERS (2)
1. Industrial Resource Potential Survey and project formulation	i) Assist, Panchayat Union and District Industries Centre in survey and project formulation for small, cottage, Food Processing and handicraft units feasible of starting in Village Panchayat.
2. Development of infrastructure.	i) Identification of suitable locations for processing of locally available raw materials for agro industries, rural industries and food processing units.
3. Entrepreneur Development.	i) Identification of rural entrepreneurs in Panchayat Village and to suggest types of training needed for them in rural/cottage/ food processing/agro processing industries.

## II. PANCHAYAT UNION

<i>ACTIVITY</i> (1)	<i>ENTRUSTMENT OF POWERS</i> (2)
1. Industrial Resource Potential, survey & Project formulation.	i) Assistance in industrial resource potential survey by District Industries Centre for Panchayat Union areas.
2. Development of infrastructure.	i) Identification of specific projects for the establishment of small/rural Indl. estates/complexes/growth centres.
3. Entrepreneur development	i) Selection of entrepreneurs for Entrepreneur Development Programmes for different trades, vocations and skills. ii) Identification of rural entrepreneurs for taking-up Small Industrial Projects and recommending them for Bank funding besides Government and Institutional assistance. iii) Organising training for rural entrepreneurs in Small Scale/ Food Processing Units.
4. Credit & Financial Assistance from various Govt. Dept./Agencies	i) Assistance in providing financial and other help to the Small Industries. ii) Providing information and guidance about credit facilities and other financial incentives.
5. Review of Government supported/funded schemes	i) Panchayat Union Council to review all schemes implemented by District Industries Centre. General Manager or his representative will attend the council for review.

## III. DISTRICT PANCHAYAT

<i>ACTIVITY</i> (1)	<i>ENTRUSTMENT OF POWERS</i> (2)
1. Industrial Resource Potential Survey and Project Formulation.	i) Formulate District Plan on small/rural and Food Processing Industries. General Manager, District Industries Centre will assist the District Panchayat for such a plan formulation. ii) Prepare and maintain data/information/profiles on Small Industries for the District. iii) Conduct annual Industrial development conference for advising the Government with measures for growth of industries in the district.
Development of infrastructure.	i) Advise Government, District Industries Centre and other authorities in the establishment of Small Industrial estates/complexes/centres; and also for the improvement of roads, electricity, water supply and pollution control needed for the existing and future small industrial units in the district.
Entrepreneur Development.	i) Select entrepreneurs in consultation with Panchayat Unions and General Manager, DIC, for training programmes.

<i>(1)</i>	<i>(2)</i>
	ii) Identification of training needs and programmes for the small entrepreneurs in the district.
4. Credit and Financial Assistance from various Govt. Dept/ Agencies.	i) Advise the Government/Banks on the credit and financial needs of the small entrepreneurs and agro-industrialists.
5. Standing Committee on Industries and Labour.	i) Organise the Statutory Committee and review all small industries and Food Processing problems and prospects in the Committee. General Manager, District Industries Centre, officers of SIDCO, TACID, TIDCO will report to the Committee.
	ii) Implement and supervise the measures adopted by the state Government to operationalise the abolition of "Inspector raj" for small scale industries.

### **Implication**

08. The impact of the entrustment of powers to Panchayat Raj Institutions would be from the grass root level (Village level) upto the district level (District Panchayat). Every Panchayat should aim to identify entrepreneurs and units to come up in its area in the Small Scale Industries sector. Here it does not stop only with the aim of employment but proceeds further i.e. assist in identification of rural entrepreneurs, identification of suitable location for rural Industries, identification of village entrepreneurs for training, provide information and guidance about credit facilities and other financial incentives etc. At Panchayat Union level, the review of schemes will provide adequate checks and balances for efficient, effective and transparent implementation. General Manager of the District Industries Centre assisted by Managers of various disciplines should report to the District Panchayat for its review of Government and other agencies schemes on Small Scale Industries. The field staff attached to them must identify village level potential activities. District Industries Centres should be linked to District Planning Committee for appropriate planning and performance review.

09. The entrustment of powers does not envisage any transfer of staff, funds or schemes to be implemented/ executed directly by the rural local bodies. They will play the role of selector, co-ordinator and facilitator in the development of small scale and Food Processing Industries.