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INSTITUTIONAL SUPPORT OF SMALL SCALE INDUSTRIAL ENTERPRISES

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ABSTRACT

This study is emphasising that the ministry of SSI, Government of India, initiates appropriate policy measures, programmes and schemes for the promotion of small scale industries, which include the setting up of a network of institutions at field level to render assistance and to provide a range of services and common facilities for the small scale industries. As well as the primary responsibility for development of village and small industries rests with the State Governments and accordingly, they formulate their own policies and schemes of incentives. The central policies for the SSI sector, nonetheless, serve as guidelines for framing state policies as well as the package of incentives.

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The Department of Small Scale Industries and Agro & Rural Industries (SSI & ARI) was created within the Ministry of Industry at the central level in 1990. On October 14, 1999, a separate Ministry of Small Scale Industries and Agro & Rural Industries under the independent charge of the Minister of State for SSI and ARI was created to focus attention on the SSI sector. Recently, this Ministry has been renamed as the Ministry of Small Scale Industries portfolio has been placed under the charge of separate Ministry. The Ministry of SSI evolved a Citizen Charter in 1999 highlighting its mission, values, commitments, etc., details of which were covered in SIDBI Report on Small Scale Industries Sector 2000 to till today.

The Ministry of SSI initiates appropriate policy measures, programmes and schemes for the promotion of SSIs which include the setting up of a network of institutions at the field level to render assistance and to provide a comprehensive range of services and common facilities for SSIs. The range of services cover consultancy in techno-economic and managerial aspects, training, testing facilities and marketing assistance through the agencies created for the specified functions. These activities are carried out through attached offices/organizations namely Development Commissioner for Small Scale Industries [DC(SSI)], Khadi and Village Industries Commission (KVIC), National Small Industries Corporation (NSIC) and Coir Board. Besides, these are supported by a host of other Central/State Government departments,



promotional agencies, autonomous institutions, non-governmental organizations, etc. which provide support to SSIs in different ways. The Ministry also coordinates with other ministries/departments and different organizations in the interest and welfare of the SSI sector. The matrix of institutional support structure is presented at a glance in Annex 1.1.

1.1.CENTRAL GOVERNMENT SUPPORT NETWORK

Small Scale Industries Board

The Small Scale Industries Board was first constituted in 1954 to facilitate coordination and inter-institutional linkages and to render advice to the Government on various policy matters and other related issues concerning the promotion and development of the small scale sector. The term, of the SSI Board is two yearsⁱ. The Board was last reconstituted in September 2000. The Minister incharge of the SSI Ministry is the Chairperson and Additional Secretary and Development Commissioner (SSI) is the Member Secretary. The other members of the Board comprise Central Ministers, Chairmen of Parliamentary Committees concerned with SSIs, Secretaries of various Departments of the Central Government, Financial Institutions, Public Sector Undertakings, State Industries Ministers, prominent industry associations and eminent experts from the related fields.

Small Industries Development Organisation

The office of the Development Commissioner (SSI) also known as Small Industries Development Organisationⁱⁱ (SIDO) is an attached office of the Ministry of SSI. SIDO has a network of 28 Small Industries Service Institutes (SISIs), 30 Branch Institutes, 1 Extension Centre, 4 Regional Testing Centres, 7 Field Testing Stations, 10 Tool Rooms, 6 Product-cum-Process Development Centres and 5 Training Institutes in the country. SIDO supervises Tool Rooms, Product-cum-Process Development Centres and Training Institutes that are run as autonomous bodies registered as societies under the Societies Registration Act.

The major activities of SIDO include: (i) Evolving an all-India policy and programme for the development of SSIs. (ii) Coordinating the policies and programmes of various State Governments, (iii) Maintaining liaison with different State and Central Ministries, Planning Commission, Reserve Bank of India and financial institutions and dissemination of economic information, (iv) Providing a comprehensive range of extension services through allied institutions, (v) Providing facilities for technology upgradation, modernization, quality improvement, etc., (vi) Monitoring the Prime Minister's Rozgar Yojana Scheme, and (vii) Offering services such as consultancy in technical and managerial aspects, training, common facility assistance, testing and tool room facilities and marketing assistance for SSIs.

The new areas of current importance for the SSI entrepreneurs, which have been undertaken by SIDO, are:

WTO Cell

The WTO agreements and negotiations have added a different dimension to the future economic environment. The main concerns are to strengthen the small scale sector so as to enable them to take advantage of the available opportunities and prepare for the challenges emerging out of competition and globalization. To gear up the sector for the purpose, a WTO Cell has been established in the office of DC (SSI) with the following objectives:- (i) To keep abreast and updated with regard to all WTO agreements, (ii) To disseminate information to SSI Associations and SME units regarding recent developments, (iii) To coordinate with other ministries and departments like Commerce & Industrial Development in respect of IPR, patent laws, etc., (iv) To prepare the policy for SSIs in tune with the WTO agreements, and (v) To organise WTO sensitization seminars, workshops, etc.

Small Enterprises Information & Resource Centre Network

SIDO launched a Project of Small Enterprises Information & Resource Centre Network (SENSET) in April 1997 with 21 electronic nodes all over the country. Fifteen User Centres (UCs) are established at Small Industries Service Institute (SISIs) premises located at New Delhi, Guwahati, Patna, Panjim, Solan, J&K, Trichur, Indore, Cuttack, Ludhiana, Jaipur, Kanpur, Hyderabad, Karnal and Gangtok. These centres are networked on-line providing linkages within the office of DC (SSI) and at State/UT level with Technology Nodal Centres



(TNCs). The SENSET project is a major initiative to wards development and promotion of small scale sector in India with the prime objective of creating and promoting an electronic network (Intranet), promoting data bases for small enterprises, providing data bases for small enterprises, providing technical know-how, training inputs, and package assistance is also extended to information service providers to promote a network alliance for small enterprises, both in the public and private sector.

The functions of the main Nodal Centre at the Office of the DC (SSI) are to: (i) Control and implement the project, (ii) Forge linkages and alliances, (iii) Control network operations, (iv) Process and store data bases, (v) Assign and commission projects, (vi) Assist training and HRD, and (vii) Undertake publications and document supply services. The functions of 5 TNCs located at Kolkata, Mumbai, Chennai, Bangalore and Ahmedabad are: (i) Specialisation in technology databanks, (ii) regional information documentation centre, and (iii) Query and supply services.

Services provided by SIDO

In order to help improving the performance of the SSI sector, SIDO and its field offices extend assistance to the sector through the following programmes/ services:

Entrepreneurship Development and Management Training

To utilize the potential of youth in the country by setting up Small Scale and Tiny Enterprises, training/guidance is provided through entrepreneurship, development programmes. Over the years, these programmes have created confidence in the young entrepreneurs and helped in the creation of employment. SIDO, through its network of SSIs, has been pioneer in conducting such EDP's for various target groups. Various courses run by training institutes have a duration of 4 to 6 weeks. Product oriented courses, such as, hosiery, food products, leather products, herbal cosmetics, electronics, etc. have been found to be useful by the trainees. These programmes aim at identifying entrepreneurial capabilities, motivating and training of entrepreneurs to enable them to set up their industrial units. In addition, special courses are organised for targeted groups of entrepreneurs. Apart from strengthening the existing training institutes such as National Institute for Entrepreneurship and Small Business Development (NIESBUD), the National Institute of Small Industry Extension Training (NISIET), Small Industries Service Institutes etc., the other major activities include: (i) Setting up of National Entrepreneurship Development Institute at Guwahati an Assam, (ii) Infrastructural support to Entrepreneurship Development Institutes to augment their training capacities, (iii) Providing support for training of barefoot managers to help the small entrepreneurs, and (iv) Training to small entrepreneurs for setting up of micro enterprises under PMRY.

Extension and Training Services

SIDO provides guidance and assistance on technical, economic, managerial and other matters to over 0.2 million units and entrepreneurs, annually, all over the country. The workshops attached to the SISIs/ branch SISIs, undertake different types of job works from SSI units and provide services at a nominal cost.

Skill Development

Technicians and workers sponsored by the SSIs are imparted training to develop their skills in different technical trades at 42 workshops attached to SISIs all over the country. Other testing centres, tool rooms and training centres, tool design institutes, etc. also impart training in different trades to upgrade the skills of workers and artisans in the SSI sector.

Entrepreneurship Development Institutes

A scheme was launched by SIDO in 1992-93 which aimed at strengthening the training infrastructure in the EDIs. For this purpose, a grant up to Rs. 5 million per EDI is provided for construction/ maintenance of bulding, preparation of training aids, library documentation, computer installation, etc. The objective has been that EDIs should train ED trainers, motivators, potential entrepreneurs and beneficiaries identified under PMRY. SIDO has so far provided assistance to 14 such EDIs in the country.



Preparation of Project Profiles

SIDO prepares and updates about 1000 project profiles on various products annually. Information on markets and technologies is also collected, assessed and disseminated. Project profiles contain detailed information on product manufacturing processes, market potential, quality control and standards, investment requirements, sources of raw material and machinery suppliers, profitability, etc. For the benefit of entrepreneurs, the project profiles have been compiled for different products by SIDO in an industry group-wise manner.

Plant Modernisation Studies

Detailed in-plant studies are undertaken for specific small-scale units located in dense industry clusters to identify the present use of process/technology and prepare programmes for modernization.

Testing Services

Testing facilities are made available through Regional Testing Centres and Field Testing Stations attached to SISIs. In addition, these institutions provide certification for quality assurance to purchasers who procure the goods from SSIs. Training programmes are organised to equip small entrepreneurs to handle testing work. Nearly 50 percent of the expenses incurred on these institutes are earned as revenue through job works.

Sub-Contracting Exchanges at SISIs

Sub-Contracting Exchanges are means of promoting industrialization with the broader objective of the policy measures for promoting and strengthening Small Scale Industries. Small Industries Service Institutes in association with large public/private sector industries/Government Organisations are conducting Vendor Development Programmes-cum Exhibitions in different parts of the country. These programmes provide a common platform for interaction between the buyers and SSIs to augment the marketing avenues for SSIs and facilitate the buyers in their search for proper vendors. Vendor Development Programmes are conducted at the National level and at State/Regional levels. 40-50 VDPs are conducted every year in different parts of the country by SISIs.

With the objective of promoting ancillarisation in the country, thirty four Sub-Contracting Exchanges were working in selected SISIs/Branch SISIs as on May 31, 2001. These Sub-Contracting Exchanges have been strengthened with the latest information technology (IT) systems. The main activities of these Exchanges are to: (i) Register spare capacities available in SSI and Tiny Units, (ii) Identify the items required by large units on a regular basis and match this with spare capacity available, (iii) Promote interaction between small and large units, (iv) Organise Vendor Development Programmes, Exhibitions & promotional programmes, and (v) Establish Network linkages with other SCXs in the country for flow of information.

Tool Rooms/Tool Design Institutes

With overseas assistance from countries like Denmark, Federal Republic of Germany, and organizations such as UNIDO and ILO, SIDO has set up Tool Rooms/Tool Design and Training Centres. These centres have various facilities and help SSI units in obtaining quality tools. Tool Rooms are located at Ahmedabad, Aurangabad, Indore, Jamshedpur, Ludhiana, while Tool Design and Development Centres are located at Hyderabad, Jalandhar and Nagaur. Tool Rooms cum Training Centres are located at Bhubaneswar and Kolkata. The hand Tool Design and Development Centre at Nagaur is also a training centre.

The activities of Tool Rooms/Design Centres are: (i) Assisting SSI units in technology upgradation by providing quality tooling, (ii) Designing/manufacturing of dies, moulds, precision tools, jigs and fixtures, gauges, special purpose tools, tool components etc., (iii) Providing service facilities for the manufacture of tools, heat treatment, testing, etc., (iv) Imparting training to tool and die makers, (v) Organising short-term/part-time courses for entrepreneurs, (vi) Conducting long term training courses in tool and die making, machining & fitting for personnel working in industries, and (vii) Undertaking product-cum-process development work in specific industries.



Product-cum-Process Development Centres

Six Product-cum-Process Development Centres have been established and are providing services to SSIs at Ferozabad (for glass industry), Kannauj (for essential oils), Meerut (for sports goods), Ramnagar (for electronic industry), Mumbai (for electrical measuring instruments), and Agra (for foundry and forging). In addition there is the Sitarc Pump Institute at Coimbatore. The main functions of PPDCs are: (i) To serve as research and development institutions in areas of dense industry clusters, (ii) To look into the specific problems of industry, (iii) Product design and innovation, (iv) To develop new processes and upgrade the existing level of technology, (v) To act as centres of excellence in the concerned field, (vi) To render technical support services, and (vii) Manpower development and training.

Regional Testing Centres

Four Regional Testing Centres (RTCs) at Chennai, New Delhi, Mumbai and Kolkata have been engaged in spreading quality awareness amongst industrial units through systematic testing and rendering technical consultancy services. These centres are equipped with modern sophisticated machinery and equipment for testing mechanical, chemical, metallurgical and electrical products. They are accredited by the Bureau of Indian Standards, Pollution Control Board, etc. RTCs are supporting 8 Field Testing Stations at Dehradun, Bangalore, Bhopal, Changanacherry, Hyderabad, Jaipur, Kolhapur and Pondicherry which provide product specific testing services to the SSI Units.

Central Footwear Training Institutes

The departmentally run Central Footwear Training Centres (CFTC) at Agra and Chennai have been converted into autonomous organizations/ Government of India societies for better functional autonomy and have been renamed as Central Footwear Training Institutes (CFTIs). They extend support to Small Scale Industries by training of manpower in leather and footwear products. CFTIs at Agra and Chennai are modernized with UNDP assistance under the National Leather Development Programme and are fully equipped with State-of-art-machinery to impart training in the modern methods of footwear manufacturing. The institutes have started training courses in Footwear Technology based on the syllabus of CFI, London. CFTC Kolkata, is functioning under the State Government and CFTC Mumbai, is under the process of being set up.

Marketing Support

The marketing promotional scheme operated by SIDO involves two main activities: (i) Imparting training in packaging technology; and (ii) Promoting participation of SSIs in domestic and international trade fairs.

As an export promotion measure, products of SSI exporters are displayed in international exhibitions. Expenditure on account of space rent, handling and clearing charges, insurance and shipment charges are met by the Government. The trade enquiries, so generated, are widely circulated. Manufacturer exporters are given triple weightage for the purpose of recognition as export house/trading house/star trading house/super star trading house.

Collection of Data

Under a scheme entitled "Collection of statistics on SSI units", SIDO updates its databases by organizing sample surveys, industrial censuses and other industry specific field studies. SIDO prepares the index of industrial production and develops profiles and reports on SSIs. SIDO has restructured the system of collection of SSI data and other significant information on development and promotion of SSIs.

Prime Minister's Rozgar Yojana

In order to provide more employment opportunities, the PMRY seeks to associate reputed NGOs in its implementation throughout the country. The scheme has an element of compulsory training to the beneficiaries selected Under the programme. Certain eligibility criteria for extending assistance have been relaxed e.g. age concession to SC/ST/women/physically Handicapped, enhancement of loan amount for services to Re. 0.1million, for other activities to Re.0.2 million of composite nature, margin money and subsidy to total 20 per cent of the project cost. The scheme has been liberalized for North-Eastern region with regard



to criteria of age, family income, project cost in business sector, group financing limit, upper ceiling of subsidy, etc. and has also covered other activities like horticulture, piggery, poultry, fishing and small teagardens which are of distinctive nature in the region. The family income ceiling has been enhanced to Rs. 40,000 per annum since September 2000 to determine the eligibility for assistance under PMRY. As per the Union Budget 1999-2000, a number of other self employment programmes launched in the earlier years for the rural poor have been merged into a single programme called "Swaran Jayanti Gram Sewa – Rozgar Yojana".

National Awards

With a view to encouraging and motivating entrepreneurs to set up small scale units as also to modernise their existing industries by upgrading the quality of products, increasing their share both in the domestic and international markets, innovating and adopting new technology/ design and bringing in technological improvements, the Scheme for National Awards was started by SIDO in 1983. Under the scheme, SIDO has been providing 3 National awards to outstanding SSI entrepreneurs each year. In addition, special state-wise recognition awards have also been instituted for small entrepreneurs since 1984. In 1993, a special prize at par with National Awards was instituted to honour an outstanding woman and an outstanding SC/ST entrepreneur. These awards and prizes given are granted to deserving small scale entrepreneurs whose units are permanently registered with the state directorates of industries and are in operation for at least eight years preceding the year of the award. The selection of the awardees is through a two-tier system i.e. initial recommendation by the State/UT Level Selection Committee and the final selection by the National Level Selection Committee.

In order to bring quality consciousness amongst the entrepreneurs, small scale units engaged in the manufacture of quality products of consumer's interest in 15 selected group of industries are also being given National Awards since 1986. All small scale units which are permanently registered with the Directorate of industries and are in production for a minimum period of four years prior to the year of award are eligible to be considered under this scheme.

Training Institutes

NISIET (Hyderabad), NIESBUD (New Delhi) and Integrated Training Centre (Industries) (Nilokheri) are the main training institutes which function under the administrative control of Small Industries Development Organisation. They organise various training courses for entrepreneurial development. The activities of these training institutes have been discussed later in this chapter as they are relevant to Human Resource Development.

Small Industries Service Institutes

Small Industries Service Institutes are a countrywide network of institutes to take effective steps to develop and promote Small Scale Industries. For this objective, SISIs provide consultancy on projects and areas of investment including technical information for selection of suitable plant and machinery, manufacturing process, product designing and diversification, plant layout preparation, etc. These institutes also organize various structured programmes for imparting training in entrepreneurship development of workers, besides promoting quality management including adoption of standards, export promotion, marketing, etc. Workshops attached to these institutes provide training of different durations in technical trades such as machine shop practice, tool and die making, ceramics, lens grinding and polishing, electroplating and powder coating and heat treatment. Workers are provided training for example in general mechanics, carpentry, tailoring, sheet metal, book binding, electronics, canning, auto repairs etc. SISIs attend to the needs of small-scale industries for common facility services and facilitate access to modern machines. As mentioned earlier, 28 SISIs and 30 Branch SISIs are operational throughout the country and their performance is overseen by the Office of the DG (SSI).

The main functions performed by SISIs include: (i) Interface between Central and State Government, (ii) Dissemination of economic information, (iii) Technical support services and consultancy services, (iv)



Entrepreneurship development programmes, (v) Development efforts, (vi) Promotional programmes, (vii) Export promotion and liaison activities, and (viii) Ancillary development.

The Small Industries Service Instituteⁱⁱⁱ (SISI), Hyderabad, established in the year 1956, is a field level institute of the Small Industries Development Organisation (SIDO), under the Ministry of Small Scale Industries, Government of India. SIDO is the apex body for formulating SSI policies in the country and it implements promotional activities through its country wide network of SISIs, Field Testing Stations, Prototype Development Centres, and Tool Rooms etc.

SISI, Hyderabad assists existing and prospective entrepreneurs by providing techno-managerial consultancy services and training in various areas. Br. SISI, Viskhapatnam, with an attached Workshop, was established in the year 1984. The upgraded facilities at Field Testing Station, Sanatnagar, Hyderabad provide testing facilities in Mechanical, Chemical and Metallurgical fields. FTS is under the administrative control of SISI, Hyderabad.

National Small Industries Corporation

The National Small Industries Corporation Limited is a public sector undertaking set up by the GoI in February 1955 to promote, aid and foster the growth of the small scale industry in the country. The Corporation provides support to the SSIs in the areas of: (i) supplying indigenous and imported machines on an easy hire-purchase and lease term basis. Special concessions are given for units in the backward areas and also for entrepreneurial promotion from weaker sections of society, (ii) Enlisting competent units and facilitating their participation in Government Stores Purchase Programme, (iii) Providing diversified marketing support through Marketing Assistance Scheme, (iv) Assisting in export of small industries products and in developing the export worthiness of small scale units, (v) Developing prototypes of machines equipment and tools which are subsequently passed on to small scale units for commercial production, (vi) Providing training in industrial trades, (vii) Extending assistance to SSIs through financial centres operating at New Delhi, Mumbai, Ahmedabad and Goa for marketing, bills discounting, raw material purchases and exports, and (viii) Assisting SSIs in technology acquisition, adoption and upgradation through its Technology Transfer Centre at New Delhi. To ensure that tiny units also derive benefits of various schemes operated by NSIC, 40 percent of its assistance has been earmarked for tiny units since 1999.

Department of Commerce

The Department of Commerce, Ministry of Commerce and Industry, Government of India, looks after the national external trade, export promotion measures, commercial relations with other countries, development and regulation of export oriented industries and commodities, state trading, etc. It also monitors foreign trade as stipulated in the Export Import Policy of the country. As a consequence of the Multilateral Trade Agreements under the WTO regime, changes in the trade policy were made both in the spheres of reduction in tariffs and removal of quantitative restrictions. In order to safeguard the interests of the domestic industry, the Ministry of Commerce has taken the following additional initiatives:

Inter-Ministerial Group

An Inter-Ministerial Group has been constituted on July 28, 2000 under the Chairmanship of Commerce Secretary to assess the impact of removal of QRs and to suggest suitable corrective measures. The Director General of Foreign Trade is the Convener of the Group. The members of the Group include GoI representatives from Ministers of Food and Consumer Affairs, Heavy Industries, Public Enterprises, Information Technology, Departments of Agriculture and Cooperation, Small Scale Industries, Agro & Rural Industries, Chemical and Petro Chemicals, Fertilizers, Petroleum and Natural Gas, Animal Husbandry and Dairying as well as Commerce.

Standing Group

In the Ministry of Commerce, a Standing Group has been constituted comprising of the Secretaries of Commerce, Revenue, SSI, Animal Husbandry Department and Director General Foreign Trade. The SG, also known as the War Room, has been monitoring the import situation in respect of the 300 items selected from the list where QRs have been removed following the WTO agreements, by tracking, collating and analysing



data of each individual item on a monthly basis. The requisite information is to be provided by the Economic Advisor in the Department of Commerce.

Technical Standards for Imported Goods

As an exclusive measure to check the quality of imported goods, the Department of Commerce notified on November 24, 2000, a list of 131 products prescribing quality standards and mandatory compliance with the provisions of the Standards of Weights and Measures (Packaged commodities) Rules 1997 on imports also. These Rules have been applicable to domestic products when produced/packed/ solid in the domestic market. Further compliance has to be ensured before the import consignment of such commodities is cleared by the Customs for home consumption. These 131 products are subject to compliance of the mandatory Indian Quality Standards which are applicable to domestic goods. For compliance of this requirement, all manufacturers/importers of these products in India are required to register themselves with the Bureau of Indian standards.

Khadi and Village Industries Commission

The Khadi and Village Industries Commission is a statutory organisation established in 1957 under an Act of the Parliament. The KVIC assists in the promotion and development of Khadi and Village Industries. The main objectives of the KVIC are: (i) Rural industrialization, promotion of self-reliance among the people and to build up a strong rural community base, and (ii) Skill development, creation of employment opportunities in rural areas and transfer of technology.

For the development of Khadi and Village Industries, the KVIC plans, promotes, organizes and implements programmes and provides financial assistance to the eligible agencies. The Commission arranges training for persons employed in the KV sector or desirous of seeking employment in KV Industries, KVIC also builds reserves of raw materials and supplies them to KV Industries at such rates as may be decided from time to time. It undertakes R & D activities in Khadi and Village Industry products and encourages the promotion of cooperative efforts among persons engaged in these industries. KVIC operates through 30 State/ UT KVI Boards, 4969 registered institutions and 15441 sales outlets.

Margin Money Scheme of KVIC

KVIC introduced the Margin Money Scheme with effect from April, 1995 as a project based funding system for viable village industries in the rural areas (Khadi and Polyvastra are kept out of its purview). The main channels of the implementation of the scheme are commercial banks and the State KVI Boards. Under the scheme, 25 percent of project cost (includes one cycle of working capital) for projects costing up to Re. 1 million is provided as margin money for individual entrepreneurs. For institutions/ Cooperative Societies/Trusts registered with KVIC/KVIB, projects upto Rs. 2.5 million are allowed. The rate of margin money in such cases is 25 percent of Re. 1 million plus 10 percent of the remaining cost of the project. In the case of weaker section beneficiaries and for Hill, Border and Tribal areas, NE Region, Sikkim, A&N Islands and Lakshadweep, the margin money grant is at the rate of 30 percent of the project cost upto Re. 1 million and above this amount up to Rs. 2.50 million, it is 10 percent of the remaining cost of the project.

New Package for KVISs

The Government of India, in October, 2000, constituted a Committee under the Chairmanship of Shri K.C.Pant, Deputy Chairman, Planning Commission and Secretary, (SSI & ARI) as Member Secretary with other eighteen members to suggest suitable measures for strengthening the Khadi and Village Industries sector. On the basis of the report of the Committee. The Ministry of SSI has announced a new package for the Khadi and Village Industries sector in May, 2001. the package includes (i) for 5 years, a rebate at the rate of 10 percent throughout the year & special rebate at the rate of 10 percent for 108 days on staggered basis (7 days in each month) and for whole of October, (ii) New scheme of MDA at the rate of 20 percent of the annual turnover has been introduced as an option in place of rebate, (iii) Term loan of Rs. 3000 million given to Khadi Institution be converted into working capital, and (iv) Insurance cover for Khadi artisans against death, disability and disease has been provided. Details of the package have been furnished in earlier chapter of the Report.



Coir Board

The Coir Board is an autonomous body established by the Government of India under the Coir Industry Act, 1953 for the overall development of the coir industry. The Board consists of a Chairman and 30 members representing various interest groups like growers of coconut, producers of husk and coir yarn, coir products, dealer in coir, three Members of Parliament (two from Lok Sabha and one from Rajya Sabha), representatives of governments of principal coconut growing States, etc. The main objective of the Coir Board is to promote the development of coir industry primarily in the brown fibre sector. The activities pursued by the Board are: (i) Undertaking scientific, technological and economic research and development activities, (ii) Collection of statistics relating to exports and internal consumption of coir and coir products, (iii) Development of new products and designs, (iv) Policy formulation to promote exports and domestic sales, (v) Marketing of coir and coir products in India and abroad, (vi) Preventing unfair competition among producers and exporters, (vii) Carrying out training for grooming skills, (viii) Assisting in setting up of factories for the manufacture of products, (ix) Promoting cooperative organisations among producers of husk, coir fibre, coir yarn and manufacturers of coir products, and (x) Ensuring remunerative returns to producers and manufactures.

The Board has its headquarters located at Kochi and three regional offices one each at Bangalore, Visakhapatnam and Pollachi. The Central Coir Research Institute at Alleppey, Kerala and the Central Institute of Coir Technology, Bangalore are engaged in research and development activities for the coir industry. The Board has established 33 showrooms and sales depots in important cities in the country for promoting sales and consumption of coir and coir products in the domestic market. Hindustan Coir, a pilot manufacturing unit of the Board located at Alleppey, Kerala, is manufacturing coir matting on powerlooms.

National Productivity Council

National Productivity Council (NPC), an autonomous institution under the Society's Registration Act, 1958 is functioning under the overall supervision of the Ministry of Industry, Government of India. The primary objective of NPC is to act as a catalyst in enhancing the productivity of all sectors of the economy, including industry and agriculture. The NPC's head office is in New Delhi and it has Regional Directorates in almost all the State capitals/ industrial centres and two training Institutes in Chennai besides a TQM and Bench Mark Centre at Delhi. The NPC has laboratory facilities at four centres to render services on pollution prevention and green productivity. It also houses a National Cleaner Production Centre on Behalf of UNO-UNDP. NPC also co-ordinates the Annual Productivity Awards which have been instituted by the Ministry of Industry and the Ministry of Agriculture for various sub-sectors of the economy.

The NPC is a member of the Asian Productivity Organisation (APO), Tokyo, an umbrella body of all Productivity Councils in the Asian region. In an effort to channelise the expertise of NPC to the small scale and informal sector, SIDBI has entered into a tie-up with the Council. The collaboration aims at promoting the concept of productivity in small industry clusters and enhancing the technology level of small units.

National Informatics Centre

National Informatics Centre, a Government Organisation under aegis of Ministry of Information Technology, is one of the leading players in the IT sector. It has been providing Internet related services to Government organisations, public sector units and other autonomous bodies. NIC has developed a One-stop Online Trade Information Resources catering to the information needs of exporters in the country and importers/investors/ buying organisations abroad. The site provides exporters with links to a host of websites which contain important trade related information which might be useful to exporters/importers from the country and buyer organisations abroad.

Small Industries Development Bank of India

Small Industries Development Bank of India (SIDBI), set up in April, 1990 under an Act of Indian Parliament, functions as the principal financial institution for promotion, financing and development of industry in the small-scale sector and to co-ordinate the functions of other institutions engaged in similar activities. SIDBI's major operations are in the three principal areas, namely; (i) refinance assistance, (ii) direct



assistance, and (iii) development and support services. The role SIDBI and its operations are covered in detail in Chapter 6 of this Report.

Housing and Urban Development Corporation Ltd.

Housing and Urban development Corporation Ltd. (HUDCO), a wholly-owned company of the Government of India, was incorporated in April 1970 as a private limited company and subsequently, converted into a public limited company in 1986. Though HUDCO's primary objective is to provide assistance for urban, social sector infrastructure for the creation of housing facility, of late, the Corporation has undertaken activities to develop infrastructure for the SSI sector as well. HUDCO also extends assistance for the promotion of building material industries, besides imparting consultancy, training and technical assistance in related matters.

Bureau of Indian Standards

The Ministry of Commerce, Government of India has designated the Bureau of Indian Standards (BIS) as the GATT/WTO Enquiry point for India since 1983 under the Agreement on Technical Barriers to Trade (TBT). BIS (previously known as Indian Standards Institute) has been playing an important role through its efforts in developing national standards and their implementation. BIS has a system for standardisation and product certification in the country. In the last couple of Years, the Bureau has made attempts to upgrade Indian standards to the international levels. Further wherever international standards do not exist, Indian standards are expected to be sufficient for bilateral trading as these are based on scientific justifications. The responsibility for the Indian National Committee for International Electrotechnical Commission (IEC) was vested with the then ISI in 1949, and thereafter in BIS which has been co-operating both in its administrative and technical work. India was declared a full certifying member of the IEC Quality Assessment System of electronic components in April 1989. Indian manufacturers approved under this system can supply electronic components to buyers throughout the world. With a view to helping the India has become a member of IEC system for conformity Testing to Standards for safety of electrical equipment in June 1990.

Application of standards is generally taken up on a voluntary basis. There are, however, some standards that are mandatory by law and are usually imposed to protect consumers from possible hazards, or to protect the environment and other national and global resources. Mandatory standards are usually found in areas of food and drugs, fire prevention and fighting, building materials and construction, toys, safety of machinery, electric appliances, gas appliances, etc. Business and customers stand to reap maximum benefits, when international standards for products and services are implemented on a sufficiently broad scale to make technologies compatible worldwide. Non-harmonised standards for similar technologies in different countries or regions can generate technical barriers to trade. Global standards facilitate international trade. The most commonly used international standards for assessing management systems are ISO 9000 (Quality Management and assurance), ISO 14000 (Environmental Management) and ISO 15000 (Hazard Analysis and Critical Control Points), and the IEC quality assurance system. These standards can help boost competitiveness and their application enables suppliers to improve the quality of products and services, and buyers to have confidence in the quality of goods and services purchased. ISO 14000 provides a powerful tool to manage and improve their environment performance.

1.2 STATE GOVERNMENT AGENCIES

The primary responsibility for development of Village and Small Scale Industries rests with the State Governments. However, the Government of India has also introduced from time to time various schemes/concessions and support services for the promotion of industries, particularly in the backward areas, no industry districts and other special regions to reduce regional imbalances. The Central Government incentives could be classified as: (i) Fiscal incentives; (ii) Financial concessions (iii) Instruments of protection and preference; and (iv) Infrastructure schemes. The Central Policies for the SSI sector serve as guidelines for framing State-level policies as well as packages of incentives. The objectives of state policies are to attract the



flow of private investment or institutional investments. A solid base for industrial infrastructure, strong human resource, and sustained support are essential in any state policy initiatives particularly in the liberalized regime. Small industries also need incentives for their sustained growth including technology development, product standardization, exports, etc. The network of institutional support structure at the state level for the development of industries is briefly covered as under:

State Commissioner/Director of Industries

The office of Commissioner/Director^{iv} of Industries of the State/UT Governments concerned, *inter alia*, formulates policies for development of Small Scale Industries for the state. They also implement these policies through their field officer network. They oversee the implementation of various schemes/programmes of the Central Government and their own policy measures for the promotion and development of small scale, cottage, medium and large industries. They monitor the activities of their field offices, namely District Industries Centres (DICs), at the district level and coordinate with other ministries in the implementation of centrally sponsored schemes. Commissioner/Director of Industries is represented on various Committees such as Ancillary Committee, Committee on Modernisation, Committee on Banking, Committee on Sick Units, etc. For the benefit of entrepreneurs, both Indian and Non-resident Indian, most of the State have set up Single Window Clearance Systems – Industry Facilitation Units-named as Udyog Mitra or Udyog Sahayak under the administrative control of the Commissioner/Director of Industries.

Industrial Extension Team

Most of the state have established Industrial Extension Teams (INDEXT) at the three levels of operation, namely, State, District and Local. The State level team consists of the Director of Industries, Managing director of Institutions assisting Small Scale Industries and representatives of commercial banks. At the district level, the team includes the deputy commissioner, branch managers of banks, and development offices of Boards responsible for development of handicrafts and rural industries. At the block level, the block development officer, agents of banks, engineers of public works department, panchayat inspectors and extension officers of the Directorate of Industries constitute the industrial extension team. The main functions of the INDEXT are to: (i) Examine new proposals for setting up of industrial units on the basis of information furnished in proforma common to all participating organizations and approve such types of assistance as provision of land, shed, power, water, raw materials, term loans, working capital and marketing assistance, (ii) Examine problems of existing units and provide them with requisite assistance, (iii) Examine problems of sick and closed units in detail and suggest concrete measures for their revival, and (iv) Recommend to the next higher level for further audit of the cases which are not within the competence of the dealing team.

District Industries Centres

The District Industries Centres Programme was initialed in May 1978, as a centrally-sponsored scheme, to develop Small, Tiny and Cottage Sector Industries in the Country and to generate greater employment opportunities especially among rural and backward areas. The establishment of the Offices of DICs at district level aimed at providing support facilities/concessions/services in dispersed rural areas and other small towns. There were 430 centrally approved DICs, which covered almost all parts of the country except the metropolitan cities at the time of the withdrawal of the central sponsorship in 1993-94. At present, the DICs are being operated by respective States. The extension services provided by DIC, include (i) Dissemination of information, (ii) Supply of machinery and equipment, (iii) Provision of raw materials and quality inputs, (iv) Arrangements for credit facilities, (v) Marketing, and (vi) Consultancy.

State Financial Corporations

State Financial Corporations (SFCs), established under the SFCs Act 1951, play an important role in the development of small and medium enterprises. The main objectives of SFCs are to finance and promote small and medium enterprises in their respective States for achieving a balanced regional growth, catalyse investment, generate employment and widen the ownership base of industry. At present, there are 18 SFCs of



which 17 were set up under SFCs Act, while Tamil Nadu Industrial and Investment Corporation Ltd. was set up under the Companies Act, 1956.

Financial assistance to small and medium enterprises is provided by way of term loans, direct subscription to equity/debentures, guarantees, discounting of bills of exchange and seed capital assistance. SFCs operate a number of schemes of refinance of IDBI/SIDBI and also extend equity-type assistance. SFCs have tailor-made schemes for artisans and special target groups such as SC/ST, women, ex-servicemen, physically handicapped and also provide financial assistance for small road transport operators, hotels, tourism-related activities, hospitals, nursing homes, etc. Under the Single Window Scheme of SIDBI, SFCs have also been extending working capital along with term loans to mitigate the difficulties faced by SSIs in obtaining working capital limit on time. In September 2000, certain amendments to the State Financial Corporations Act, 1951 have been carried out which are covered in later part of the Report.

Stat Industrial Development Corporations/State Industrial Investment Corporations

State Industrial Development Corporations/State Industrial Investment Corporations were set up under the Companies Act, 1956 as wholly-owned undertakings of the State Governments to act as catalysts for industrial development in their respective States. At present, there are 28 SIDCs in the country, of which eleven also function as SFCs and are, therefore, termed as Twin-Function IDCs. SIDCs develop land and provide industrial infrastructure facilities in the form of factory sheds and/or developed plots together with facilities like roads, power, water supply, drainage and other amenities. Set up primarily for providing assistance to medium and large scale industries, SIDCs/ SIICs also extend assistance to the small scale sector by way of term loans, subscription to equity and promotional services.

State Small Industries Development Corporations

State Small Industries Development Corporations (SSIDCs) were established under the Companies Act 1956 as State Government undertakings to cater to the needs of the Small, Tiny and Village Industries in the respective States/Union Territories. Being operationally flexible, SSIDCs undertake a variety of activities for the benefits of SSI sector, the important ones are: (i) Procurement and distribution of scarce raw materials, (ii) Supply of machinery to SSI units on hire-purchase basis, (iii) Provision of assistance for marketing of products, (iv) Construction of industrial estates, provision of allied infrastructure facilities and their maintenance, (v) Extending seed capital assistance on behalf of State Government; and (vi) Providing management assistance to production units.

Other State-level agencies that extend facilities for promotion of SSIs are State Infrastructure Development Corporations, State Co-operative Banks, Regional Rural Banks, State Export Corporations, Agro Industries Corporations and Handloom & Handicrafts Corporations.

ⁱ Development Secretary (SSI), Small Scale Industries Board – Instructions, 2000, cited in SIDBI.

ⁱⁱ Development Commissioner, SSI (2001), Small Industries Organisation, cited in SIDBI.

ⁱⁱⁱ Govt. of India, Ministry of SSI (2003), Service of Small Scale Sector - Instructions of SISI, Hyderabad.

^{iv} Commissioner of Small Scale Industries (2002), Instructions in State level setup for SSI sector, cited in SIDBI.
