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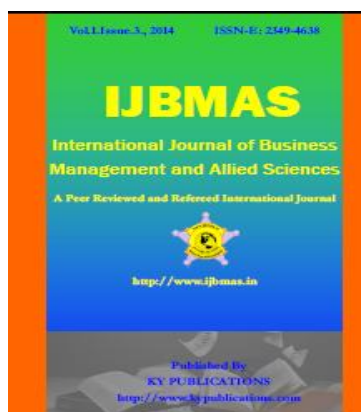
PERFORMANCE OF DISTRICT INDUSTRY CENTRES IN THE DEVELOPMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES IN SPSR NELLORE DISTRICT

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ABSTRACT

The 'District Industries Centre' (DICs) programme was started by the central government in 1978 with the objective of providing a focal point for promoting small, tiny, cottage and village industries in a particular area and to make available to them all necessary services and facilities at one place. In SPSR Nellore district, DIC was started on 13th February 1981 with the main aim of providing all services to the entrepreneurs and artisans for the development of small scale industries and in semi-urban areas. The DIC is playing a major role in promoting Micro, Small and Medium industrial units, increasing their investment level, and generating employment opportunities by utilizing local resources. Besides MSMEs, the large, cottage and village industries, artisan industries and rural industries have also been developed significantly in the district.

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INTRODUCTION

The development of Micro, Small and Medium Enterprises (MSMEs) and village industries have received much attention of the government on the ground that they provide more employment opportunities all over the country. The Industrial Policies have been assigned a greater role to the development of Micro, Small and Medium Enterprises (MSMEs) and village industries with a view to generate more employment opportunities in rural and backward areas. The government of India launched the District Industrial Centres (DICs) programme on 1st may 1978 with the objective to develop small scale industries and create more employment opportunities in rural and backward areas. The District Industrial Centres (DIC) provide the focal

point at the district level for promotion of small, tiny, village and cottage industries adopting single window approach for extending various types of assistance to the small scale, cottage, village and tiny industrial units in setting up the units and helping their development through providing all types of assistance needed by them such as supply of raw materials, obtaining licenses for industrial units, procuring credit assistance, technological and managerial guidance and counseling, and provision of marketing facilities etc, will be done through single agency that is the district industrial centre. The following are the objectives of DICs:

- i. Accelerate the overall efforts for industrialisation of the district.
- ii. Rural industrialisation and development of rural industries and handicrafts.
- iii. Attainment of economic equality in various regions of the district.
- iv. Providing the benefit of the government schemes to the new entrepreneurs.
- v. Centralisation of procedures required to start a new industrial unit and minimization of the efforts and time required to obtain various permissions, licenses, registrations, subsidies etc.

Functions of District Industries Centre (DIC):

- i. Acts as the focal point of the industrialisation of the district.
- ii. Prepares the industrial profile of the district.
- iii. Provide statistics and information about existing industrial units in the district in the large, medium, small as well as co-operative sectors.
- iv. Opportunity guidance to entrepreneurs.
- v. Compilation of information about local sources of raw materials and their availability.
- vi. Manpower assessment with respect to skilled, semi-skilled workers.
- vii. Assessment of availability of infrastructure facilities like quality testing, research and development, transport, prototype development, warehouse etc.

Role of DICs and Industrial Progress in Nellore District

The District Industrial Centre (DIC), Nellore was established on 13th February 1981 in pursuance of the guidelines issued in the industrial policy of the govt. of India. The DIC provides guidance and support to small entrepreneurs and artisans at the door steps under a single roof for the supply of raw material, obtaining licenses for industrial units, procuring credit assistance, technological and managerial guidance, and provision for making facilities etc. The main aim of establishment of DIC is to provide all services to the entrepreneurs and artisans for the development of small scale industries and in semi urban areas. No other coordinating administrative agency was available to implement the plans and programmes formulated by central and state governments at the district level and to solve the economic problems, particularly small scale, cottage and village industries which are widely dispersed in rural areas and small towns. In other words, no servicing agency was available at the micro level to provide guidance and help to small entrepreneurs and the district industries centres provides all the required services, support and help at the door steps of rural entrepreneurs under a single roof.

The DIC, Nellore is headed by the general manager in the rank of joint director in the department of industries, Government of Andhra Pradesh. There are seven functional managers working under his administrative control and supervision. These functional managers are assigned functional duties and responsibilities to develop all the industries in general and in particular MSMEs in the district.

There is an ample scope for the development of industries in the district, like agro-based industries, animal husbandry, minerals and metals and aquaculture. Since the district happens to be the backward area, a number of incentives and subsidies are being offered by the government to the entrepreneurs.

Large and Medium Industries Progress: A significant industrial progress has been made since 1974. The information regarding the number of large industrial units, their capital and employment in the district as on 31st March 2013 is presented in Table-1. It can be seen from the above table that there were 57 large and medium scale units in the district with a total investment of Rs. 1134.76 crore and provided employment to 11698 persons. Among the 12 categories of units presented in the table, chemical based units had the largest share of about 18 percent of investment. This was followed by steel industries with shares of about 15 percent respectively in the total investment. Food based industries contributed the largest share in employment (32 percent) followed by seafood industries (19 percent) and steel industries (8. percent).

Progress of Micro, Small and Medium Enterprises (MSMEs): SPSR Nellore district is potentially a good place for the development of Micro, Small and Medium Enterprises (MSMEs). The district officials are taking special care to develop this sector by reducing departmental hurdles and encouraging entrepreneurs to set up units in the district. The number of MSMEs which were 1301 in 2006-07 increased to 1998 units as on records in 2013-14. At the same time, the investment increased from Rs. 1489.90 lakh to Rs. 5304 lakh in during the same period. The employment generation has also shown relatively good progress. The number of employees increased from 6438 persons to 7572 persons.

Mandal-wise MSMEs: The Mandal-wise distribution of MSMEs and employment as on 31st March 2013 is furnished in Table 3. As expected Nellore municipality has the largest number of MSMEs which accounts for more than 27 percent of total number of MSMEs in SPSR Nellore district. Next to Nellore municipality, Kavali Mandal had the largest proportion of about 9 percent of total number of units in the district. Gudur (6.20 percent), Nellore rural (5.62 percent) and Naidupet (5.30 percent) were the other Mandals that had very large number of enterprises. It is pathetic to note that about half of the total Mandals in SPSR Nellore district had less than one percent of total enterprises each.

Besides small scale industries, there were also a larger number of tiny industries in SPSR Nellore district. These industries, as could be seen from table 4, aggregated to 32,052 as on 31st March, 2014. The total investment in these units amounted to a whopping value of Rs.45, 444 lakhs. These units have been instrumental in generating employment to more than 132296 persons.

On 31st March, 2014, barring miscellaneous units, food and agro based units constituted the largest proportion of 30.66 percent of total units followed by Food & Agro. based units with a share of 14.92 percent of the units while the former were supply-based units and the latter were demand based units. Paper and board (0.22 percent) Printing (0.56 percent) and Leather and Footwear constituted very less proportion of total small scale and tiny units.

Cottage Industries

The KVIB renders financial assistance to village artisans ranging from an investment of Rs. 200 to Rs. 20,00,000. The rate of interest is 4 percent per annum with a repayment period ranging from 5 to 10 years. Table 5 shows the number of village and cottage industries that are in working conditions.

It is clear from the table that during the year 2013-2014, 208 cottage industries were established in the district with a total investment of Rs. 537.31 lakh. These industries provided employment to 2310 persons. The important categories of cottage industries in terms of investment were Bricks (Rs. 61.83 lakh) Vermi Compost (Rs. 57.79 lakh) and Mineral Water (34.84 lakh). These industries were also important sources of employment to the people, particularly to women in the district.

In order to encourage village industries, the State Government has launched a programme of establishment of Artisan Complexes since the year 1991-92. The main objective of the programme is to provide infrastructure to improve the skills and production and also to improve the economic condition of the artisans by providing grants and loans for the purchase of tools for working capital. The artisans selected are also being trained whenever necessary and provided with financial assistance like subsidy through DRDA and Margin Money from SC and BC Service Corporations. An Integrated Rural Artisan Complexes programme was started from 1987-88 for providing house-cum - work sheds under 'Weaker Section Rural Housing Programme'. A total of 36 artisan complexes have been established in various parts of the district.

Handloom Industries

Handloom industry in Nellore occupies a significant place. It is the traditional and age-old occupation of many families, particularly in rural areas. The district is proud of producing one of the best handlooms in the world like Venkatagiri handloom sarees which occupy a special place in the world of sarees. The special kind of designs and best methods of weaving have made the handloom weavers of Venkatagiri synonymous with good fabrics. The sarees of Patur and Kovur are also renowned for their special kind of weaving, texture and colour patterns. In all, there are 14,680 families engaged in handloom weaving in the district. The total weavers' population is 40878. They are mainly concentrated at Venkatagiri, Kovur and Chennur. There are about 50 workers Cooperatives Societies. The number of families engaged in preparatory work (ancillary to handlooms) is about 11,100 while the total number of handlooms is about 13,524. Most of the weavers are engaged in the weaving of Venkatagiri sarees. Keeping in view the prominence and scope for further development, the Indian

institute of handloom technology has setup a training college at Venkatagiri which is the first of its kind in the entire state and the fourth in the country. The institute conducts regular courses in dyeing, printing and weaving. It also imparts training in the latest development and techniques in printing and dyeing. This would enhance and boost the prospects of improved quality of textiles entering the market and cater to the international needs. This institute runs a training course for 40 candidates for a period of 3 years. Thus, the handloom sector has good potentiality and market both at domestic and international arenas.

Table 1: Category- wise Large and Medium Scale Industries at the end of March-2013
(Rs. in Crores)

S. No	Industrial Category	No.	Investment		Employment	
			Amount	% to Total	No.	% to Total
1	Food based industries	10	90.54	7.98	3707	31.69
2	Sea foods & marine products	8	83.57	7.36	2207	18.87
3	Dry Battery	2	117.92	10.39	584	4.99
4	Chemical based Industries	6	202.94	17.88	903	7.72
5	Cotton based industries	3	101.57	8.95	808	6.91
6	Polished granite slab	4	80.08	7.06	486	4.15
7	Printing of papers and Magazines	4	22.48	1.98	572	4.89
8	Electrical and Electronic industries	9	117.36	10.34	736	6.29
9	Sugar industries	2	108.91	9.60	145	1.24
10	Lubricating oils	1	4.50	0.40	38	0.32
11	Silica Product industries	3	29.89	2.63	561	4.80
12	Steel Products	5	175	15.42	951	8.13
	Total	57	1134.76	100.00	11698	100.00

Source: Handbook of statistics, CPO, Nellore, 2012-13.

Table 2: Year- wise Micro, Small and Medium Enterprises in SPSR Nellore District

Year	No. of Units	Investment (Rs. In lakh)	Employment (No.)
2006-07	1301	1489.90	6438
2007-08	1446	1728.32	6276
2008-09	1776	2032.69	8362
2009-10	1670	1790.08	5509
2010-11	2100	3766.98	9609
2011-12	1904	4293.14	7572
2012-13	1967	5189.24	8211
2013-14	1998	5304.27	8894

Source: General Manager, District Industrial Centre, Nellore.

Table 3: MSMEs in Nellore District at the end of March 2013

No	Mandal / Area	No. of Units	% to total	Employment	% to total
1	Seetharamapuram	3	0.15	16	0.18
2	Udayagiri	21	1.05	90	0.99
3	Kondapuram	1	0.05	7	0.08
4	Varikuntapadu	1	0.05	7	0.08
5	Jaladanki	4	0.20	23	0.25
6	Kavali	198	9.91	902	10.12
7	Bogole	26	1.30	113	1.27
8	Kalikiri	16	0.80	67	0.75
9	Vinjamuru	19	0.95	76	0.83
10	Duttaluru	1	0.05	7	0.08
11	Marripadu	1	0.05	7	0.08
12	Atmakur	6	0.30	30	0.34
13	A.S.Pet	1	0.05	7	0.08
14	Dagadarthi	1	0.05	7	0.08
15	Allur	14	0.70	60	0.67
16	Vidavalur	21	1.05	90	1.01
17	Kondapuram	30	1.50	143	1.58
18	Sangam	17	0.85	76	0.85
19	Buchireddipalem	70	3.50	315	3.51
20	Chejarla	9	0.45	37	0.41
21	Ananthasagaram	13	0.65	60	0.67
22	Kaluvoy	20	1.00	83	0.93
23	Rapur	21	1.05	90	1.00
24	Podalakur	65	3.25	301	3.37
25	Nellore rural	588	29.43	2720	30.50
26	Kovur	67	3.35	301	3.39
27	Indukuripeta	45	2.25	202	2.28
28	Thotapalligudur	42	2.10	150	1.68
29	Muthukur	36	1.80	150	1.68
30	Venkatachalam	34	1.70	156	1.76
31	Manubolu	21	1.05	90	1.01
32	Gudur	206	10.31	842	9.44
33	Sydapuram	7	0.35	37	0.41
34	Dakkili	7	0.35	37	0.41
35	Venkatagiri	43	2.15	179	2.02
36	Balayapalli	1	0.05	7	0.08
37	Ojili	5	0.25	23	0.25
38	Chillakur	5	0.25	23	0.25
39	Kota	41	2.05	189	2.10
40	Vakadu	6	0.30	30	0.34
41	Chittampur	10	0.50	46	0.52
42	Naidupet	148	7.41	610	6.81
43	Pellakur	6	0.30	30	0.34
44	Doravarisatram	4	0.20	16	0.18
45	Sullurpeta	70	3.50	441	4.90
46	Tada	27	1.35	106	1.18
Total		1998	100.00	8894	100.00

Source: Handbook of statistics, Chief Planning Officer, Nellore 2014.

Table 4: Category-wise Small Scale Industries / Tiny Industries as on 2014

S. No.	Category	No. of units	Investment (Rs. In lakhs)	Employment (No)
1	Textile Based	2602 (8.12)	1643 (3.62)	4341 (3.28)
2	Mineral Based	491 (1.53)	922 (2.03)	2046 (1.55)
3	Forest Based	2616 (8.16)	2942 (6.47)	8956 (6.77)
4	Leather & Footwear	232 (0.72)	191 (0.42)	652 (0.49)
5	Food & Agro. Based	4781 (14.92)	13704 (30.02)	26972 (20.39)
6	Engineering Based	4161 (12.98)	6897 (15.18)	13426 (10.15)
7	Chemical Based	1043 (3.25)	3041 (6.69)	7523 (5.69)
8	Building Materials	3124 (9.75)	4126 (9.08)	17890 (13.52)
9	Electronics	903 (2.82)	1171 (2.58)	2896 (2.19)
10	Plastic & Rubber	2026 (6.32)	1506 (3.31)	5017 (3.79)
11	Paper & Board	69 (0.22)	491 (1.08)	393 (0.30)
12	Printing	178 (0.56)	539 (1.19)	1072 (0.81)
13	Miscellaneous Based	9826 (30.66)	8271 (18.20)	41132 (31.09)
	Total	32052 (100.00)	45444 (100.00)	132296 (100.00)

Source: Handbook of statistics, Chief Planning Officer, Nellore 2014

Table 5: Cottage Industries during 2013-2014

S. No.	Category/ Industry	No. of Units	Investment (Rs. In lakhs)	Employment		
				Male	Female	Total
1	Rice Mills	2	15.85	30	13	43
2	Bricks	11	61.83	150	69	219
3	Tent house	1	4.75	22	0	22
4	Vermi Compost	7	57.79	163	95	258
5	Dall Mill	1	22.70	40	26	66
6	Service (Beauty parlour)	1	3.50		12	12
7	Lethe Workshop	1	2.70	13	0	13
8	Motor Bicycles service centre	1	8.90	35	0	35
9	Mineral Water	2	34.84	70	35	105
10	Tailoring	178	315	0	1492	1492
11	Candles	1	3.15	0	15	15
12	Agarbathi	1	3.15	0	15	15
13	Papad	1	3.15	0	15	15
	Total	208	537.31	523	1787	2310

Source: Handbook of statistics, Chief Planning Officer, Nellore 2014

Table 6: Year-Wise performance of Khadi and Village Industries promoted in SPSR Nellore District

Sl. No.	Years	No. of Units	Capital (Rs. in lakhs)	Capital Average per unit
1	1999-2000	1007	481.68	0.478
2	2000-2001	954	430.16	0.451
3	2001-2002	874	388.48	0.444
4	2002-2003	1060	651.12	0.529
5	2003-2004	1126	621.44	0.552
6	2004-2005	774	371.88	0.480
7	2005-2006	843	428.24	0.508
8	2006-2007	972	516.13	0.531
9	2007-2008	1012	524.15	0.518
10	2008-2009	1085	585.18	0.539
11	2009-2010	1114	601.31	0.539
12	2010-2011	1224	625.45	0.511
13	2011-2012	1325	694.27	0.524
14	2012-2013	1245	657.44	0.523
15	2013-2014	1428	787.19	0.551

Source: District Industries centre, SPSR Nellore District.

Khadi and Village Industries

The growth of Khadi and village industries could be understood from the data provided in Table 6. As could be seen from the table 6, the number of Khadi and Village industries increased from 1007 in 1999-2000 to 1428 units in 2013-2014.

Observations on DIC

The DIC reported that the funds were adequate. It was observed that the Director of Industries is regularly monitoring the work of DICs. After the setting up of DIC, the margin money was disbursed at the district level and the loans were given through the local branches of the commercial banks, SFCs and other financial institutions. Toolkit subsidy was also extended to eligible artisans under different schemes. It was found that the DIC is preparing its own Annual Action Plans from time to time. There was a wide gap in the number of applications received by DICs and the number of beneficiaries who could actually set up their ventures.

Observations from beneficiaries

It was reported that the artisan units had to waste a lot of time due to procedural delays on the part of DICs and the bank for raising the fixed capital. It was observed that 86 percent of the MSME respondents had received guidance from the DIC officials in getting their units registered. Of these, nearly 91 percent had received the timely help and 88 percent were satisfied with the help received. It was reported that training programmes were not popular, in the district, as none of the respondent from these respondents had participated in the training programmes. Only 12 percent of MSMEs were helped by the DICs in procuring raw materials in the district. The DICs role in procurement of raw materials was very little. The selected entrepreneurs had expressed the view that the growth of MSMEs and artisan units in terms of production, availability of credit and subsidy was faster since the setting up of DICs. About 56 percent of the respondents of MSMEs expressed their dissatisfaction over the working of the DICs due to non-availability of the facilities under a single roof. About 64 percent of the artisan respondents were reported to have been contacted by DIC officials at some stage or the other. Of these 31 percent were contacted before starting of the unit. A large number of respondents (87 percent) appeared to be not interested in training. After the setting up of the DICs' almost one-third of the selected artisan units were using improved tools and implements. It was also reported that only 15 percent of the selected artisans received help from DICs for purchase of tools and implements

CONCLUSION

It can be seen from the foregoing discussions that the selected district is more prosperous particularly in agro-based industrial units. The District Industries Center is playing a crucial role in promoting Micro, Small and Medium industrial units. According to the national policy, each district is provided a DIC to assist the industrial establishments in supplying the required facilities as well as providing training and development. However, there are certain problems they are facing, viz., shortage of required quality inputs, marketing problems, labor problems, technical issues, etc. The various promotional institutions are trying to solve the problems of the Micro, Small and Medium industrial units.

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