

# **Micro, Small and Medium Enterprises Department**

## **Policy Note 2008-09**

### **Demand No. 44**

The Micro Small and Medium Enterprises sector occupies a significant role in the total manufacturing sector of the country and our state. Tamil Nadu has been in the forefront, with a proactive policy to stimulate the growth of this sector. Encouraging the development of a sound industrial base without losing focus on the micro, small and medium enterprises sector has been one of the unique features of our State's balanced industrial policy. The importance of Micro and Small Enterprises sector can be seen by the fact that it accounts for 95% of industrial units, 40% of output in manufacturing sector and 30% of exports. At present there are about 5.57 lakhs of registered micro and small enterprises in the State with a total investment of Rs.19,36,406 lakhs which have provided employment to nearly 40 lakhs persons.

### **2. The Commissionerate of Industries and Commerce**

2.1. The Commissionerate of Industries and Commerce is the nodal agency for the development of Micro, Small and Medium enterprises in the State. The Commissionerate implements various programmes with emphasis on the development of industries in the State.

2.2 District Industries Centres are functioning in 29 Districts in Tamil Nadu except Chennai District where Regional Joint Director renders all help to the prospective entrepreneurs for starting micro, small and medium enterprises. District Industries Centres provide escort services to the entrepreneurs, i.e., in identification of industries, in the preparation of project profile, obtaining financial assistance from financial institutions, obtaining clearances from Government Departments and sanction and disbursement of subsidies and incentives.

### **3. Micro Small and Medium Enterprises Development (MSMED) Act, 2006**

3.1 As a response to the long standing demand of the SSI sector, and considering the emergent need to provide a legal framework to address the developmental concerns of what is globally known as "Small And Medium Enterprises", Government of India in its enactment of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 has changed the nomenclature of SSI sector as Small and Medium Enterprises (SME) sector, giving due recognition to the enterprise segment and at the same time bringing or merging the medium sector into its fold.

Micro, Small and Medium Enterprises Development Act has classified manufacturing enterprise in terms of investment in plant and machinery (excluding land and buildings) as indicated below:-

Micro Enterprises	Manufacturing	upto Rs.25 lakhs
Small Enterprises	Manufacturing	From Rs.25 lakhs and upto Rs.5 Crores
Medium Enterprises	Manufacturing	From Rs.5 Crores and upto Rs.10 Crores.

Similarly, Service Enterprises have been classified in terms of their investment in equipment (excluding land and buildings) as indicated below:-

Micro Service Enterprises		Up to Rs.10 lakhs
Small Service Enterprises		From Rs.10 lakhs and upto Rs.2 Crores
Medium Service Enterprises	Service	From Rs.2 Crores and upto Rs.5 Crores.

#### **4. Micro, Small and Medium Industries Policy - 2008**

As announced in the Governor's Address in the Legislative Assembly on 23<sup>rd</sup> January 2008 "**Micro, Small and Medium Industries Policy-2008**", an exclusive policy for micro, small and medium enterprises sector was released by Hon'ble Chief Minister on 22.2.2008.

##### **4. 1 Vision**

- Enhance the competitiveness and scalable capacity of the micro, small and medium enterprises sector in Tamil Nadu.
- Encourage agro based industries for increasing value addition and giving better income to the farmers.
- Target a sustained annual growth rate of over 10% for micro, small and medium enterprises
- Promote 10 lakhs direct and indirect employment opportunities during the XI Plan period.

The salient features of Micro, Small and Medium Industries Policy-2008 are given below:-

##### **4.2 Schemes for Infrastructure Development**

- Establishment of Multi-Storeyed Flatted Industrial Estates for micro enterprises for the first time in the State

- Liberal Floor Space Index (FSI) up to 1.5 to 1.75 for industrial sheds and up to 2.5 for multi-storied industrial units.
- Reservation of upto 20 % of land in all SIPCOT estates, to be established in future, for micro, small and medium enterprises and upto 30 % of area for micro industries in SIDCO estates.
- An infrastructure subsidy of 20 % for the development of private sector industrial estates for the first time in the State, subject to a maximum of Rs.1 crore per estate.
- 50% Rebate on stamp-duty and registration charges for micro and small enterprises set up in industrial estates and also in industrially backward areas.

### 4.3 Incentive Schemes

- a. Exclusive subsidy schemes for micro manufacturing enterprises established anywhere in the State
  - 15 % capital subsidy on the value of eligible plant and machinery subject to a maximum of Rs.3.75 lakhs.
  - 20 % low tension power tariff subsidy for 36 months from the date of commencement of commercial production or from the date of power connection, whichever is later, after allotment of Entrepreneur Memorandum No. Part II.
  - 100 % subsidy on the net value of value added tax (VAT) paid by them for the first 6 years upto the value of investment made in plant and machinery at the time of allotment of Entrepreneurs Memorandum No. Part II.
  - Stamp duty exemption on mortgaged and pledged documents.
- b. Subsidy schemes for micro, small and medium manufacturing enterprises established in industrially backward blocks and agro based industries set up in 385 blocks in the State
  - 251 blocks in the State have been notified as industrially backward blocks. In addition, all industrial estates promoted by the Government and Government Agencies like SIPCOT, SIDCO, etc., (excluding industrial estates located within the radius of 50 Kms from Chennai city centre) would also be notified as industrially backward areas. Micro, small and medium manufacturing enterprises established in these areas and agro based enterprises set up in 385 blocks in the State are eligible for the package of incentives given below:-
  - 15 % capital subsidy on the value of eligible plant and machinery subject to a maximum of Rs.30 lakhs.
  - 5 % additional employment intensive subsidy on the value of eligible plant and machinery for giving employment to 25 workers for 3 years within the first 5 years from the date of commencement of commercial production, subject to a maximum of Rs.5 lakhs.
  - 5 % Additional capital subsidy on the value of eligible plant and machinery for units set up by women, SC/ST, physically disabled persons and transgender entrepreneurs subject to a maximum of Rs.2 lakhs.
  - 25 % additional capital subsidy on the value of eligible plant and machinery installed to promote cleaner and environment friendly technologies subject to a maximum of Rs.3 lakhs and certification by the Tamil Nadu Pollution Control Board.

- 20 % low tension power tariff subsidy for 36 months from the date of commencement of commercial production or from the date of power connection whichever is later after allotment of Entrepreneur Memorandum No. Part II.

c. **Special Capital Subsidy for Thrust Sector Industries set up anywhere in the State**

- 15% special capital subsidy on the eligible plant and machinery for the 10 thrust sector Industries viz., Electrical and Electronic Industry, Leather and Leather goods, Auto parts and components, Drugs and Pharmaceuticals, Solar Energy Equipment, Gold and Diamond Jewellery for exports, Pollution Control equipments, Sports Goods and Accessories, Cost effective building material and Readymade Garments, set up anywhere in the State subject to a maximum of Rs.30 lakhs.
- However the subsidies mentioned at (b) above are eligible for the thrust sector set up in industrially backward areas.

**4.4 Schemes for Technology Development**

- 3% back ended interest subsidy for technology upgradation / modernization subject to a ceiling of Rs.10 lakhs per enterprise over a period of 5 years.
- 50% subsidy on the cost of filing a patent application subject to a maximum of Rs.2 lakhs per application and 50% of the cost of the application for trade mark registration or Rs.25000 whichever is less.
- Establishment of industrial clusters and mini tool rooms under Public Private Partnership mode by providing 25% of the total project cost to a maximum of Rs.1 crore as assistance.
- Creation of Technology Development Fund for evolving cleaner / energy efficient / IT enabled technologies.
- Assistance for creation of Centres of Excellence and Technology Business Incubators for introduction of a new production techniques and design development to the tune of Rs.50 lakhs per incubator / centre of excellence.

**4.5. Schemes for Skill Development Training**

- Reimbursement of 50% of the tuition fees for conducting short term training courses for entrepreneurship and skill development programmes by industries associations.

**4.6 Marketing support**

- 15 % Price preference for purchase of goods of domestic micro and small industries as provided in the Tamil Nadu Transparency in Tenders Act, 1998.
- Purchase preference for items notified from time to time by the State Government.
- Waiver of Earnest Money Deposit for participation in tenders.
- 50 % grant on hall rent subject to a ceiling of Rs.5 lakhs per event in Chennai / Rs.1 lakh per event in the Districts and Rs.5 lakhs per event in other States per exhibition by industries associations.
- Support for marketing under a common banner or brand name.

**4.7 Deregulation and Simplification**

- Introduction of common application form for submission to statutory authorities.
- Self certification in respect of their compliance with statutory requirements.

- Enactment of Industrial Single Window Clearance Act to obtain clearance to start an industry.

#### **4.8 Administrative Reforms**

- Constitution of Micro, Small and Medium Industries Board for reviewing and recommendation of policies and programmes for the development of MSMEs in the State.
- Constitution of an Empowered Committee with Hon'ble Minister for Rural Industries as Chairman for Monitoring of Policy implementation.
- Revamping of administrative machinery of the Department of Industries and Commerce to cope up with the emerging trends.

#### **4.9 Policy Support**

##### **4.9.1. Policy for Rehabilitation of Sick Micro Small and Medium Enterprises**

A separate Policy for rehabilitation of sick micro, small and medium enterprises in the State has been announced for the first time in the State with appropriate rehabilitation package. The Policy provides for assistance for conducting of diagnostic study of sick enterprises, scrutiny of the diagnostic study reports by a sub committee of the State Level Inter Institutional Committee (SLIIC) constituted by the Reserve Bank of India and its recommendation to Empowered State Level Rehabilitation Committee (SLRC) to be created for extension of the following rehabilitation assistance to sick micro, small and medium industries which are case specific and merit based.

- i) Conversion of the outstanding sales tax / value added tax and the interest on the same into a four year soft loan with an interest of 9%.
- ii) Sanction an interest subsidy of 4% for two years on rehabilitation / bridge loans upto Rs.15 lakhs.
- iii) Implementation of exit policy to be announced by the Central Government under MSMED Act 2006.
- iv) Regulating dividend and sharing of profits during the period of rehabilitation.
- v) Implementation of one time settlement (OTS) as per the policy of the Government owned institutions for enterprises declared sick.
- vi) Determining the outstanding interest on sale tax / value added tax and recommending remission of the same by Government in the case of enterprises considered non viable for rehabilitation.
- vii) Ordering reduction of power load, if it is a part of the rehabilitation package.

A Rehabilitation Fund initially with a corpus of Rs.5 Crores (Rupees Five Crores only) will be set up for this purpose to meet 75% of the cost of the diagnostic study of sick enterprises, extension of rehabilitation assistance and also to meet the other expenditure related to administration of the rehabilitation scheme by Tamil Nadu Industrial Investment Corporation Limited. A cell in the Tamil Nadu Industrial Investment Corporation Limited will be opened for monitoring the implementation of the package.

#### **4.9.2. Proposed Policy for Promotion of Export**

Considering the major role played by exports in the industrial and economic development of the State, Government would formulate a separate policy for promotion of exports, as announced in the 'New Industrial Policy 2007' as well as the 'Micro, Small and Medium Industries Policy 2008'. The infrastructure of the Commissionerate of Industries and Commerce and all the District Industries Centres will be suitably enhanced. In addition, training on latest computer applications, e-governance, technology sourcing, technology upgradation, cluster development, export formalities, procedures and promotion, lean manufacturing and Information Communication Technology trends etc., will be imparted to the officers and staff of the Directorate and District Industries Centres so as to cater to the needs of micro, small and medium enterprises for enhancing their competitiveness in order to sustain their growth in the global market.

#### **5. Renaming of Small Industries Department as Micro, Small and Medium Enterprises Department**

The Small Industries Department has been renamed as "Micro, Small and Medium Enterprises Department" with effect from 22.2.2008 with a view to formulate comprehensive policies and schemes towards the development of the micro, small and medium enterprises sectors in the State, besides enabling the public to identify the Department which is dealing with micro, small and medium enterprises in the State.

#### **6. Filing of Entrepreneur Memorandum:**

MSMED Act, 2006 has brought in filing of Entrepreneur Memorandum in the place of registration. Filing of Entrepreneur Memorandum is optional for micro and small enterprises and medium service enterprises and compulsory for medium manufacturing enterprise. Any person who intends to start a micro or small enterprise may now file, on a voluntary basis, the required Entrepreneur Memorandum in the prescribed format with the General Manager, District Industries Centre of the concerned District or Regional Joint Director of Industries and Commerce having jurisdiction in respect of Chennai District.

#### **7. Escort Services under Single Window Clearance Concept:**

In order to enable the MSMEs to procure necessary clearances from various agencies viz. Tamil Nadu Pollution Control Board, Tamil Nadu Electricity Board, Fire Services, Public Health Department and Local bodies, at a single point the District Industries Centre in each district is serving as a Single Window Agency providing entry level essential services to eligible MSMEs. As announced in the Micro, Small and Medium Industries Policy, 2008 Government would enact an Industrial Single Window Clearance Act, for giving Single

Window Clearance Committees, at State and District level, the formal authority and set time limit for grant of approvals and deemed approvals.

## **8. Testing Services Training and Infrastructure Facilities:**

### **8.1 Testing Laboratories:**

To assist the MSMEs in testing raw materials, products and processed items, the department is running testing laboratories in accordance with statutory requirements.

### **8.2 Electrical Testing Centres:**

The Central Electrical Testing Laboratory, Kakkalur offers testing and calibration facilities for electrical products / equipments. Nearly 160 electrical items and new electrical / electronic products like compact fluorescent lamps, smart card readers, automatic power saving device etc., are being tested in the laboratory. Common Facility Centre, Hosur provides product development facilities for electronic units in and around Hosur. 6517 samples have been tested in the two centres to the value of Rs.140.99 lakhs.

### **8.3 Data Bank and Information Centre**

This centre provides comprehensive package of information and guidance to the needy entrepreneurs on electrical and electronic industries. Besides providing above information, the centre prepares project profiles on selected projects, a state wide directory on SSI electronic units and organized sector electronic units and micro and small electrical units for the use of entrepreneurs to identify buyer and sellers. A technical library with 1400 books and 100 journals are provided for the use of entrepreneurs.

### **8.4 Enforcement of Quality Control Orders**

The quality Control Order Enforcement Centre of the Directorate implements the Household Electrical Appliances (Quality Control) Order, 1981 and The Electrical Wires, Cable, Appliances, and Protection Devices and Accessories (Quality Control) Order, 2003. Contravention of the first Order is punishable as provided for under the Essential Commodities Act.1955. The second Order prohibits manufacture or storage for sale or distribution of specified items without the Bureau of Indian Standard marking. Contravention of this Order attracts penal action under Bureau of Indian Standards Act. The General Manager, District Industries Centre, of the concerned district has been appointed as the "Appropriate Authority" to implement the provisions of these Orders in the districts and Deputy Director of Industries and Commerce (Electrical and Electronics), Chennai in respect of Chennai district.

### **8.5 Training Institutes:**

Government Technical Training Centre, Guindy, Institute of Tool Engineering, Dindigul, and Institute of Ceramic Technology, Virudhachalam are administered by the Department of Industries and Commerce, which provide 3 year diploma course in specialised disciplines viz. Tool and Die, Refrigeration and Air-conditioning, and Ceramic Technology, respectively. Scientific Glass Training Centre, Guindy provides two years certificate course in glass manufacturing.

### **8.6 Entrepreneurship Development Institute**

To compete, in the highly competitive global market, it is vital to develop the capabilities of micro, small and medium enterprises. The Entrepreneurship Development Institute (EDI) functioning under the control of State Government imparts training to PMRY beneficiaries and organises entrepreneurship development programmes and entrepreneurship awareness camps under various Government sponsored programmes. The Entrepreneurship Development Institute has trained 5175 Prime Minister's Rozgar Yojana beneficiaries during 2007-08. The Entrepreneurship Development Institute has also organised 2 entrepreneurship awareness camps in colleges and conducted sample survey on the implementation of Prime Minister's Rozgar Yojana training scheme in 5 districts.

## **9. Government Industrial Estates:**

### **9.1 Ceramic Industrial Estate:**

An Industrial Estate for the production of ceramic products has been functioning since 1964 at Virudhachalam, with 64 industrial sheds. The industrial units in this estate manufacture low tension insulators, sanitary wares, art wares, refractory bricks and other refractory materials.

### **9.2 Electrical and Electronic Industrial Estates**

Government have established eight industrial estates especially for electrical and electronic industries. Of the eight industrial estates, two are located in Chennai (Thiruvanmiyur, and Perungudi) and one each in Tiruvallur (Kakkalur), Madurai-(Kappalur), Salem (Suramangalam), Coimbatore (City), Krishnagiri (Hosur), and Trichy (Thuvakudi) districts. Totally 515 plots and 140 sheds have been developed in these estates.

## **10. Major Schemes Implemented by the Department.**

### **10.1 Prime Minister's Rozgar Yojana (PMRY)**

The Central Scheme, started on October 2nd 1993, specifically aims at creating self employment opportunities for the less educated poor. During 2007-08, against the target of

28700 beneficiaries, loan of Rs.146.78 Crores has been sanctioned to 26179 beneficiaries and Rs.57.95 Crores has been disbursed as loan to 10751 beneficiaries.

### **10.2 Back-ended Interest Subsidy**

Back-ended interest subsidy is being provided to micro and small manufacturing enterprises since 2003 for term loans obtained for technology upgradation / modernisation under the National Equity Fund (NEF) Scheme and for ISO certification/research and development resulting in registration of patents and intellectual property rights under Credit Guarantee Fund Trust Scheme (CGFTS).

The Government, with a view to further increase the coverage of beneficiaries under this scheme has modified the scheme in G.O.Ms.No. 60, Small Industries (Dev-2) Department, dated: 14.6.2007 by allowing a flat rate of 3% as back ended interest subsidy on the term loan obtained for technology upgradation and modernisation of these enterprises.

### **10.3 Industrial Infrastructure Upgradation Scheme (IIUS)**

This scheme is operated by Ministry of Commerce and Industry, Department of Industrial Policy and Promotion, Government of India with a view to provide quality infrastructure in select industrial clusters through public-private partnership. The Central assistance per cluster / industrial location will be restricted to 75% of the cost of the project, subject to a ceiling of Rs.50 Crores. The remaining 25% will be financed by other stakeholders of the respective cluster / location out of which the industry shall contribute minimum of 15% of the project cost. The projects under the scheme are implemented by Special Purpose Vehicles (SPVs) registered under Companies Act/ Registration of Societies Act. The Special Purpose Vehicles are promoted by the concerned Industry Associations. The following five cluster proposals in the State have been approved by Government of India viz,

1. Tirupur Textile Cluster, Tirupur,
2. Cereals, Pulses and Staples Milling Cluster, Madurai
3. Chennai Auto Ancillary Cluster, Chennai
4. Leather Cluster, Ambur
5. Pump Motor and Foundry Cluster, Coimbatore

Infrastructure development works for these clusters like road, water supply and sewerage system, effluent treatment plant, solid waste management, Information and Communications Technology Infrastructure, Research and Development Centre, Common

Facilities Centre, Marketing Infrastructure etc., have been taken up under the scheme at a total project cost of Rs. 361.69 Crores of which Government of India's contribution is Rs.191.23 Crores. A total number of 16,370 micro, small and medium industrial units have benefited under the scheme. The Pump, Motor and Foundry Cluster, Coimbatore, has been completed at a cost of Rs.4706 lakhs and inaugurated on 5.4.2008. The other projects are under various stages of implementation and likely to be completed shortly.

#### **10.4 Micro and Small Enterprises – Cluster Development Programme (MSE -CDP) (formerly Small Industries Cluster Development programme (SICDP)):**

This scheme is operated by Ministry of Micro, Small and Medium Enterprises, Government of India. The Central assistance per cluster for setting up of Common Facility Centres is available upto 80 per cent of the total project cost, subject to a ceiling of Rs.10 Crores per project including Rs. 10 lakhs for “soft activities” i.e. capacity building activities in the cluster where no fixed asset is acquired or formed.

Government of India have approved one Wet Grinder Cluster project at Coimbatore for a total project cost of Rs.288.20 lakhs and another Sago and Starch Industry Cluster in the Salem and Namakkal region at a total project cost of Rs.498 lakhs which are under implementation. Similarly, the proposals for setting up of Common Facility Centre for Handmade Safety Match Cluster at six places in Tamilnadu at a total project cost of Rs.936 lakhs (6 x 156 lakhs) have also been approved by Government of India . So far 60 clusters have been identified for intervention during the XI Plan. In 2007-08, 15 clusters have been approved by the Govt. of India for conducting diagnostic study in Tamilnadu.

#### **11. Micro and Small Enterprises Facilitation Councils**

The Government of Tamilnadu, with the advent of Micro Small and Medium Enterprises Development Act 2006, have established four Micro and Small Enterprises Facilitation Councils at Chennai, Tiruchirappalli, Madurai and Coimbatore. The Council has taken up 67 cases of delayed payment related to the micro and small supplier enterprises in the State for discussion in the 4 sittings of the Regional Micro and Small Enterprises Facilitation Councils, of which 14 cases have been settled amounting to Rs. 59.48 lakhs.

#### **12. Census of Micro, Small and Medium Enterprises**

The Fourth All India Census of Micro, Small and Medium Enterprises will be taken in 2008-09 with financial assistance from Government of India.

#### **13. INDUSTRIAL COOPERATIVES**

Industries Commissioner and Director of Industries and Commerce is the functional Registrar of Industrial Co-operatives in the State. There are 360 industrial co-operative

societies registered with the Department, of which 197 societies are profit making. During 2007-08, these societies have achieved a sales turnover of Rs.432.87 Crores.

The main role of the Industrial Co-operative Societies is to provide gainful employment to the weaker sections including rural artisans, workers and labourers. They also help the farmers cultivating tea and tapioca to get reasonable rate for their produce. Besides, small scale entrepreneurs are also helped by provision of work sheds, developed plots and infrastructural facilities to run their industries. Such industrial co-operative societies have been organized in important trades like tea, sago, matches, coir, banking, polythene, handicrafts, tailoring, auto service and industrial estates etc. As a medium term strategy, the Institute of Rural Management, Anand has been entrusted with the work of conducting a diagnostic study on the Industrial Co-operative Sector with a view to strengthen the existing profit making societies and to help loss making societies to turn around. The Institute of Rural Management, Anand has already completed the study and the report is awaited.

### **13.1. TEA SECTOR**

#### **13.1.1. Industrial Co-operatives for Tea**

Under the control of this Department, 17 Industrial Tea Cooperatives are functioning in Nilgiris District. Of these, 15 are production societies and 2 are service societies.

#### **13.1.2 The Industrial Cooperative Tea Factories**

The Department has organised 15 Industrial Cooperative Tea Factories in Nilgiris district with membership of 20,000 small tea growers. During 2007-08, these factories have purchased 537.34 lakh Kgs. of green leaf from their members/small tea growers. During the same period, 15 factories produced 141.04 lakh Kgs. of made tea to the value of Rs.6744.25 lakhs.

#### **13.1.3 Indcoserve**

The Tamil Nadu Small Tea Growers Industrial Cooperative Tea Factories Federation Ltd, (INDCOSERVE) established in 1965, is the largest tea service cooperative in India. This Federation produces 'Ooty Tea' and sells the same through fair price shops under Public Distribution System and Cooperatives. The quantity of green leaves produced by the tea growers is 89814 metric tonnes during 2007-08. INDCOSERVE has effected sale of 3045 Metric Tonnes of Ooty tea to the value of Rs.2489.87 lakhs in 2007-08. For the period INDCOSERVE registered a total turnover of Rs.2577.23 lakhs with a profit of Rs.473.43 lakhs.

#### **13.1.4 Tea Manufacturer's Service Industrial Cooperative society (TEASERVE)**

TEASERVE, an electronic tea auction centre at Coonoor, registered as a cooperative society on 28.8.2002 ensures transparency in tea auction and reasonable selling price for made tea. The Government of Tamil Nadu have granted tax concession at 1% under Value Added Tax for the sale of tea through this auction centre. 13,343 metric tonnes of made tea to the value of Rs 5727.86 lakhs have been sold through Teaserve during 2007-08 and the Society has earned a profit of Rs. 0.52 lakh.

#### **13.1.5. Turn around Plan for Industrial Cooperative Tea Factories**

To identify the areas contributing losses to the Indco Tea factories, to study the reasons for under capacity utilization and high cost of production, to find out export avenues and suggest remedial measures including quality improvement of made tea, prudential financial management, widen marketing avenues for Indcoserve, improving the system etc, the Indian Institute of Management, Bangalore was entrusted to make a diagnostic study. The IIM in its report has recommended remedial measures to improve the performance of Indco tea factories, Teaserve and marketing activities of Indcoserve. The recommendations of the report are under examination and will be implemented shortly for the overall improvement of Indco tea factories and Indcoserve.

#### **13.2. COIR INDUSTRIAL COOPERATIVE SOCIETIES**

There are 77 Coir Industrial Cooperative Societies functioning in the State with 10,737 members and a share capital of Rs.273.33 lakhs which includes a Government share of Rs.217.73 lakhs. During the year 2007-08, the Coir Societies have achieved a sales turnover of Rs.9.96 Crores.

#### **13.3. BRICK WORKERS INDUSTRIAL COOPERATIVE SOCIETIES**

Seven Brick workers Industrial Cooperative Societies are functioning in the State to provide employment opportunities, to the poor Adi Dravidar brick workers. 1202 members are benefited by these societies. The paid up share capital of Rs.8.08 lakhs includes, Government share participation of Rs.2.25 lakhs.

#### **13.4. POLYTHENE INDUSTRIAL COOPERATIVE SOCIETIES**

There are 12 Polythene Industrial Cooperative Societies in the State providing employment to around 924 women members. These polythene Societies produce and supply polythene bags to the Forest and Agriculture Department. These Polythene Societies have made a sales turn over of Rs.283.26 lakhs during the year 2007 – 2008.

### **13.5. SAGOSERVE**

The Salem Starch and Sago Manufacturers Service Industrial Co-operative Society Ltd., popularly known as "SAGOSERVE", is one of the most successful industrial co-operatives. After the formation of the Society, the starch and sago producers, especially in the small scale sector, have been able to get remunerative fair prices for their products. During 2007-08, this Society registered a turnover of Rs.236.22 Crores and earned a provisional profit of Rs.1.95 Crores.

To modernise the member production units, a new scheme is being implemented. Under the scheme a subsidy at the rate of 50% subject to a maximum of Rs.4.00 lakhs to each member sago unit will be given by Sagoserve. Of this, the State Government will reimburse to Sagoserve 50% cost of the subsidy subject to a maximum of Rs.2.00 lakhs per unit. The entire State Government subsidy of Rs.50 lakhs has been utilised in full by disbursing to 54 member units.

#### **13.5.1 SAGO CLUSTER**

With a view to develop a sago and starch Industry Cluster under the MSE-CDP, in the Salem and Namakkal region, a Detailed Project Report at a total project cost of Rs.498 lakhs was sent to the Government of India. As part of the said Cluster Development Scheme to be implemented by Sagoserve, Salem (SPV), GOI have approved for sanctioning financial assistance to the tune of Rs.120 lakhs for the setting up of a Common Facility Centre and Rs.10 lakhs for Soft Interventions. As most of the preliminary procedural formalities stipulated have been fulfilled, the Government of India have been addressed to release the residual sanctioned funds.

### **13.6. THE TAMILNADU INDUSTRIAL COOPERATIVE BANK LTD.(TAICO BANK)**

In order to meet the credit needs of the Industrial Co-operative Societies, the Tamilnadu Industrial Co-operative Bank Ltd was established in 1961. This Bank has been recognised by the Reserve Bank of India for providing credit facilities in the State under the NABARD Refinance Scheme through the Tamilnadu State Apex Co-operative Bank. This bank is also extending financial assistance to the micro and small sector. It also extends jewel loans, housing/ house mortgage loans to the general public and personal loans to salaried employees and loans to small traders etc. The bank is now working with 33 branches in the State. The Bank has made a profit of Rs.1.64 crores during the year.

### **13.7. COOPERATIVE INDUSTRIAL ESTATES**

The Department has promoted 11 cooperative industrial estates. These estates are located at Chennai, Coimbatore, Salem, Sivakasi, Thoothukudi, Madurai, Kanniyakumari

and Tirunelveli. Of these, nine are functional and two viz. Anna Estate (Coimbatore) and Priyadarshini Estate (Tenkasi) are under implementation. The object of these estates is to provide plots, sheds and other infrastructure facilities to micro and small enterprises. Totally 2,204 member units are enrolled in these co-operative estates.

#### **13.8. LABOUR CONTRACT SERVICE CO-OPERATIVES**

The Department of Industries and Commerce has registered 31 Labour Contract Service Industrial Co-operative Societies in the State. Of this, 7 societies are registered at Government undertakings namely, Chennai Petroleum Corporation Limited (CPCL), Neyveli Lignite Corporation Limited (NLC), Bharat Heavy Electricals Limited (BHEL), Steel Authority of India Limited (SAIL) and Kalpakkam Atomic Power Station etc. The remaining 24 societies have been formed for the benefit of skilled and semi-skilled technicians like carpenters, plumbers, electricians, working in the unorganized sector. The Government of Tamilnadu have sanctioned share participation of Rs.20.00 lakhs at the rate of Rs.1 lakh each to the newly started 20 labour contract societies under Part II scheme 2006-07 and as per announcement made on the floor of Assembly for 2007-08.

#### **13.9. THE CHENNAI INDUSTRIAL COOPERATIVE ANALYTICAL LABORATORY LIMITED (MICAL), CHENNAI.**

The Chennai Industrial Co-operative Analytical Laboratory Limited (MICAL) is rendering services to the member pharmaceutical units by way of testing their samples / products and issue test certificates to them as per the standards prescribed. During the year 2007-08, the society has earned Rs.43.75 lakhs as service charges.

#### **13.10. THE IRULA SNAKE CATCHERS INDUSTRIAL COOPERATIVE SOCIETY**

The Society was started in 1979 with 345 members with paid up share capital of Rs.11.03 lakhs. At present 232 members are engaged in snake trapping. During the year 2007-08 the society has earned a net profit of Rs.55.84 lakhs out of turnover of Rs.135.38 lakhs.

#### **13.11. OTHER INDUSTRIAL COOPERATIVES**

There are 168 registered cooperative societies engaged in other various trades such as auto and taxi, printing, tailoring, engineering, coal and coke, leather servicing and other special types.

## **TAMIL NADU SMALL INDUSTRIES DEVELOPMENT CORPORATION LTD.**

Tamil Nadu Small Industries Development Corporation Limited (TANSIDCO) was established in 1970 with the objective of developing micro and small enterprises in Tamil Nadu.

**2. The main activities of SIDCO are** 1. Establishment of industrial estates 2. Distribution of raw materials and 3. Marketing assistance.

### **2.1 Establishment of Industrial Estates**

One of the major activities of SIDCO is the establishment of industrial estates with infrastructural facilities like roads, street lights, water supply, sewerage, storm water drain etc. SIDCO develops plots and also constructs factory sheds of various sizes in these Industrial Estates and allots them on hire purchase / outright sale basis. 43 Industrial Estates have been developed by SIDCO. It manages 35 Government Industrial Estates on agency terms.

### **2.2 Sale of Plots and Sheds**

During 2007-08, SIDCO sold 262 plots and 15 sheds. SIDCO proposes to develop 746 plots in various Industrial Estates and sell 856 developed plots during 2008-09.

### **3.0. Strengthening and developing the infrastructure of Industrial Estates:**

The Corporation has initiated steps to strengthen the infrastructure of existing industrial estates with financial assistance from Government of India, Government of Tamil Nadu and its own fund.

During the year 2008-09 SIDCO has proposed to develop the following 19 industrial estates.

- |   |  |
|---|--|
| 1. Kovilpatti, Thoothukudi District     | 2. Vichur, Thiruvallur District          |
| 3. Thiruverumbur, Trichy District       | 4. Alathur, Kancheepuram District        |
| 5. Mettur, Salem District               | 6. Ganapathipalayam, Coimbatore District |
| 7. Kumbakonam, Thanjavur District       | 8. Uthagamandalam, Ooty District         |
| 9. Karaikudi, Sivagangai District       | 10. Mukuntharayapuram, Vellore           |
| 11. Sivagangai, Sivagangai District     | 12. Aathur, Karur District               |
| 13. Gummidipoondi, Thiruvallur District | 14. Aandipatti, Theni District           |
| 15. Kakkalur, Thiruvallur District      | 16. Vathalakundu, Madurai District       |
| 17. R.K.Pet, Thiruvallur District       | 18. Marthandam, Kanniyakumari District   |
| 19. Gudimangalam, Coimbatore District   |  |

### **3.1 Micro and Small Enterprises – Cluster Development Programme (formerly Integrated Infrastructural Development Scheme) :**

**3.1.1** Proposals for taking up upgradation works in respect of Industrial Estate at Mukundarayapuram, Vellore District has been sent to Government of India.

**3.1.2** In addition, necessary proposals for the upgradation of infrastructure facilities in respect of five existing industrial Estates, viz. Alathur – Kancheepuram District, Gummidipoondi – Thiruvallur District, Mettur – Salem District, Thiruverambur – Trichy District, and Kovilpatti– Thoothukudi District, at a total project cost of Rs.816.00 lakhs, will be forwarded to Government of India during the year 2008-09.

**3.1.3** The upgradation works of infrastructure facilities at Industrial Estate, Guindy, at a cost of Rs.2,225.70 lakhs approx. is being implemented by a Special Purpose Vehicle called Guindy Industrial Estate Infrastructure Upgradation Company (GIEIUC). All works are under progress and will be completed before September 2008.

**3.1.4** The Government of India has accorded approval for upgradation of infrastructure facilities in Industrial Estates at Kappalur Phase-II - Madurai District, Virudhunagar and Kurichi - Coimbatore District under industrial infrastructure development scheme. The Government of Tamilnadu have released the matching grant of Rs.149.83 lakhs. The upgradation works are under various stages of execution.

### **3.2 Additional Central Assistance Scheme:**

Under Additional Central Assistance Scheme, the upgradation works of the infrastructure facilities of Industrial Estates at Pettai - Tirunelveli District and Ranipet-Vellore District are under progress. The upgradation works in respect of Kappalur Industrial Estate – Phase I will be taken up and completed by September 2008.

### **3.3 Industrial Infrastructure Upgradation Scheme:**

Ambattur, Thirumudivakkam and Thirumazhisai Industrial Estates in Chennai are being upgraded under the “**Industrial Infrastructure Upgradation Scheme**” at a revised cost of Rs.61.10 crores approx. by a special purpose vehicle called ‘Chennai Auto Ancillary Industrial Infrastructure Upgradation Company’ (**CAAIUC**) and the entire work will be completed before June 2008.

### **3.4 Assistance from the State Government:**

The Government have given a grant of Rs.25 lakhs in 2007-08 to meet part of the cost of upgrading SIDCO estates at Dharmapuri, Theni and Ariyamangalam, Trichy District. The upgradation works for the above estates at a cost of Rs.114.00 lakhs is under progress and will be completed soon.

### **3.5 From SIDCO’s own funds:**

SIDCO had undertaken the upgradation works at a cost of Rs. 151 lakhs in the following Industrial Estates:-

Katpadi (Vellore District), Thiruvannamalai, Cuddalore, Pillaiyarpatti (Thanjavur District), Mathur (Pudukkottai District), Konam (Kanniyakumari District) and Vadalur (Cuddalore District).

The upgradation works are under progress and will be completed soon.

#### **4.0 NEW INDUSTRIAL ESTATES**

**4.1.1** During the year 2006-07, the Corporation established new industrial estate in an extent of 83.55 acres at Vazhavanthankottai – Phase II in Tiruchirappalli District at a cost of Rs.113.50 lakhs and it was completed in December 2007.

**4.1.2** The formation of Women Industrial Park at Kappalur -Madurai District, Techno Parks at Mayiladurai - Nagapattinam District and Vinnamangalam - Vellore District have been taken up and the development works in the above industrial estates will be completed by October 2008.

**4.1.3** In Theni, land acquisition proceedings will be initiated as no Government poramboke lands are available for the establishment of Techno Park.

**5.1** During the year 2007-08 the Corporation had initiated action to establish New Industrial Estates at the following locations:

**5.1.1** Pollupalli (Krishnagiri District), Elambalur (Perambalur District), Bargur Phase-II (Krishnagiri District), Kakkalur Phase II (Tiruvallur District) and Asanur (Villupuram District).

**5.1.2** An extent of 65.22 acres of private and poramboke lands have been identified in Vaipur (Thiruvarur District) for the formation of Industrial Estate. Land acquisition proceedings has been initiated and development works at an estimated cost of Rs.370.00 lakhs, will be commenced after taking possession of the lands.

**5.1.3** Therefore 2006-07 and 2007-08 SIDCO has initiated action to establish 8 New Industrial Estates

**5.1.4** During 2008-09, Corporation plans to establish 15 New Industrial Estates viz. Vazhavanthankottai Phase - III Trichy District, Kumbakudi - Trichy District, Kadagathur - Dharmapuri District, Vaipur - Thiruvarur District, Thandarai - Kancheepuram District, Munianthangal near Polur - Thiruvannamalai District, Thiruvannamalai - Thiruvannamalai District, Sankagiri - Salem District, Nanjai Uthukuli near Modakurichi - Erode District, Sedapatti - Madurai District, Pudukkottai - Pudukkottai District, Vadamugam

Kangayampalayam - Erode District, Valliyur Phase - II - Tirunelveli District, Arakonam Phase II - Vellore District and Kandiyankoil - Coimbatore District.

Thus Corporation will be establishing 23 New Industrial Estates.

## 6 Flatted Factory Blocks

As per the announcements made during the year 2007-08, action has been initiated to establish Flatted Factory Blocks in the following locations for allotment to Micro Enterprises:-

- 1.Guindy (Chennai District)
- 2.Thirumazhisai (Thiruvallur District)
- 3.Madhavaram (Thiruvallur District) and
- 4.Perungudi (Kancheepuram District)

During the year 2008-09, it is proposed to take up flatted factory blocks in an extent of 1.91 acres in Industrial Estate, Guindy with total plinth area of 1,65,765 sq.ft. at an estimated cost of Rs.20.00 crores. The flatted factory blocks will comprise stilt plus four floors with a plot coverage of 49.78 % with FSI at 2.00. It is proposed to construct two types of modules of size 463 sq.ft. (28 Nos.) and 663 sq.ft. (20 Nos.) in each floor.

## 7 Distribution of Raw Materials

One of the main functions of the Corporation is to distribute raw materials to small scale units at reasonable prices. SIDCO distributes raw materials from its 17 depots and handles the following raw materials:

- 1.Iron and steel
- 2.Wax
- 3.Potassium chlorate and
- 4.Paper

**The details of target and achievements of sales for the year 2007-08 and Target for the year 2008-09 are as follows:-**

Sl. No.	Particulars	Target for the year 2007-08 (MTs)	Achievement for the year 2007-08 (MTs)	Target for the year 2008-09 (MTs)
1	Iron and Steel	10000	12607.100	12750
2	Wax	1500	1786.350	1600
3	Potassium Chlorate	60	29.600	60
4	Paper	2000	2241.640	2350

## **8. Marketing Assistance Scheme:**

Under this scheme, the Corporation participates on behalf of MSME units which are registered with SIDCO in the tenders floated by State Government Departments, procures and distributes orders to MSME units for execution.

SIDCO has executed orders worth Rs.116 lakhs during 2007-08 and plans to execute orders worth Rs.110.00 lakhs during 2008-09.

During the year 2007-08 the Corporation has earned a profit of Rs.575.14 lakhs (Pre-audited).

### **TAMILNADU SMALL INDUSTRIES CORPORATION LTD. (TANSI)**

The Tamil Nadu Small Industries Corporation Limited (TANSI) was formed in the year 1965 as a conglomerate of 64 Industrial Units started by Directorate of Industries and Commerce during the plan periods when there was little industrial activity in the State. TANSI had under its fold different kinds of industrial products like steel and wooden furniture, die castings, machine tools, forgings, enameled wires, foundries, electrical goods, machine shops and tool rooms, heavy structurals, galvanizing, light engineering etc.

With the development of various units by private entrepreneurs, TANSI has slowly phased out its activities from certain fields. Now, it has 23 Production Units and 11 Project Cells functioning. There are two Sales Centres at Chennai and Trichy to show case and market the products.

TANSI has carved a niche for itself in the manufacture of Galvanized Power Transmission Towers, Microwave Towers, Heavy Structural of various kinds, Galvanization, Deepwell Hand Pumps, Quality wooden and steel furniture etc. TANSI has also been supplying various items required for the Sarva Shiksha Abhiyan, Operation Black Board Scheme, installing of pumps for drinking water on turn-key basis during drought and supply of Pumps and Pump Spares all over the State. It has also been supplying sophisticated components to Indian Space Research Organization, Bharat Heavy Electricals Ltd., Hindustan Aeronautics Limited etc.

In 2007-08, the Corporation bagged a work order worth Rs.69.08 crores for supply of benches and desks to the schools under the NABARD Finance Scheme and supplied furniture worth Rs.65 crores. The remaining portion of order will be completed soon.

Two Pump Units, and three Fabrication Units of TANSI and Tamil Nadu Paints and Allied Products Limited (TAPAP) have obtained **ISO-9001:2000** Certification.

The Performance of TANSI for the last five years is furnished hereunder :-

(Rs. in lakhs)

	2003-04	2004-05	2005-06	2006-07	2007-08
Turnover	4978	5421	6180	5767	11423
Production	5119	5375	6040	6083	11300
Profit(+) / Loss(-)	(-) 90.07	(+) 9.74	(+) 52.21	(+) 95.94	(+) 695.90

**PONGALUR N.PALANISAMY**  
**MINISTER FOR RURAL INDUSTRIES**

**MICRO, SMALL AND MEDIUM ENTERPRISES  
DEPARTMENT  
BUDGET ESTIMATE  
Demand No.44**

(Rs.in Thousands)

<b>Head of Account</b>	<b>Revised Budget Estimate 2007-08</b>	<b>Revised Estimate 2007-08</b>	<b>Budget Estimate 2008-09</b>
2851 Village and Small Industries	559771	536333	772222
2852 Industries	50041	32372	42133
3451 Secretariat Economic Services	21480	18375	26051
4425 Capital outlay on Co-operation	2817	2817	1974
4551 Capital outlay on Hill Areas	1	375	1
4851 Capital outlay on Village and Small Industries	753	18679	6003
6851 Loans for Village and Small Industries	0	982	0
<b>Total</b>	<b>634863</b>	<b>609933</b>	<b>848384</b>

**PONGALUR N.PALANISAMY  
MINISTER FOR RURAL INDUSTRIES**