

Infrastructural Facilities and Institutional Support Network for the Growth of the SSI Sector

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Abstract:

Small Scale Industries are the back bone of Indian Industrial scenario. They are the most important part in the economical sector and hence command utmost attention for support and implementation of Government schemes and support system. These measures include protection to SSI sector, developing infrastructural facilities, modernisation and technology upgradation. Special financial assistance at easy terms and conditions along with lower rate of interest, marketing assistance, taxation benefits and other similar measures. The Small-Scale Sector has a high potential for providing employment, dispersal of industries, promoting entrepreneurship and earning foreign exchange to the country. After achieving an initial success, the industrial estates development programme lost its shining and momentum as a large number of industrial estates were established without techno-economic facilities. Export Processing Zones are special areas designed for providing export production or the processing of manufactured products at a low cost. The Small-Scale sector needs a lift and help to face challenging situations and sustain the competitive atmosphere.

Keywords: Small scale Industry, Infrastructure policies, Support Network, Government schemes.

Introduction

It is a well-established fact that the small-scale industries play an important role not only in the growth of global output and world trade but also in employment generation and balanced regional development. The growth of the sector has catalytic effect on the overall growth of the economy. As per the Government of India's Tenth Five Year Plan (2002-2007), achieving and sustaining high rate of growth and employment will require a sharp step-up in industrial and services growth, spurred by SSIs, which have the greatest potential to provide high wage employment for the 60 per cent of the labour force still working in agriculture. Indeed, now there is widespread recognition within India that vibrant SSIs are potentially a key to the engine of economic growth, job creation and greater prosperity. Due to all these factors, the SSI sector has constantly been receiving special attention from the policymakers by way of support and incentives. Initiatives and significant measures were taken up by the Government for the promotion and development of SSIs. These measure included protection to SSI sector, developing infrastructural facilities, modernisation and technology upgradation. Special financial assistance at easy terms and conditions along with lower rate of interest, marketing assistance, taxation benefits and other similar measures. A treatment of "priority sector" was specially accorded to SSIs by the financial sector for providing required financial assistance to SSI units. All these efforts resulted in the form of robust growth trend duly maintained by the SSI sector for last several years.

Need for support and financial olive branch.

As the SSI are considered as the backbone in Indian production scenario, the government extends maximum focus on developing and supporting these industries at the priority levels. The small enterprises are the feeder units for large enterprises and hence they need to be handled very carefully, meticulously and in a very planned procedure.

POLICIES AND INITIATIVES

Central Government's Small Industry Policies and Initiatives

The Central Government laid stress on promotion of Village and Small Industries (VSI) as this sector could play an important role in the overall process of economic development. The report of the Ford Foundation Team (1954) of the Government of India emphasised on pro-active role of the modern small-scale units as an organic component of the emerging industrial structure. Government policies have thus, aimed at the simultaneous development of all the segments of small industry, i.e., the village, cottage and modern industries. The policy frame and the

promotional measures intended to enable the small-scale units withstand competition from the medium and large-scale enterprises. So far, a total of six Industrial Policy Resolutions have been formulated so as to promote industrial growth as also to determine the pattern of State assistance to small industries for fulfilling socioeconomic objectives.

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Infrastructural Facilities

The Small Scale Sector has a high potential for providing employment, dispersal of industries, promoting entrepreneurship and earning foreign exchange to the country. So, due attention has always been paid for the speedy and sustained growth of this sector. Government provides all types of facilities, support and incentives for this purpose. As a basic need to the growth of any sector, following infrastructural facilities were made available for the SSI sector.

Industrial Estates

The concept of industrial areas and the development of plots and industrial sheds for allotment to SSI entrepreneurs was initiated in 1955 as a centrally sponsored programme to be implemented through State and Union Territory Government. The objectives were to attract entrepreneurs to set up small industries or to shift existing units to industrial areas that were provided with infrastructural facilities such as water, electricity, developed roads, banks, canteens, watch and ward, communication facilities etc. The creation of industrial status was also to encourage decentralised development in rural areas developed subcontracting relationship and to establish common facilities centres. This programme continued till 1979 with assistance from the Government of India and 796 industrial estates were established by them throughout the country. Thereafter, the States took over the activity of promoting industrial infrastructure and of inducing SSIs to shift out of nonconforming areas to such development areas. Additional facilities were extended by different states for setting up new units and were also extended to the existing units. These facilities included a subsidy on rent for factory accommodation, allotment of sheds on a hire-purchase basis as well as on outright sale. Other incentives like concessional charges for water and power, exemption from sales tax and octroi duty were also offered. (ii) Industrial Growth Centres After achieving an initial success, the industrial estates development programme lost its shining and momentum as a large number of industrial estates were established without techno-economic facilities. The occupancy rate in the industrial estates in rural areas remained poor. The execution to the programme in some Estates lacked facilities such as separate power generation plants, common effluent treatment plants, waste disposal measures, pollution control devices, etc. From such experience, it was felt that in addition to industrial estates development, there was a dire need for creation of supporting facilities. For this purpose, a selective approach was adopted to identify such areas where economic and industrial activities were visible and where the improvement of the existing infrastructural facilities could boost the pace of growth further. Accordingly, the growth centre approach was envisaged. The identification of the growth centre was to be made on the basis of techno-economic considerations and new industrial estates to be located at growth centres. So, the Central Government formulated a Scheme in 1988 for setting up of 100 growth centres in different parts of the country which was to be implemented in collaboration with the State Governments and Financial Institutions. The growth centres were to accommodate both small-scale and large scale industries. Locational conditions were also prescribed for the establishment of growth centres. The total cost for the establishment of such a centre was estimated at Rs. 30 crores. The financing pattern for each growth centre comprised of a Central Government equity of Rs. 10 crores, a State Government Equity of Rs. 5 crores, the share of financial institution of Rs. 4 crores, that of nationalized bank of Rs. 1 crore and market borrowing of Rs. 10 crores.

Export Processing Zones

Export Processing Zones are special areas designed for providing export production or the processing of manufactured products at a low cost. Each zone has certain basic infrastructural

facilities available like developed land sites, standard designed factory buildings, roads, power, water and drainage. Other provisions include banking, post offices and custom clearing agencies. Units located in such zones are permitted to sell up to 25 per cent of the value of production in the Domestic Tariff Area. The Government of India established seven Export Processing Zones across the country. The Kandla Free Trade Zone, the Santacruz Electronics Export Processing Zone and the Falta Zone were set up in 1965, 1974 and 1984 respectively. Later on, the Export Processing Zones were set up at Chennai, Cochin, Vishakhapatnam, Noida, etc.

Integrated Infrastructural Development Centres

The Scheme of establishing such centres aimed at augmenting infrastructural facilities in the rural and backward areas with a special emphasis on the linkage between agriculture and industry. The scheme was pursued since 1994 and covered backward districts other than those under the Growth Centre Scheme. The selection of a site for such a centre was preceded by a Comprehensive Industrial Potential Survey. The selection criteria for the centres were proximity to the railhead and road links, availability of water, telecommunication facilities and potentialisation for SSIs and tiny units. The scheme envisaged the establishment of 50 centres to promote 400 to 450 SSIs and tiny units in each cluster to create employment opportunities and to encourage exports.

Industrial Parks

In the year 1984, the Government of India formulated a policy for computer hardware development, which led to the promotion of Electronics Hardware Technology Parks. In 1986, the thrust shifted towards computer software development, which resulted in a policy for the establishment of Software Technology Parks. The success of these parks in promoting software exports needs to be extended to other theme parks such as the Bio-Tech Park, Leather Park, etc., with specialized infrastructure, technology back-up and escort services. The Ministry of Industry, Government of India assumed the responsibility of setting up Industrial Parks for the development of high-tech industries.

Institutional Support Network

India has evolved an extensive institutional network over a period of time for the promotion of SSI sector. This network extends from the national to the state and to district level

Institutions Central level	Major Activity
Small Industries Development Organisation [SIDO]	Apex Body for SSIs Promotion
Small Industries Service Institutes (SISIs)	Technical Services
National Small Industries Corporation (NSIC)	Marketing, machinery on hire purchase, import of raw materials, exhibitions etc.
National Institute of Small Industries Extension Training (NISEET)	Research, training, consultancy etc.
National Institute for Small Entrepreneurship and Business Development (NEESBUD)	Co-ordination Development of Entrepreneurship Programme (EDP) organized by various EDP institutions in the country
Small Industries Development Bank of India (SIDBI)	Apex Body for direct and indirect financial assistance and co-ordination
State Level	
Directorate of Industries	State-level apex body for SSIs promotion
Small Industries Development Corporation [SIDCO]	Promotion of SSIs through industrial estates etc.
Small Industries Marketing Corporation	Marketing
State Financial Corporation (SFC)	Long-term finance
District Level	

District Industries Centres	Provision of multiple services and support to SSIs under a single roof
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The Government 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 small scale industries. The range of services covers consultancy in techno-economic and managerial aspects, training, testing facilities and marketing assistance through the agencies created for the specified functions.

Central Government Agencies

For giving focused attention and providing support network to the development of Small Scale Industries, following major agencies work under the control of Central Government.

a) Small Scale Industries Board

The Small Scale Industries Board was first constituted in 1954 to facilitate the coordination and inter-institutional linkages and provide advice to the Government on various policy matters and other related issues concerning the promotion and development of the small-scale sector. The Board is a non-statutory high-powered body constituted with the approval of the Prime Minister to co-ordinate the policy initiatives of the State Governments, to evolve policies for the SSI sector at the Central level and to advise the Government on all policy matters relating to the development of SSIs.

b) Small Industries Development Organisation

The office of the Development Commissioner (Small Scale Industries) also known as Small Industries Development Organisation (SIDO) is an attached office of the Department of SSI. The major activities of SIDO include:

1. Evolving an all-India policy and programme for the development of SSIs
2. Co-ordinating the policies and programmes of various State Governments.
3. Maintaining liaison with different State and Central Ministers, Planning Commission, Reserve Bank of India and Financial Institutions and dissemination of economic information.
4. Providing a comprehensive range of extension services through allied institutions.
5. Providing facilities for technology up gradation, modernisation, quality improvement, etc

c) Small Industries Service Institutes

The main functions performed by SISIs are as follows:

1. Interface between Central and State Governments
2. Dissemination of economic information
3. Entrepreneurship Development Programmes.
4. Promotional Programmes and Developmental Efforts.
5. Technical Support Services and Consultancy Services.
6. Export Promotion and Liaison Activities
7. Ancillary Development

d) National Small Industries Corporation

Other Institutions in this field are:

- 1] Khadi and Village Industries Commission
- 2] National Small Industries Commission
- 3] Coir Board
- 4] National Productivity Council
- 5] Housing and Urban Development Corporation Limited
- 6] Technical Consultancy Organisations
- 7] Non-Government Organisations

Conclusion:

As the SSI Sector is the backbone of Indian Industrial scene, it is utmost essential and imperative on part of Government and its agencies to introduce and implement schemes of support and assistance in letter and spirit without any exemptions. The Support and network

system designed by the agencies must work hand in hand with the beneficiaries so that the advantage reaches the last unit in line. The interference and hurdles because of unnecessary delays and formalities must be eliminated and nipped in the bud to make the benefits reach the needy beneficiaries.

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