

Role of District Industries Centre in the Promotion of Micro, Small and Medium Enterprises at Madurai District

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Abstract

In current scenario, MSME plays a significant role in improving our nations' economy by emphasizing entrepreneurship and providing major employment possibilities at comparatively less capital cost. Over the last five decades it has evolved as a highly active and changing sector of the Indian economy. It is the primary role of the state government in promotion and advancement of MSMEs through District Industries Centres (DICs). The District Industries Centers (DICs) programme was established in 1978 with a objective of providing combined execution level framework at the district level for motivating entrepreneurs in rural areas. It gives complete assistance to the entrepreneurs who are aspiring to start a venture in their regional locations. DICs extended various schemes for promoting the development of MSMEs in rural areas. Hence, this paper object is to study the role of DICs in promoting and improving entrepreneurs in rural areas at Madurai district. It also measures the practices of DIC in Madurai district in motivating the young generations to become an entrepreneur.

Key words: District Industries Centre (DIC), Micro Small and Medium Enterprises (MSMEs), Madurai District

I. Introduction

Indian Industrial sector comprises of a large number of Small Scale Industries (SSI) apart from medium and large-scale industries. SSI sector defined as Micro, Medium and Small enterprises (MSMEs) contributes significantly to total output, export earnings, employment generation and regional development of Indian economy. Micro Small and Medium Enterprises (MSME) in India play a key role in creating mass employment opportunities for unemployed young people. This helps to industrialize the country's rural and backward areas by reducing regional inequalities and ensuring a uniform distribution of national wealth and incomes. In order to encourage the Entrepreneurial Development in the rural parts of India, The Ministry of MSME, Government of India initiated the District Industries Centre (DIC) programme as a centrally sponsored scheme. The DICs act as a nucleus for the promotion and development of cottage, small and village industries in selected districts.

II. Objectives of the Study

1. To study the objective of setting District Industries Centre in Madurai district.
2. To study the functioning of District Industries Centre in Madurai district.
3. To study the schemes and facilities offered by District Industries Centre in Madurai district.
4. To study the problems faced by medium and small scale entrepreneurs in Madurai district.
5. To offer suggestions for the improvement on working of DICs in order to have better growth of MSMEs in Madurai district.

6.2 Activities and Functions of District Industries Centre (DIC) in Developing MSME Units

The core function of DIC is to solve unemployment problem and to have an equitable growth of small-scale industries in rural area. The following are the other functions of DIC (dicmdu.in):-

- ✧ Implementing MSME ACT 2006 and Issuing of Industrial Memorandum to Micro, Small and Medium Enterprise, announced by Govt. of India.

- ❖ Implementing of Micro, Small & Medium Industries Policy 2008, announced by Govt. of Tamilnadu.
- ❖ Providing Incentive support to Micro, Small & Medium Industries.
- ❖ Testing and Training Facilities to the Entrepreneurs.
- ❖ Micro and Small Enterprise Facilitation Councils.
- ❖ Single Window Clearance Scheme to provide all clearance under one roof. Providing Escort services to Entrepreneur.
- ❖ Providing Assistance to the Sick Units Back ended interest Subsidy for Technology Up gradation & Modernisation.
- ❖ Creating awareness for the development of Industries through Seminars and Dissemination Meets.
- ❖ Conducting of Techno Economic Surveys and sample/Comprehensive Survey
- ❖ Providing Incubator facilities to deserving entrepreneurs.
- ❖ Sanction of Back Ended Interest Subsidies to Micro and Small. Enforcement of Quality Control Order.

III. Incentives and Subsidies offered by DIC, Madurai

Udyog Aadhaar Memorandum (UAM) Registration through online mode is one of the main functions for recognition of MSMEs to avail incentives and concessions from Government. Further registration of Cottage Industries and Handicraft Industries are also done through online.

Table 3: Incentives and Subsidies, Madurai

S. No	Name of Subsidy	Quantum of Subsidy	Eligibility to Avail Subsidy
1	Capital Investment Subsidy	25% On Total Plant & Machinery value	Registered MSMEs engaged in selected line of activities
2	Low Tension Power Tariff Subsidy (LTPT)	20% On the payment of Electricity Charges.	Registered MSMEs engaged in selected line of activities. This subsidy granted for First three years from the date of commencement of production on the basis of Eligibility Certificate.
3	Generator Subsidy	25% On the total value of Generator setting.	Registered MSMEs engaged in selected line of activities. This subsidy granted for purchasing of generator setting up to 320KVA
4	VAT Reimbursement Subsidy	100% On the payment of VAT Taxes by the MSME up to the level of Plant & Machinery value.	Registered MSMEs engaged in selected line of activities. This subsidy granted for the period of six years subject to the total value of Plant & Machinery.

(Source: Madurai.nic.in)

IV. Assistance from Government of India

In order to encourage and develop industries in rural areas, our government of India is offering the following subsidies and schemes to the small scale entrepreneurs in rural areas.

4.1 Coir Subsidy

To encourage the coir industries, the coir board is releasing the subsidy on the machineries installed at lump sum depending on the end products.

4.2 Margin Money Assistance by KVIC

To encourage the industries in rural area level, the Khadi and Village Industries Commission is sanctioning margin money assistance to the industries located in the rural areas, which are within the population of 20,000 at the rate of 25% on the project cost approved by the financial institutions.

V. Loan Assistance Schemes

In order to motivate the self employment among the educated unemployed youths, the department has launched the effective cum subsidy assisted loan namely (dicmdm.in)

- ✧ Prime Minister Employment Generation Programme (PMEGP)
- ✧ Unemployed Youth Employment Generation Programme (UYEGP)
- ✧ New Entrepreneur-Cum-Enterprise Development Scheme (NEEDS)
- ✧ Rajiv Gandhi Udyami Mitra
- ✧ National Manufacturing Competitiveness Programme (NMCP)
- ✧ Small Industries Cluster Development Programme (SICDP)
- ✧ Micro & Small Enterprises Cluster Development Programme
- ✧ Scheme for Capacity Building.
- ✧ Credit Linked Capital Subsidy Scheme for Technology Upgradation /Modernisation.
- ✧ Credit Guarantee Fund Trust Scheme(CGFTS)
- ✧ ISO 9000/ISO 14001 Certification Reimbursement Scheme
- ✧ Participation in the International Exhibitions/Fairs
- ✧ Financial Assistance for using Global Standards (GS1) in Barcoding
- ✧ Purchase and Price Preference Policy
- ✧ Integrated Infrastructure Development(IID Scheme).
- ✧ MSME - Market Development Assistances
- ✧ Assistance to Entrepreneurship Development Assistances
- ✧ Scheme of Micro Finance Programme
- ✧ Promotional Schemes for Women
- ✧ Schemes for weaker sections
- ✧ Scheme on (TREAD) for Women
- ✧ Scheme of Fund for Registration of Traditional Industries (SFURTI)
- ✧ Product development, Design Intervention and Packaging
- ✧ Support for Entrepreneurial and Managerial Development of SMEs through Business Incubators
- ✧ SSI MDA Scheme

Table 4: DIC Major Loan Schemes

Components	NEEDS	UYEGP	PMEGP
Age	21 – 35 years (General) 21 – 45 (Others)	18 – 35 years (General) 18 – 45 (Others)	Minimum – 18 years Maximum – no limit
Education	Degree, Diploma, I.T.I	Minimum 8th std pass.	Minimum 8th std pass for project cost above 10 lakhs in Manufacturing and above 5 lakh in service.
Project Cost	Minimum 10 lakhs to Maximum 500 lakhs (Manufacturing & Service sector)	Manufacturing – Max 10 lakhs Service – Max 3 lakhs Trading – Max 1 lakh	Manufacturing – Max 25 lakhs Service – Max 10 lakhs

(Source: Madurai.nic.in)

VI. Micro & Small Enterprises Facilitation Council

The MSE Department of Government of Tamilnadu takes care of the development of MSME by way of giving incentives and subsidies etc to MSE. As a part of it, it also intends to take care of the settlement of pending payment as due to MSME by major Government/Public/corporations of Government of Tamilnadu for the supply of goods/service made by the former. Accordingly, based on the request of Government of India, the Government of Tamilnadu has constituted MSE Facilitation Council in four regions including Madurai district.

VII. Conclusion

DICs in Madurai provide all the facilities, services and schemes for micro, small and medium enterprises starting from pre-investment stage, investment and post-investment stages under single roof.

With the support of DIC, development of MSME units in Madurai creates larger employment opportunities to the rural people residing there. In addition to central government schemes, DIC Madurai offers few other schemes according to the type of business and financial support required for the MSME. They conduct awareness programmes through seminars and dissemination meets for the development of Industries. They help the sick units back ended interest subsidy for technology up gradation & modernization. In addition, they conduct motivation campaigns and training facilities for young students in order to convert employee into employer. But, the major problem faced by MSME is that lack of financial support from government, delay in payment by customers, problems in renewal of license, lack of knowledge in providing KYC documents to get loan, lack of awareness of various schemes offered by DIC. Hence, it is suggested for the DIC, Madurai to conduct campaigns in order to make aware of activities, schemes, facilities, financial and other support offered by DIC. In addition, it is advised for the DIC, Madurai to make the formalities and documentation process easier and provide staff members to assist rural people in filling and submitting the same to get loan under various schemes offered by them.

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