
Role of District Industries Center in Promotion of small scale industries

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Introduction

The DICs came into existence in the year 1978. The realization of the need to make the district as a focal point of industrial planning and development crystallized in the establishment of DICs. The DICs are considered as an institutional innovation to assist small scale industrial units at three important stages viz., pre-investment, investment and post-investment stages. They are also considered as a single window of clearance for industrial units. Announcing the Industrial Policy Statement of 1977, Mr. George Fernandez, the then Union Minister of Industries made the following statement in the Parliament. In each district there will be one agency to deal with all the requirements of small and village industries. Under the single roof of DIC, all the services and support required by small and village entrepreneurs will be provided. These will include economic investigation of the district raw materials and other resources, supply of machinery and equipment, provision of raw materials, arrangement for credit facilities, an effective step for marketing and a cell for quality control, research and extension. 121 The DIC therefore is expected to provide all the services and facilities to entrepreneurs under a single roof for setting up small and village industries. There are three important functions, which the DICs could discharge profitably. The DICs should act as a data bank, an information bank and a dissemination centre, for giving prompt up-to-date and reliable information to anybody trying to set up a small scale unit and the information would not only be with regard to licensing procedures but also about what is in the realm of feasibility and what is not. Another area is regulatory work of registration, deregistration, monitoring and utilization of credit, raw materials, processing of cases regarding supply of machinery on hire purchase, marketing assistance, etc. The third aspect in which the DICs can play an effective role is with regard to interlinkages with different institutions such as electricity department, department of water works, municipality/ panchayat, town planning, commercial banks, etc. The DICs should function in a close coordination with all agencies related to industrial development at the district level. To ensure this, there should be a single line of command operating from the DIC for the entire field staff connected with industrial promotion activities.

Objectives of the study

- 1) To study the role of DIC in promotion to small scale industries.
- 2) To highlight the growth of DIC in India with their its credit pattern.
- 3) To highlight the pattern of assistance and subsidy scheme.
- 4) To access the growth of SSI units in Aurangabad district.

Table - 1

Number of the DICs sanctioned in India

Year	No. of DIC's	Year	No. of DIC's	Year	No. of DIC's	Year	No. of DIC's
1978-79	346	1987-88	422	1996-97	422	2005-06	422
1979-80	372	1988-89	422	1997-98	422	2006-07	422
1980-81	382	1989-90	422	1998-99	422	2007-08	422
1981-82	385	1990-91	422	1999-2000	422	2008-09	422
1982-83	393	1991-92	422	2000-01	422	2009-10	422
1983-84	397	1992-93	422	2001-02	422		
1984-85	397	1993-94	422	2002-03	422		
1985-86	397	1994-95	422	2003-04	422		
1986-87	419	1995-96	422	2004-05	422		

Source: commissioner ate of industries, Hyderabad.

Table No. 1 shows the number of sanctioned DICs in India. In the year 1978-79, 346 DICs was

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sanctioned in the country. Next year its grown upto 372 upto 346 centers. This growth showed continuous growth up to 1987.

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

1. Technical support for preparation of Project Report.
2. Information on sources of machinery & Equipment.
3. Priority in Power supply/ Telephone connection.
4. Promotion of new Industrial Estates/ Growth Centers.
5. Land/ Shed in Industrial Estate.
6. Approval of Project Reports of special types.
7. Promotion of Electronic Industries.
8. Govt. Margin Money Loan under Additional Employment Programme.
9. Training through Entrepreneurship Development Programme.
10. Assistance under State Incentives Scheme.
11. Allotment of Raw Materials.
12. Financial Assistance under Self Employment Schemes.
13. Financial assistance through Bank/ WBFC/ WBSIC/NSIC.
14. Assistance under Equipment Leasing Scheme through NSIC.
15. Marketing linkage with Central Govt./ State Govt. organizations/ undertakings.
16. Marketing assistance through WBSIC/NSIC/CEO.
17. Ancillary Industry tie-up with Govt. undertakings.
18. Marketing information
19. Marketing assistance through participation in Exhibitions/ Trade Fairs/ Buyers-Sellers Meet etc.
20. Marketing assistance to Handicrafts Artisans through participation in Handicrafts Expo and Exhibition inside/ outside of the state.
21. Linkage with organizations like WBHDC/ WB State Handicrafts Co-operative Society Ltd./ Development Commissioners (Handicrafts). Etc.

DISTRICT INDUSTRIAL CENTRE SCHEME:

Type of Scheme: District Level Plan Scheme.

Implementing Authority: General Manager, District Industries Centre.

Objectives: The scheme is to provide financial assistance in the form of margin/seed money for the promotion of small and tiny industries in semi-urban and rural areas with a view to generate employment opportunities including self employment.

Eligibility: All towns and rural areas having population of less than 1 lac are covered under the Scheme. Margin money assistance is admissible only to those units whose investment in plant & machinery does not exceed Rs. 2 lakh. All units falling within the preview of the Small Scale Industries Board and Village Industries, handicrafts, handlooms, Silk & Coir Industries are covered under the Scheme.

Pattern of assistance: The extent of assistance is 20 % of the total investment or Rs. 40000/- whichever is less in case of entrepreneur belonging to general category and in case of entrepreneur belonging to scheduled caste & scheduled tribe, assistance up to 30 % of total fixed capital investment or up to maximum of Rs. 60000/- whichever is less is provided.

Repayment Period: The period of repayment of seed money loan is 7 years with an initial moratorium of two years

Rate of Interest: Rate of interest on this loan is 4 % and 1% penal interest is charged.

B. PRIME MINISTER'S ROZGAR YOJANA:

The Prime Minister's Rozgar Yojana was launched on October 2, 1993 by Govt. of India with a view to generate gainful mass employment opportunities through micro enterprises in industry, service and business sectors. The scheme basically aims at providing self-employment to educated unemployed youth. The scheme is implemented in the entire State.

Who can apply?

Any educated unemployed or a group of educated unemployed can apply for financial assistance under the Scheme.

Eligibility criteria for applicant(s):

- (1) The applicant should be unemployed person or not gainfully employed (with reference to income criteria);
- (2) Age between 18 to 35 years; (age limit is relaxed up to 10 years in respect of women, SC/ST, ex-servicemen, physically handicapped.)
- (3) Educational Qualification:
 - a) The applicant(s) should have passed 8th standard of School education, or
 - b) Successfully completed the ITI course, or
 - c) Undergone a government recognised technical course of a duration not less than six months.
- (4) Applicant should be permanent resident of the area for at least last three years,
- (5) Family income of the applicant and of his/her parents should not exceed Rs.40, 000 per annum, separately.

Implementing agency:

The District Level Task Force constituted by Govt. of India under the chairmanship of General Manager, District Industries Centre implements the scheme. The other member of the Task Force comprises of representatives of banks, and Government Departments and agencies engaged in employment promotion. A similar Block Level Task Force Committee is set up at the Block Level under GM, District Industries Centre, with members on above similar lines. The necessary support services are provided by District Industries Centre to the District Level Task Force.

The Joint Director of Industries (MMR) is the chairman of the Task Force set up for Mumbai and Suburban Districts.

The applicants have to file their applications, in prescribed Application Form along with the accompaniments listed therein, to the concerned District Industries Centre or to the office of the Joint Director of Industries (MMR) and to the office of SISI, Mumbai. The application form is free of cost and is available at the above offices.

Procedure:

The applications received by the concerned office are scrutinised to check the eligibility of applicants. The District Task Force identifies the lists of prospective activities and the low priority activities on the basis of its past experience. Similarly, the general pattern of assistance for a particular activity and for a particular location is fixed by the Task Force. The applications are scrutinised with reference to the above and are placed before the Task Force. The Task Force is expected to meet every fortnight or even early in view of the inflow of applications.

Time limit of one week is fixed for dispatching the applications to banks after the decision of the Task Force.

The District Industries Centres are encouraged to sponsor a profile of applications (preliminary sponsorship) to banks for their prima facie acceptance of the application so that a regular application along with necessary accompaniment can be immediately sent to the banks. This is introduced with a view to save wasteful time, money and efforts of the applicant(s).

Pattern of Assistance:

An individual can avail of loan for a project up to Rs.1 lakh for business activity, and up to Rs.2.00 lakh for Industry or Service activity. In case, more than one eligible applicant come together and form a group to avail loan under the scheme, the admissible project cost will be in multiple of the number of applicants and the ceiling limit for the respective sector, subject to a Maximum of Rs.10 lakhs. The contribution of applicant(s) is mutually decided by applicant(s) and bank, which ranges from 5 % to 16.25 % of the project cost as margin money. The balance is sanctioned as a composite loan by a nationalized bank. Only the Nationalized Banks are permitted to finance under the Scheme.

Subsidy administration:

Government of India provides subsidy @ 15 % of the project cost to the financier bank, subject to a ceiling of Rs.7, 500/-. The subsidy amount is kept in term deposit in the name of the loan (s) for the period equivalent to the period of repayment of the loan. The subsidy amount with the accrued interest is adjusted against the last instalment of the loan. The subsidy benefit is available to the beneficiaries only after successful repayment of loan.

Is being implemented since 1993, the Scheme is designed to create and provide sustainable self-employment opportunities to one million educated unemployed youth in the country during the 8th Plan period. During the last 5 years of its implementation, it was felt that certain parameters of the PMRY Scheme needed modification. For example condition of eligibility such as age, educational qualifications was coming in the way of expanding the coverage of the scheme in some cases. Similarly the total financial assistance per case was found to be insufficient in case of certain viable activities.

C. MAHARASHTRA’S PACKAGE SCHEME OF INCENTIVES (PSI):

SICOM has been instrumental in the formulation of the Package Scheme of Incentives over 30 years ago. The organization has been associated with every revision that has occurred in the package since then. The incentives are available to small, medium and large scale units in the Private sector, State Public Sector, Joint Sector and Co-operative sector. As per a recent amendment in the scheme, industrial units applying for incentives will not be eligible to claim any sales tax incentives.

Sick SSI units:

Issues relating to the rehabilitation of sick SSI units are reviewed in the State-Level Institutional Committee and Sub Committee which has been set-up as an adjunct of the Zilla Udyog Mitras. Sick SSI units taken up for nursing by the banks and financial institutions are at present eligible for re-schedulement of arrears of Government and electricity dues, to be repaid in 36 monthly installments at 13% interest. The interest rate on the rescheduled arrears will now be reduced to 10%, in all except 'A' areas of the State. The repayment of such arrears would be allowed in 60 monthly installments.

SEED MONEY ASSISTANCE SCHEME:

As per the norms of this scheme, Government gives is to 20% margin as a seed capital to the unemployed many educated unemployed can not raise money for the initial stage of investment to total project cost. Therefore Government is providing seed capital to those unemployed youth who are willing for self employment instead of searching job. Following are some important points:-

- 1] Age limit is 18 to 50 years.
- 2] Educated qualification which is necessary is 7th standard pass.
- 3] Application should be Domicil from 5 year in the District and he should be unemployed.
- 4] Loan for seed capital is 15% to total cost of project. Maximum cost is up to Rs.1 lakh for service industry and eligible industry project cost is Rs.10 lakh.
- 5] For the backward and economical backward class having less than Rs.1 lakh project cost, the seed capital loans is from 15% to 22%.
- 6] Applicant should be Domicile of Maharashtra state for last fifteen years.
- 7] Intrest rate on seed money assistance is 10%.
- 8] Repayment period of assistance is 7 years, repayment starts after 3 year of establishment business.
- 9] Unit under tiny industries, SSSBE’s, MSI’s, is application for this scheme. At the same time activities related to Medical and Health services. Dairy development, Fishery, Agriculture etc. are applicable for seed money Assistance.

Table: 2

District Industrial Centre, Aurangabad.

Registration & Deregistration of SSI (MSI/SSSBE) in during 2002-2007

Year	Registration	New Registration	Deregistration	% of deregistration
2002-03	18014	94	0	0%
2003-04	18108	80	5407	29.35%
2004-05	12781	190	0	0%
2005-06	12971	83	1782	13.73%
2006-07	11272	605	1129	10%
Total	73146	1052	8318	11.37%

Source: Official records of DIC Aurangabad.

Note: percentage of deregistration out of registration. [Permanent Provisional]

The number of provision unit is large but they could not get permanent registration because of poor management of the unit. Even the project evaluation is not realistic at the time of registration. Many entrepreneurs are unable to make proper project report, because of these obstacles, the number of permanent registration per year or during year. It is seen from table No.2 that registration of Permanent and Provisional unit is 18014, 12781 and new registration unit 94, 190 not deregistration during year 2002-03 and 2004-05 percentage are zero. 2003-4 this year total number of unit is 18108 Percentage highest of deregistration 29.85% in the Aurangabad district. Year of 2005-06 and 2006-07 deregistration percentage are decreased out of last year this are 13.73% and 10%. Total average of during year deregistration are 11.37% in Aurangabad district.

Table: 3

District Industrial Loan Scheme percentage of Target & Achievement during 2002-2007.
(Rs. In lakh)

Year	Target		Achievement		% Percentage	
	Financial	Physical	Financial	Physical	Financial	Physical
2002-03	32.57	142	32.61	157	100%	100%
2003-04	25.70	111	24.67	134	96%	100%
2004-05	41.22	241	21.42	101	52%	42%
2005-06	62.04	295	53.49	236	86%	80%
2006-07	90.38	393	54.03	209	60%	53%
Total	251.91	1182	186.22	837	74%	71%

Source: Official Records of DIC Aurangabad.

Note: percentage of Achievement out of Target.

It is seen from table no. 3 that District Industrial Loan scheme are target and complete the achievement in percentage this figure shows that financial and physical. Financial target in 2002-03 is achievement percentage of 100% this year target is completed in financial and physical. During year 2004-05 financial target are Rs.41.22 lakh, physical target are Rs.241 lakh and achievement this year financial are Rs.21.42 lakh, physical are Rs.101 lakh percentage is 52% and 42%.

During next two year financial and physical percentage target of achievement is increased. Total averages of financial and physical percentages are 74% and 71% in during year of 2002-03 to 2006-07 completed achievement out of target. District industrial loan scheme percentage is satisfaction in completed to target.

Table 4

No of working SSI (MSI/SSSBE) unit Registered during 2002-07

Region	2002-03	2003-04	2004-05	2005-06	2006-07
Aurangabad	18,014 (21%)	18,108 (19.91%)	12,781 (13.27%)	12,971 (11.8%)	11,272 (9.55%)
Marathwada	28,115 (32.78%)	30,321 (33.33%)	30,551 (31.74%)	36,712 (33.39%)	38,108 (32.29%)
Maharashtra	85,747 (100%)	90,952 (100%)	96,252 (100%)	1,09,950 (100%)	1,18,008 (100%)
All India	15,91,069	16,97,329	17,53,492	18,70,807	18,87,700

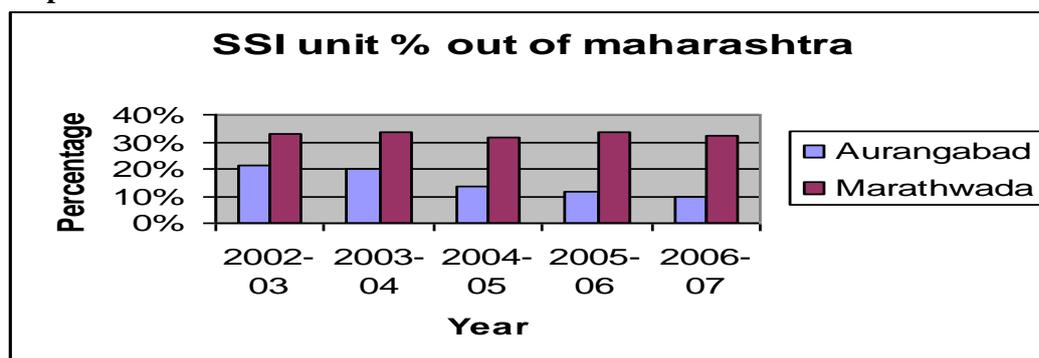
Source: Official Records of Industrial Joint Director of Aurangabad.

Source: All India third census of SSI

Source: web site MSME.com

Note: figure show in the bracket indicates percentage out of Maharashtra unit.

Graph No. 1



It is seen from table 4 that Joint Director of Industries in Mumbai number of SSI working unit in Maharashtra state. This table shows that total unit of Maharashtra (85,747), Marathwada unit percentages are 32.78% (28,115) out of Maharashtra unit. Aurangabad unit percentages are 21% (18,014) out of Maharashtra unit during year 2002-03 this year percentage is highest during table year. Year of 2006-07 total unit of Maharashtra (1, 18,008), Marathwada unit percentages are 32.29% (38,108) out of Maharashtra unit. Aurangabad unit percentages are 9.55% (11,272) out of Maharashtra unit. This table shows that all India, Maharashtra, Marathwada unit are increase but Aurangabad SSI unit and percentage are decreased during table year. Aurangabad DIC satisfaction of all the schemes is active in the increase of SSI.

Table 5

Growth Pattern in the number of SSI (MSI/SSSBE) in Aurangabad District during 2002-07

Year	India		Maharashtra		Aurangabad	
	Unit	Growth %	Unit	Growth %	Unit	Growth %
2001-02	15,40,125	-	83,098	-	16,725	-
2002-03	15,91,069	3.31	85,747	3.20%	18,014	7.70%
2003-04	16,97,329	6.68	90,952	6%	18,108	0.52%
2004-05	17,53,492	3.31	96,252	5.8%	12,781	-30%
2005-06	18,70,807	6.69	1,09,950	14.2%	12,971	1.5%
2006-07	18,87,700	0.90	1,18,008	7.3%	11,272	-15%

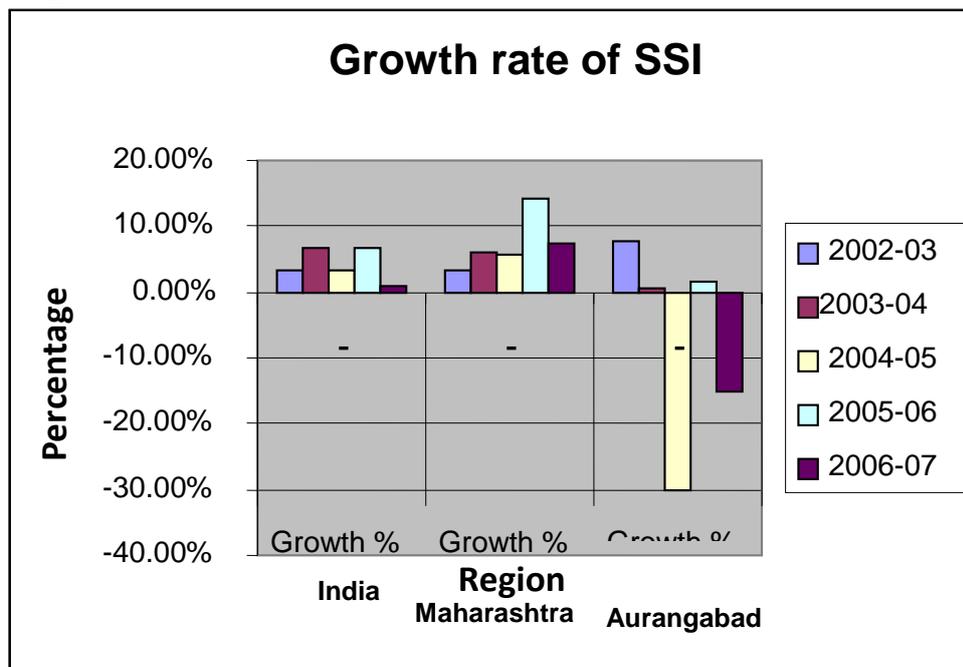
Source: Official Records of Industrial Joint Director of Aurangabad.

Source: All India third census of SSI

Source: web site MSME.com

Note: Growth rate of percentages to out of last year

Graph 2



It is evident from table No. 5 that growth rate has decreased during year of 2004-05 and 2002-07 in the Aurangabad district. 2002-03 this year increasable in India, Maharashtra and Aurangabad rate of 3.31%, 3.20% and 7.70%, Aurangabad unit is highest rate of all the year. India and Maharashtra growth rate are satisfaction but Aurangabad growth rate are not satisfaction of last four year. Unit of Aurangabad district firstly year is increasable, but last four year Maharashtra growth rate is increase but Aurangabad district unit decreased. Cooperative industrial estates. The other co-operative industrial estates are in process in the western Maharashtra. The state government is encouraging the big industrial houses to locate their MSI units which will lead to develop ancillary Small Scale units in these industrial estates.

Table 6
Region wise of Pmt. & Prov. SSI (SSI,MSI & SSSBE) units, Investment & Employment (Since inception upto 30/09/2006)

(Rs. In lakh)

Sr. No	District	PMT			PROV		
		No. of Units	Investments	Employment	No. of Units	Investment	Employment
1	BMR	12962	710681.66	140103	1149	26167.4	18090
2	Thane	9718	212152.44	115991	3418	66022.84	44935
3	Raigad	1330	50203.12	17526	1559	19301.78	14524
4	Ratnagiri	1189	6234.56	6858	2565	13359	15395
5	Sindhudurg	779	2422.34	3961	2559	5519.07	10464
Kokan Region		13016	271012.46	144336	10101	104202.7	85318
6	Nashik	10200	204717.77	61417	7635	29526.26	44856
7	Dhule	1265	17504.58	812	1918	21691.15	12629
8	Nandurbar	366	7459	1567	1618	8317	6545

9	Jalgaon	2873	30670	19752	8336	22582	31012
10	Ahmednagar	3829	20491.82	24041	6262	30336.91	43913
Nashik Region		18533	280843.17	114897	25769	112453.3	138955
11	Pune	38430	26380.59	180385	11421	6204.68	45684
12	Satara	2214	11074	8404	3189	6778	12756
13	Sangali	3724	95898	29483	6832	52558	41139
14	Solapur	9549	32291.96	59023	7345	34490.34	30355
15	Kolhapur	13640	11089.32	68239	11801	69005	47249
Pune Region		67557	176733.87	345534	40588	169036	177163
16	Aurangabad	2861	49354.35	26331	8726	129341	41880
17	Jalna	673	4525	8110	1901	39383.65	19311
18	Parbhani	691	6252	4726	3581	11843	19767
19	Hingoli	194	1841.02	1146	1417	5672.29	9620
20	Beed	1379	7967	11942	1818	11742	17020
21	Nanded	1191	4890	4935	6396	30402	35521
22	Osmanabad	727	5940.78	4396	1479	5704.89	7190
23	Latur	1503	10085.21	13057	3048	21693.42	23725
Aurangabad Region		9219	90855.36	74643	28366	255782.3	174034
24	Buldhana	806	7566.73	8847	2411	8865.69	13350
25	Akola	1391	6994.55	12047	4111	17714.79	15699
26	Washim	253	955.7	1748	1758	3630	6863
27	Amravati	2299	29288.62	7906	5331	46010.69	7094
28	Yavatmal	1229	3692.33	6467	3034	6064.78	11454
Amravati Region		5978	48497.93	37015	16642	82285.95	54460
29	Wardha	1408	5801.32	6643	3498	15372.57	13375
30	Nagpur	8233	52935.9	61262	11553	36655.79	31713
31	Bhandara	965	3807.53	6794	1718	4795	10162
32	Gondia	933	6824.24	4816	1663	13554.03	9960
33	Chandrapur	953	1051.25	6671	2338	2454.9	16388
34	Gadchiroli	348	7552.46	2442	722	6283.5	3935
Nagpur Region		12840	77972.7	88628	21492	76115.79	85533
Maharashtra State		140105	1656597.2	945156	144107	826043.4	733553

Source: Records of Industrial Joint Director Office, Aurangabad.

Table no. 6 shows the details of SSI in India region wise and district wise. Detail figures are shown in the table. According to figure pune region shown on rank first. There was 67557 units are shown registered. After that Kokan, Nagpur and Aurangabad noted satisfactory results.

Concluding Remark

The primary responsibility of promotion and development of small sale industries and rural industries likes with the State Governments. However, the Government of India, in recognition of the potential of these sectors in both creation of wealth and employment and of the need for a country-wide framework of policies and measures for their promotion and development, has always taken active interest in supplementing the efforts of the State governments in several ways. In the very first decade after independence, the Government of India set up the Small Industries Development Organization (SIDO) in 1954, a public sector enterprise called the National Small Industries Corporation (NSIC) in 1955, and enacted the Khadi and Village Industries Commission Act in 1957. Establishment of Khadi and Village Industries Commission (KVIC) and Small Industries Service Institutes (SISI) in nearly every State followed. Over the years, the Central Government has formulated policy packages and implemented a large number of schemes and programmes from time to time, to provide infrastructural, technological, credit and marketing support to these sectors.

The Ministry of SSI has a country-wide network of institutions and offices, through which it implements its schemes and programmes. It also acts in close partnership with State Governments and industry associations. Besides, the Ministry runs three training institutes, namely, National Institute of Small Industry Extension Training (NISIET), Hyderabad (successor to the Central Industrial Extension Training Institute), National Institute for Entrepreneurship and Small Business Development (NIESBUD), NODIA, and Indian Institute of Entrepreneurship (IIE), Guwahati, with the objective of training and development of human resource relevant to small industries as also entrepreneurship. It has also supported in setting up a large number of entrepreneurship development institutes (EDI) in various States.

As the nodal Ministry for the promotion and development of the SSI, this Ministry also assists other Ministries and Departments of the Government of India in formulating appropriate policies and programmes for the growth and development of the SSI.

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