

4.2. Village and Small Industries

Directorate of Industries and Commerce

The Micro, Small and Medium Enterprises (MSME) sector forms the backbone of the manufacturing sector of the country and our state. At the national level, there are 12.5 million MSMEs employing over 30 million people. It contributes approximately 50% of industrial production and 45% of exports. It has a share of 7% in GDP and accounts for 95% of industrial units.

In Tamil Nadu, there are 5.57 lakh MSMEs employing around 40 lakh people. It has a share of 40% in the total industrial production and 35% of exports in India. It contributes approximately 8% to the state GSDP. This sector has attracted investment to the tune of nearly Rs 20,000 crore.

The state policy for MSME development aims to generate employment, utilisation of local skills and resources, dispersal of economy and meet demand locally feasible. The MSME policy-2008 spelt out various incentives/concessions/support for infrastructure, technical information and marketing facilities.

The Directorate of Industries and Commerce (DIC) in Tamil Nadu has been designated as a nodal agency for promoting the development of MSME's. Registration, approval and clearance of MSMEs in Tamil Nadu have been vested with the DIC. It has 29 District Industrial Centres to render help to entrepreneurs in identification of industries, preparation of project profiles, obtaining financial assistance and disbursement of subsidies. Further, export guidance cells in all the District Industrial centres provide information relating to exports and necessary assistance in procedural matters. Some of the salient features of the MSME Policy 2008 are:

Capital Subsidies

The government have announced capital subsidy for MSM Manufacturing Enterprises in 251 industrially backward areas and agro based industries set up in

385 blocks in the state. A sum of Rs. 3000 lakh has been sanctioned in the year 2008-09. For the year 2009-10, a sum of Rs. 3500 lakh is proposed.

Value Added Tax Refund to Micro Industries

All micro manufacturing enterprises will be entitled to 100% subsidy on the net value added tax paid by them for the first 6 years up to the value of investments made on plant and machinery at the time of filing of entrepreneur memorandum. For this purpose, a sum of Rs.779.03 lakh has been anticipated to be spent during 2008-09. For the year 2009-10, a sum of Rs.1000 lakh is proposed.

Assistance to SSI's for Technology Upgradation / Modernisation

The Government has proposed to provide Back-ended subsidy to small scale and tiny industries for the term loans obtained for technology upgradation and modernisation.

A sum of Rs. 50 lakh has been provided in the Budget Estimate for 2008-09 and a sum of Rs.50 lakh is proposed for the year 2009-10.

Assistance to New Small Scale Industrial Units under National Equity Fund Scheme

Back-Ended subsidy is proposed to be given to small scale and tiny industries for the term loans obtained under National Equity Fund Scheme. A sum of Rs. 75 lakh has been provided in budget estimates in 2008-09. For the year 2009-10, a sum of Rs. 75 lakh is proposed.

Handlooms and Textiles

The Textile Industry occupies a pivotal place in the Indian economy in terms of its contribution of industrial production, employment and exports. It is the largest single manufacturing activity providing direct and indirect employment. Tamil Nadu has played a key role towards achieving the growth of Textile Industry in India. This industry enables the Central and State Government to earn revenue, besides foreign exchange through exports. The Textile industry in the private sector occupies a major place in the Industrial field, with regard to employment potential, overall economic and commercial activities. The various

sectors of the textile Industry in the state includes handloom, power loom, spinning, processing, hosiery and garments sectors.

The Handloom sector constitutes a timeless facet of the rich craftsmanship and is intricately connected with country's heritage and culture. It emerges as the second largest labour intensive next only to agriculture providing livelihood to the people. At present, there are 34.86 lakh handlooms in the country, of which 4.13 lakh handlooms are in Tamil Nadu, which provide employment to 6.08 lakh weavers. Out of the total handlooms located in Tamil Nadu, 2.35 lakh handlooms functioning in the co-operative sector are brought under 1103 Co-operative Societies of Handloom Weavers and the remaining 1.78 lakh under private fold. All the developmental and welfare schemes of the state Government intended for the handloom weavers are being channelised through these Weavers' Cooperative Societies.

The Power loom sector in the state plays an important role in meeting the clothing needs of the people. There are 3.66 lakh registered power looms in Tamil Nadu providing employment to nearly 9.14 lakh persons. Out of this 3.66 lakh power looms, 39,927 are brought under 147 Co-operative Societies of Powerloom Weavers.

The Textile Sector in Tamil Nadu has been characterised by being oriented towards spinning and functioning largely in the private sector. It is a labour intensive sector with a preponderance of decentralised units in clusters in most of its segments. In the recent past, the processing, hosiery and garments sectors have gained importance due to their significant growth and export earnings.

Sector wise outline of all India and Tamil Nadu

Item	All India	Tamil Nadu	Position of Tamil Nadu
Spinning Sector			
No.of Spinning Mills	3039	2148	1
Workers (in lakh)	8.94	2.11	1
Spindles	39.27	14.74	1
Powerloom Sector			
Powerlooms (in lakh)	19.03	3.66	2
Workers (in lakh)	47.57	9.14	2

Handloom Sector			
Handlooms (in lakh)	34.86	4.13	2
Weavers (in lakh)	65.50	6.08	2
Cloth Production (in Bln.sq.mts)	6	0.7	1
Value (Rs. in crore)	18000	2500	1
Other sectors			
Power Processing units (Nos.)	2510	985	1
Hand Processing units (Nos.)	10397	2614	1
Knitwear and Garment units (Nos.)	8000	4000	1

The important schemes for the development of handloom sector in the State are given below:

Rebate Subsidy Schemes

This scheme provides financial assistance towards rebate to promote the sale of handloom cloth by reducing the cost so as to compete with powerloom and mill made clothes in the market. It also protects the handloom weavers from the onslaught of mill production. Hence the co-operative societies and Co-optex are permitted to allow rebate at the rate of 20% for the sale of handloom cloth throughout the year. For this, an anticipated expenditure for the year 2008-09 is Rs.5400 lakh and the same amount is proposed for 2009-10.

Health Insurance scheme

To protect and to improve the health condition of handloom weavers, a health insurance scheme is being implemented for all the weavers both within and outside the co-operative fold. Out of the total premium of Rs.781.60 per weaver per annum to be paid to ICICI Lombard General Insurance Company, the GoI's contribution is Rs.642.47, State Government is Rs.89.13 and the weaver's contribution is Rs.50/-. The State Government bears the weaver's contribution also. The anticipated expenditure for 2008-09 is Rs.325.16 lakh and an amount of Rs.417.39 lakh is proposed for the year 2009- 10.

Bunkar Bima Yojana Scheme

Under this scheme, the total premium to be paid to Life Insurance Corpn., would be Rs.330/- per weaver per annum, of which Rs.150 will be contributed by GOI, Rs.100/- by LIC and Rs.80 being the weaver's contribution would be paid by the State Government on behalf of the weavers. Under this scheme, a sum of

Rs.0.60 lakh is given for natural death, Rs.1.50 lakh for accidental death, Rs.1.50 lakh for total disability due to accident and Rs.0.75 lakh for partial disability due to accident. At present 1.92 lakh handloom weavers have been enrolled in this scheme and for the year 2008-09, and an additional 0.60 lakh weavers is proposed under this scheme for the year 2009-10. An amount of Rs.201.78 lakh is proposed for the year 2009-10.

Integrated Handloom Development Scheme

Government of India have introduced a new scheme called Integrated Handloom Development Scheme during the Eleventh Five Year Plan by integrating the components of the existing schemes of Deendhayal Hathkargha Protsahan Yojana (Basic Inputs, Marketing Incentive etc.) and Workshed-cum Housing Scheme. The major components of the scheme are given below.

Cluster Development Programme

A place in which around 300 to 500 handloom weavers are engaged in production is considered as a cluster. Financial assistance up to Rs.60 lakh is provided for each cluster for skill upgradation, purchase of new looms and accessories, setting up of dyeing units, common facility centres, conducting exhibitions/fairs and providing design inputs for a period of 3 years in order to improve the overall development of handloom weavers to become self-reliant and competitive socio economic units. An outlay of Rs.250 lakh has been sanctioned for the year 2008-09 and Rs.250 lakh is proposed for the year 2009-10.

Group Approach Scheme

This scheme is meant for the benefit of handloom weavers not covered under the Cluster Development Scheme to produce value added products to compete with market trends. The major components are basic input such as margin money purchase of looms and accessories, skill upgradation by training weavers in batches of 20 in weaving, dyeing, designing and construction of worksheds for weavers who own land adjoining to their house by linking the housing scheme under IAY scheme. An outlay of Rs.500 lakh was provided in 2008-09 and the same amount is proposed for the year 2009-10.

Assistance to Handloom Organisation

Marketing incentive is given on the sale of handloom products to maintain price competitiveness and this incentive is available to the State Handloom Corporations, Apex Co-operative Societies, Primary Weavers Co-operative Societies and National Handloom Organizations.

Sericulture

India is the second largest producer of silk and also the largest consumer of silk in the world. Tamil Nadu, a traditionally silk producing state ranks 4th in the country. In Tamil Nadu, mostly mulberry silk is produced.

In 1956, Sericulture was practiced in limited pockets of Coimbatore and Dharmapuri districts in the State with mulberry cultivation in an area of 500 hectares only. Then with the implementation of many developmental schemes in the State, Sericulture activity was introduced into the plains of the State.

During the earlier years of the Tenth Plan (2002-2004), the industry faced a set back due to severe drought and import of Chinese silk at a cheaper price. However from 2004-2005 onwards, due to favourable climatic condition and better rainfall in the State and adoption of advanced technologies have improved the overall productivity. The mulberry area of 10,064 acres during 2003-04 in the State has increased to 35,100 acres by 2007-08. The production of raw silk also increased from 285 MT's to 1368 MT's.

The Government of Tamil Nadu had announced that mulberry will be planted in additional 10,000 acres during 2008-09 and Sericulture schemes will be implemented by availing funds from State and Central Silk Board (GOI). Accordingly, areas of 4500 acres have been additionally planted so far. During 2009-10, the Sericulture Department has programmed to produce 1650 MT's of raw silk by covering additional 7,500 acres under mulberry in the State.

Central Silk Board is supporting various sericulture schemes by providing matching financial assistance under Catalytic Development Programme. The schemes proposed to be implemented in the year 2009-10 are:

- Assistance for planting high yielding mulberry varieties for increased cocoon and silk production.
- Assistance for installation of drip irrigation system in mulberry gardens to conserve water.
- Assistance for construction of separate silkworm rearing houses to conduct silkworm rearing in hygienic and healthy conditions.
- Assistance for procurement of improved silkworm rearing equipments to reduce labour and to ensure successful cocoon harvest.
- Supply of quality disinfectants to control diseases in silkworm rearing and to avoid cocoon crop losses.
- Assistance to establish chawkie rearing centres to ensure the success of cocoon crops through professional and scientific management of young age silkworm (Chawkie) rearing.
- Assistance to establish silk reeling units in different levels so as to facilitate the farmers (cocoon producers) to sell their cocoons locally instead of going to neighbouring states etc.

Khadi & Village Industries

Khadi & Village Industries Board is the nodal agency to develop and promote khadi, generate employment for the village artisans with the lowest possible investments utilizing the local resources. Khadi and Village Industries play an important role in the rural economy. Khadi and Village Industries board has been supporting the village industries such as carpentry and blacksmithy, leather industry, soap industry, beekeeping industry, pottery, handmade paper industry and palmgur industry.

There are 142 textile rural centres, 59 sub-centres and 10 nepali loom centres in the state employing 20000 artisans which includes 12500 rural women to earn their livelihood. The major products produced from cotton khadi are dhotis, shirting, towels, bedsheets, uniform cloth and other varieties. During 2007-08, old charkhas and neplai looms were repaired.

Tamil Nadu Palm products Development Board

Tamil Nadu Palm products Development Board has been engaged in the development of palm products such as neera, palm jaggery, palm sugar, palm candy, palm fruit jam, palm kola etc., and market them to generate additional income to the rural population. Further, the board facilitates research activities

for the development of palm products as the state has 4.61 crore palmyrah trees, out of 8.01 crore in India. During the year 2008-09, a sum of Rs.21.50 lakh has been sanctioned to provide prepacking machines, neera cooler and other equipments for neera catering unit at Palayamkottai in Tirunelveli to improve quality and marketing.

Tamil Nadu Handicrafts Development Corporation

Tamil Nadu Handicrafts Development Corporation has been implementing the objective of providing marketing assistance to craftsmen by selling their products through the 15 Poompuhar sales showrooms in Tamil Nadu and 3 in other states at Bangalore, Kolkatta and New Delhi. To upgrade the design and development of various crafts, the Corporation hired the services of professional designers to suggest new designs for Thanjavur art plates, stone carvings, brass lamps and wood carvings. The Corporation has conducted design development works for artisans at a cost of Rs.26.60 lakh with assistance from GOI. It undertakes special temple projects such as fabrication and assembling of Golden/ Silver chariots/ Temple cars/ Vahanams, Kodi Marams, Bells, etc. This type of special work is unique to this Corporation in the whole nation.

Plan Outlay for 2009-10

The approved outlay for 2009-10 for Village & Small Industries sector is Rs. 255.99 crore. Of this, an outlay of Rs.64.00 crore is set apart for Scheduled Caste Sub Plan.