

## **Module 4**

### **Small Scale industry**

#### **Meaning and Concept of Small Scale Industry:**

In most of the developing countries like India, Small Scale Industries (SSI) constitute an important and crucial segment of the industrial sector. They play an important role in employment creation, resource utilisation and income generation and helping to promote changes in a gradual and phased manner. They have been given an important place in the framework of Indian planning since beginning both for economic and ideological reasons. The reasons are obvious.

#### **Definition of Small Scale Industry:**

Defining small-scale industry is a difficult task because the definition of small-scale industry varies from country to country and from one time to the another in the same country depending upon the pattern and stage of development, government policy and administrative set up of the particular country.

#### **Essential characteristics of Small Scale Industries**

Following are the characteristics of some industries which identify them as small-scale industries:

##### **1. Labour intensive:**

Small-scale industries are fairly labour-intensive. They provide an economic solution by creating employment opportunities in urban and rural areas at a relatively low cost of capital investment.

##### **2. Flexibility:**

Small-scale industries are flexible in their operation. They adopt quickly to various factors that play a large part in daily management. Their flexibility makes them best suited to constantly changing environment.

**3. One-man show:**

A small-scale unit is generally a one-man show. It is mostly set up by individuals. Even some small units are run by partnership firm or company, the activities are mainly carried out by one of the partners or directors. Therefore, they provide an outlet for expression of the entrepreneurial spirit. As they are their own boss, the decision making process is fast and at times more innovative.

**4. Use of indigenous raw materials:**

Small-scale industries use indigenous raw materials and promote intermediate and capital goods. They contribute to faster balanced economic growth in a transitional economy through decentralisation and dispersal of industries in the local areas.

**5. Localised operation:**

Small-scale industries generally restrict their operation to local areas in order to meet the local and regional demands of the people. They cannot enlarge their business activities due to limited resources.

**6. Lesser gestation period:**

Gestation period is the period after which the return on investment starts. It is the time period between setting the units and commencement of production. Small-scale industries usually have a lesser gestation period than large industries. This helps the entrepreneur to earn after a short period of time. Capital will not be blocked for a longer period.

**7. Educational level:**

The educational level of the employees of small industries is normally low or moderate. Hardly there is any need of specialised knowledge and skill to operate and manage the SSI.

**8. Profit motive:**

The owners of small industries are too much profit conscious. They always try to keep high margins in their pricing. This is one of the reasons for which the unit may lead to closure.

**Needs and rationale**

*Small Scale Industries may sound small but actually plays a very important part in the overall growth of an economy. Small Scale Industries can be characterized by the unique feature of labor intensiveness. The total number of people employed in this industry has been calculated to be near about one crore and ninety lakhs in India, the main proponents of Small scale industries.*

The importance of this industry increases manifold due to the immense employment generating potential. The countries which are characterized by acute unemployment problem especially put emphasis on the model of **Small Scale Industries**. It has been observed that India along with the countries in the Indian continent have gone long strides in this field.

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### Advantages associated with Small Scale Industries

- This industry is especially specialized in the production of consumer commodities.
- Small scale industries can be characterized with the special feature of adopting the labor intensive approach for commodity production. As these industries lack capital, so they utilize the labor power for the production of goods. The main advantage of such a process lies in the absorption of the surplus amount of labor in the economy who were not being absorbed by the large and capital intensive industries. This, in turn, helps the system in scaling down the extent of unemployment as well as poverty.
- It has been empirically proved all over the world that **Small Scale Industries** are adept in distributing national income in more efficient and equitable manner among the various participants in the process of good production than their medium or larger counterparts.
- **Small Scale Industries** help the economy in promoting balanced development of industries across all the regions of the economy.
- This industry helps the various sections of the society to hone their skills required for entrepreneurship.
- Small Scale Industries act as an essential medium for the efficient utilization of the skills as well as resources available locally.

### Role of SSI in economic development

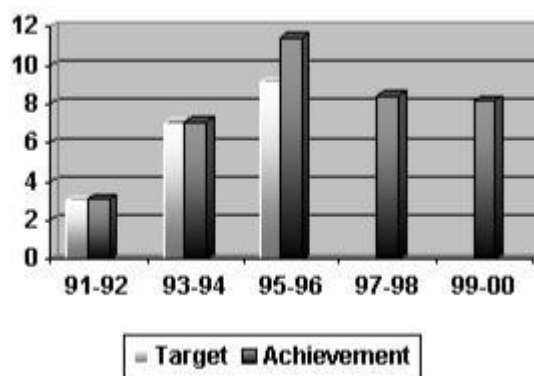
#### Production

The small-scale industries sector plays a vital role in the growth of the country. It contributes almost 40% of the gross industrial value added in the Indian economy.

It has been estimated that a million Rs. of investment in fixed assets in the small scale sector produces 4.62 million worth of goods or services with an approximate value addition of ten percentage points.

The small-scale sector has grown rapidly over the years. The growth rates during the various plan periods have been very impressive. The number of small-scale units has increased from an estimated 0.87 million units in the year 1980-81 to over 3 million in the year 2000.

When the performance of this sector is viewed against the growth in the manufacturing and the industry sector as a whole, it instills confidence in the resilience of the small-scale sector.



P-Projected (April-December)

\* Target not fixed at constant prices

## Employment

SSI Sector in India creates largest employment opportunities for the Indian populace, next only to Agriculture. It has been estimated that 100,000 rupees of investment in fixed assets in the small-scale sector generates employment for four persons.

### Generation of Employment - Industry Group-wise

Food products industry has ranked first in generating employment, providing employment to 0.48 million persons (13.1%). The next two industry groups were Non-metallic mineral products with employment of 0.45 million persons (12.2%) and Metal products with 0.37 million persons (10.2%).

### Per unit employment

Per unit employment was the highest (20) in units engaged in beverages, tobacco & tobacco products mainly due to the high employment potential of this industry particularly in Maharashtra, Andhra Pradesh, Rajasthan, Assam and Tamil Nadu.

### Location-wise Employment Distribution - Rural

Non-metallic products contributed 22.7% to employment generated in rural areas. Food Products accounted for 21.1%, Wood Products and Chemicals and chemical products shared between them 17.5%.

## Urban

In metropolitan areas the leading industries were Metal products, Machinery and parts except electrical and Paper products & printing (total share being 33.6%).

## State-wise Employment Distribution

Tamil Nadu (14.5%) made the maximum contribution to employment.

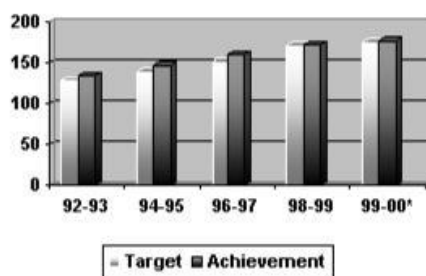
This was followed by Maharashtra (9.7%), Uttar Pradesh (9.5%) and West Bengal (8.5%) the total share being 27.7%.

Gujarat (7.6%), Andhra Pradesh (7.5%), Karnataka (6.7%) and Punjab (5.6%) together accounted for another 27.4%.

Per unit employment was high - 17, 16 and 14 respectively - in Nagaland, Sikkim and Dadra & Nagar Haveli.

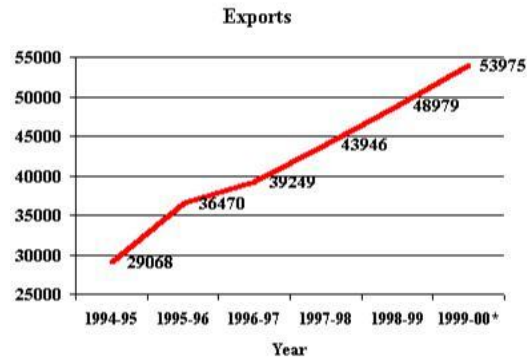
It was 12 in Maharashtra, Tripura and Delhi.

Madhya Pradesh had the lowest figure of 2. In all other cases it was around the average of 6.



## Export

SSI Sector plays a major role in India's present export performance. 45%-50% of the Indian Exports is contributed by SSI Sector. Direct exports from the SSI Sector account for nearly 35% of total exports. Besides direct exports, it is estimated that small-scale industrial units contribute around 15% to exports indirectly. This takes place through merchant exporters, trading houses and export houses. They may also be in the form of export orders from large units or the production of parts and components for use for finished exportable goods.



P-Provisional

## Opportunity

The opportunities in the small-scale sector are enormous due to the following factors:

- Less Capital Intensive
- Extensive Promotion & Support by Government
- Reservation for Exclusive Manufacture by small scale sector
- Project Profiles
- Funding - Finance & Subsidies
- Machinery Procurement
- Raw Material Procurement
- Manpower Training
- Technical & Managerial skills
- Tooling & Testing support
- Reservation for Exclusive Purchase by Government
- Export Promotion
- Growth in demand in the domestic market size due to overall economic growth
- Increasing Export Potential for Indian products
- Growth in Requirements for ancillary units due to the increase in number of greenfield units coming up in the large scale sector. Small industry sector has performed exceedingly well and enabled our country to achieve a wide measure of industrial growth and diversification.

## Advantages of Small Scale Industries

There are numerous arguments in favour of the small-scale industries which justify the rationale of small-scale industry development. The Industrial Policy Resolution 1956 has put forward four arguments in favour of small-scale industries which emphasise the very rationale of small-scale industry in the Indian economy. The arguments are:

1. Employment argument
2. Equality argument
3. Decentralisation argument

4. Latent Resource argument.

### **Liberalization and its impact on small scale industries**

In general, liberalization refers to a relaxation of previous government restrictions, usually in areas of social and economic policy. In the arena of social policy it may refer to a relaxation of laws, restricting the society. Most often,

the term is used to refer to economic liberalization, especially trade liberalization or capital market liberalization.

Policies of liberalization are being pursued as part of economic reforms in India. The objectives of liberalization basically are:

1. To enhance budgetary receipts.
2. To minimize budgetary support towards loss making units.
3. To improve performance by bringing out changes in ownership and performance through disinvestment.
4. To ensure long term viability and sustainable levels of employment in public sector enterprises.

### **Liberalization and it's impact on SSIs in India**

India has traditionally always had a very vibrant and competitive SSI. Even after the dawn of industrialization, British producers of textiles found handmade Indian textiles such a threat that they lobbied hard to have its import banned, succeeding in the late 18th century (Gupta and Sharma, 1996). During pre-economic liberalization period a wide variety of incentives, concessions and institutional facilities were extended for the development of SSIs but these socialistic promotional policy measures, (Tripathi, 2006), in many cases resulted in protection of weak units rather (Parthasarathy, 1996) than the independent growth of units under competitive business environment (Porter and Linde, 1995; Nyati, 1988). Such situation continued up to the middle of 1991. Under the regime of economic liberalization, the focus was shifted from —protectionl to —competitive promotionl (Peattie, 1995; Raja and Rajashekar, 2002).

### **Globalization will kill Small-Scale Industries in India**

Globalization is the metamorphosis of the individual nations into an integrated entity by means of their interconnection on an economic, social and cultural level, fuelled by easy transport and communication among them. It is the modern renaissance that makes ideas, goods, services, trade, technology and culture permeate into the entire geography of the world thus turning it into a global village.

### **Five-Year Plan of Industrial Development**

The target for industrial growth in the Ninth Plan was set at 8.2 per cent. The major focus of the plan was on the building of adequate infrastructural facilities and also improving the 'quality' infrastructure. To promote foreign direct investment, the plan proposed to increase the number of industries in which automatic approval would be granted. Special steps were envisaged to encourage industries in backward areas.

It aimed to 'priorities' the efforts on the large number of Growth Centers under implementation so that maximum benefits can be obtained from the investments in these centers in the shortest

possible time. The Plan advocated a number of steps for the industrial development of the North Eastern Region.

The plan divided Public Sector Enterprises (PSEs) into three categories:

(i) Profit making PSEs,

(ii) PSEs making only marginal profits or losses, and

(iii) PSEs incurring substantial losses. The Government categorised PSEs as Navratnas and 97 as Miniratnas amongst the first category which will be provided increased financial and managerial autonomy. The second category of PSEs would be provided limited budgetary support and assistance to enable them to stand on their own feet. The Plan advocated for taking 'hard decisions' in case of third category of PSEs.

In the field of small-scale industries, the Ninth Plan advocates dereservation. This will help a number of small scale units to upgrade their technology, improve the quality of their products, expand the scale of their operations, and boost their exports. Since the biggest problem facing the small-scale industries is the inadequate availability of credit, the Plan proposed a number of steps to mitigate this problem.

### ***WTO AND ITS IMPACT ON SMALL SCALE INDUSTRIES IN***

#### ***INDIA Introduction***

The small-scale industries sector plays a vital role in the growth of the country. It contributes almost 40% of the gross industrial value added in the Indian economy. It has been estimated that a million Rs. of investment in fixed assets in the small scale sector produces 4.62 million worth of goods or services with an approximate value addition of ten percentage points.

The small-scale sector has grown rapidly over the years. The growth rates during the various plan periods have been very impressive. The number of small-scale units has increased from an estimated 0.87 million units in the year 1980-81 to over 3 million in the year 2000.

From 1947 to 1994, General Agreement on Trade and Tariff (GATT) was the forum for negotiating lower customs duty rates and other trade barriers. The World Trade Organization (WTO) was established on 1st January 1995. When the GATT came into WTO's umbrella, it has annexes dealing with specific sectors such as agriculture and textiles, and with specific issues such as State Trading, Product Standards, Subsidies and Actions taken against dumping. The WTO has 148 members, accounting for over 97% of world trade. Around 30 others are negotiating membership.

WTO aims to develop the country's economy by encouraging its export among the member countries. Further, it facilitates for availing new technologies from various countries at a lower cost. In this connection, this paper focuses on the positive role played by the WTO in the globalization scenario.

#### **GROWTH OF SSI SECTOR IN INDIA**

Small Scale Industries (SSIs) are the pillars of India's industrial economy. The SSIs' chief aims are:



To Remove the regional disparities To facilitate for the Equitable distribution of national income and wealth To earn the Return on Investment in shorter period To produce some consumption goods and essential commodities.

As the SSIs consume local resources, the growth of SSIs was quite appreciable at the dawn of new century. It is evidential from the fact that there were over 32 lakhs Small Scale Units in the organized sector as on 31st March 2000 (Naik: 2002) & (Economic Survey: 2001).

SSIs require comparatively a smaller investment and avails the financial support of various financial institutions. There have a number of schemes of direct and self -employment. The employment through SSIs has been tremendously increased from 119.6 lakh during the year 1989 – 90 to 178. 5 crore during the year 1999 – 2000. In succeeding years also in the well grown in all areas. But it

### **Ancillary industry**

Ancillary industries are those which manufacture parts and components to be used by larger industries. Eg- Companies like GE (ancillary) produce engines for the aircraft industry.

The programme of ancillarisation includes motivation of public and private sector units to offload production of components, parts, sub-assemblies, tools, intermediates, services etc., to ancillary units. The programme of ancillary development has specific advantages both for large as well as small industries and also for the total economy of the country. The large scale units have the advantages in the form of savings in investments, inventories, employment of labour, etc. and getting the items of the desired specifications, while the small scale units have the advantage of getting assured market for their products, availability of technical assistance and improved technology from the parent units. This programme also helps in overall economy of the country.

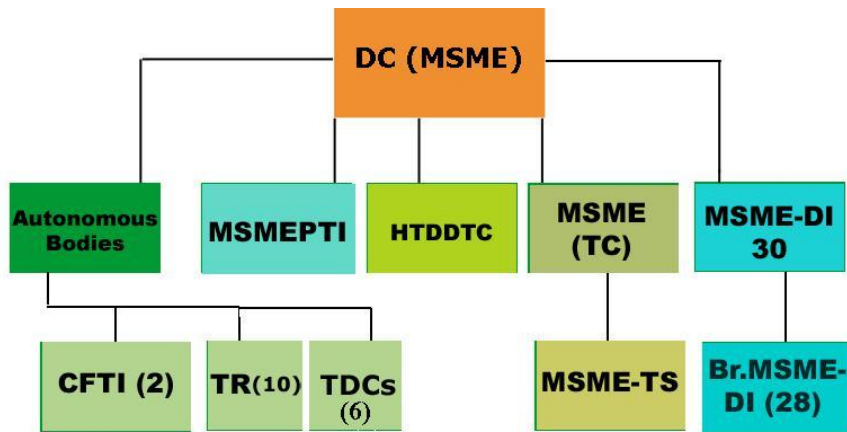
Expected Questions:

1. **Define Small scale industry and state the characteristics of SSI**      **dec10, jan10, july09**
2. **Explain WTO. State its Function**      **Dec10**
3. **Explain the objective of SSI and its role in economic development**      **june10, jan10, july09**
4. **Explain GATT and WTO, and its impact on trade.**      **June10, jan10**
5. **Define ancillary industry and tiny industry**      **june11**
6. **Explain briefly the government support for SSI during 5 year plan**      **july09, jan09**
7. **Discuss the impact of librelization, privatization and Globalization on SSI** **jan09**

## Institutional support

### Development schemes

A vast network of field organisations and institutes across the country operate according to the aims, objectives and guidelines laid down by Development Commissioner (MSME).



### Organizational Structure

The Ministry of Micro, Small and Medium Enterprises (M/o MSME) is the administrative Ministry in the Government of India for all matters relating to Micro, Small and Medium Enterprises. It designs and implements policies and programmes through its field organisations and attached offices for promotion and growth of MSME sector.

### Institutional Network

The Development Commissioner (MSME) have a network of 30 MSME-Development Institute(MSME-DI), 28 Br. MSME-Development Institute(Br. MSME-DI), 4 MSME-Testing Centres (MSME-TCs), 7 MSME-Testing Stations (MSME-TSs), 21 Autonomous bodies which include 10 Tool Rooms (TRs) and Tool Design Institutes (TDI), 4 MSME-Technology Development Center(MSME-TDC), 2 MSME-Technology Development Center-Footwear(MSME-TDC), 1 Electronics Service & Training Centre (ESTC), 1 Institute for Design of Electrical Measuring Instruments (IDEMI) 2 National Level Training Institutes, and 1 Departmental Training Institute and one Production Center.

### MSME-Testing Center (MSME-TC) (Formerly Regional Testing Centers(RTCs))

- Provide Testing facilities for quality upgradation

- Training/constancy in testing, quality control, quality
- management Process quality control systems, etc.
- Product specific testing facilities are provided by MSME-Testing Stations(MSME-TSs)

### **Autonomous Bodies**

#### **Tool Rooms/Tool Design Institutes (TRs/TDI)**

- To assist MSMEs in technical up gradation, provide good quality tooling by designing and producing tools, moulds, jigs & fixtures, components, etc.
- Provide Training and consultancy for tool and die makers.

#### **MSME-Technology Development Center(MSME-TDC) (Formerly Product-cum-Process Development Centers (PPDCs))**

These are product specific Centers to:

- look into their specific problems and render technical
- service develop and upgrade technologies manpower
- development and training

#### **MSME-Technology Development Center-Footwear(MSME-TDC) (Formerly Central Footwear Training Institutes (CFTIs))**

- Develop footwear designing to promote exports
- Training for manpower in Footwear Industry.

### **Training**

### **Institutes**

There are three National Level Training Institutes. These are:

- National Institute of Micro, Small and Medium Industry Extension Training (NIMSMIET), Hyderabad,
- National Institute for Entrepreneurship and Small Business Development (NIESBUD), New Delhi, which conducts national and international level training programmes in different fields and disciplines.
- Indian Institute of Entrepreneurship (IIE), Guwahati. The main objective of the institute is to act as a catalyst for entrepreneurship development with its focus on the North East.

### **Other Associated Agencies**

- National Small Industries Corporation (NSIC) for technology and marketing support
- Small Industries Development Bank of India (SIDBI) an apex bank set up to provide

direct/indirect financial assistance under different schemes to meet credit needs of the small-scale sector and to coordinate the functions of other institutions in similar activities.

- Khadi and Village Industries Commission (KVIC) assists the development and promotion and disbursement of rural and traditional industries in rural and town areas.

### State Level Institutional Support

- State Government executes different promotional and developmental projects/schemes and provide a number of supporting incentives for development and promotion of MSME sector in their respective States.
- These are executed through State Directorate of Industries, who have District Industries Centers (DICs) under them to implement Central/State Level schemes.
- The State Industrial Development & Financial Institutions and State Financial Corporations also look after the needs of the MSME sector.

## Technical Consultancy Services Organisation of Karnataka

(A Government of Karnataka Organisation)

**TECSOK** is a multidisciplinary management consultancy organization promoted by the Government of Karnataka to provide reliable consultancy services in India. **TECSOK** has been excelling its expertise in a wide range of services. The package of services includes feasibility studies, market research, valuation of assets, environment impact studies, energy management and audit, management studies like corporate plan, reorganization and restructuring of enterprises, man power planning, budgetary control systems, mergers and acquisitions, investment opportunities, technology transfers, diagnostic studies and also designing and organizing training programmes in all related areas. Of late, **TECSOK** is also concentrating on studies relating to Cleaner Production technologies and methods.

**TECSOK** has been considered by the Government of Karnataka, Government of India, State & Central Financial Institutions, Commercial Banks, Asian Development Bank and a host of other institutions of the Government and Private as the recognized consultancy agency.

**TECSOK** has been recognized as the State Nodal Agency by the Ministry of Food Processing Industries, Govt of India to operate the Ministry's Promotional Schemes in Karnataka. [Click here for more details](#)

A Powerhouse of Expertise

The **TECSOK** consultancy is driven by top-notch professionals from different disciplines; engineers, management experts, economists and financial consultants. **TECSOK** partners with

reputed national and multinational consultants, outsourcing expertise for professional synergy.

As an investor, there are many imponderables that will engage your mind. For instance, you would like to have reliable information on the kind of product that would be feasible, the location for your industry, and the procedures for establishing the industry. Other inputs you may require would be in the area of market research, manpower planning, technology, environmental issues etc.

**TECSOK**, with its vast experience will provide you valuable insights and practical solutions in all of these areas and others in which you may need assistance. With its range of services, **TECSOK** offers a single platform from which you can get all the inputs you require.

***TECSOK has been excelling its expertise in a wide range of services.***

**U can rely on TECSOK for**

- Location Specific identification of investment opportunities.
- Assistance in obtaining statutory and procedural clearances.
- Feasibility studies and environment impact studies.
- Preparation of detailed project reports as per investment norms and financial norms..
- Market survey and research.
- Project implementation and turn key assistance.
- Reorganization and restructuring of enterprises.
- Valuation of assets, man power planning & budgetary control system.
- Energy management & audit, corporate plan, technology transfer.
- Diagnostic studies and rehabilitation of sick industries.
- Designing and organizing training programmes
- Since its inception, **TECSOK** has catalysed a large number of industries throughout the province.
- Management studies, company formation, corporate plan, enterprise restructuring.
- Port tariff study and related areas.
- Consultancy for agro-base industries as a Nodal Agency of Government of India.
- Consultancy for merger/takeovers.
- Infrastructure development project reports.



**INTRODUCTION:** The growth of Small Scale Industries in our country since independence is rightly regarded as one of the most significant features of planned economic development. The very concept of small-scale industries, as we know, was not in vogue on the eve of independence. Rural and Cottage industries, which constituted the —indigenous sector of our industries, were wide spread throughout the length and breadth of our country. Various programmes to sustain, modernise and further develop this group of industries were initiated soon after the independence and the modern small-scale industry scheme has gradually emerged out of this programme. The Small Scale Industries have provided opportunities for self employment to educated young men and experienced technicians from the middle level of society and contributed full to the growth of industrial entrepreneurship in our country. To day small-scale industries is regarded as power tool for balanced regional economic development. These achievements are primarily due to the dynamic enterprising spirit of the small-scale industrialists themselves. A positive programme for assistance of small-scale industries was initiated towards the end of 1954 on the basis of a suggestion made by the international planning team sponsored by the Ford Foundation at the request of Govt. of India. Further, on the basis of the **recommendations of the central small scale industries advisory board the state level organisations to assist the small** scale industries for procurement of scarce raw materials establishment of industrial estates, etc, have been set up in all states. KSSIDC, is one of such Corporations, established on 29<sup>th</sup> April 1960. The registered office of the Company started functioning at Bangalore in the State of Karnataka. The Company framed comprehensive and well-defined Memorandum of Association and Articles of Association. Which permit the Corporation to take up any activity aimed at the rapid development of small-scale industry, subject to the guidelines issued by the Government from time to time and also as per Govt order as under.



**KIADB**, a pioneer agency with **ISO 9001: 2000** Certification, offers to entrepreneurs an unmatched convenience of world-class infrastructure for their new ventures and projects. **KIADB** rolls out a red-carpet runway to the world of prosperity by providing quality facilities and services to its clients all over the state of Karnataka .Come and be a part of our family.

Karnataka Industrial Areas Development Board (KIADB) is a wholly owned infrastructure agency of Government of Karnataka, set up under Karnataka Industrial Areas Development Act of 1966.

This Board functions as per statutory provisions, rules and regulations enacted there under. The Board comprises of senior government officers in their ex-officio capacities. The Board of members

meet regularly to take decisions and monitor the functions. KIADB holds pride in being the first government organisation in Karnataka to obtain ISO 9001 certification in the year 1997.

Now the KIADB is following ISO 9001:2000 module covering its functions of Land Acquisition, Development and Allotment functions in Bangalore Urban and Rural districts.

### **Aims and Objectives :**

- Promote rapid and orderly development of industries in the state.
- Assist in implementation of policies of government within the purview of KIAD Act.
- Facilitate for establishing infrastructure projects.
- Function on corporate lines, with —No Profit – No Loss|| policy.

### **Functions :**

- Acquire land and form industrial areas.
- Provide all infrastructure to such industrial areas.
- Acquire land for Single Unit Complexes.
- Acquire land for Government agencies for their schemes and infrastructure projects.

### **KIADB - as a premier industrial area developer**

*KIADB has also acquired lands to cater the specific needs of individual industrial units (Single Unit Complexes). The Board also acquires land for infrastructure projects of the Government. We promote projects of public importance in joint venture with organizations of international repute.*

*The vision of KIADB and world class infrastructure has made investors all over the world take notice of Karnataka as the premier destination for their startups and ventures.*

Till date, KIADB has formed 95 industrial areas spread all over the State, and acquired land for nearly 290 Single Unit Complexes ensuring balanced industrial development in all regions with well thought of infrastructures and unique features.

### Infrastructures in Industrial Area

### **Few prominent industrial areas :**

- Peenya ,Electronic City, Export Promotion Industrial Park (EPIP) in Bangalore.
- Hebbal in Mysore.
- Baikampady in Mangalore.
- Tarihal in Dharwar.
- Kakati in Belgaum.
- Auto Complex in Shimoga.

World's leading Companies have rose up in glory on the infrastructure set by KIADB. This apart, KIADB has envisaged several innovative projects up its sleeve like Agro -Tech Parks, Apparel Park, Auto Parks, Hardware Park, Bio-Tech Park, EPIPs, Special Economic Zones etc.

Some of the projects of KIADB executed with high degree of professionalism:

- Acquisition of about 4316.25 acres of lands for Bangalore International Airport Ltd .
- Acquisition of about 1850 acres of lands for Harbour at Tadri in Uttara Kannada Dist.
- Acquisition of about 1958 acres of lands for M/s MRPL at Mangalore and rehabilitation of about 610 displaced families with modern infrastructure.
- Acquiring & Developing of about 430 acres of land for M/s Toyota in Bidadi at Bangalore Dist.

### **Functional units of KIADB :-**

#### **Acquisition Wing:**

This wing conducts the proceedings of acquisition and hands over the land to KIADB. Special Deputy Commissioner heads acquisition wing and assisted by Special Land Acquisition officers at zonal level. This section is an arm of Government which conducts the proceedings. Board identifies land for development of industrial areas, for single unit complexes, projects & schemes envisaged by Government. On ascertaining the suitability of land, notifications under relevant provisions are issued under KIAD Act of 1966 with approval of Government. Thus the action of acquisition of land is initiated.

#### **Engineering Wing:**

Engineering section prepares a design & development plan taking into consideration different parameters like:

- Infrastructure requirements.
- Statutory & Regulatory requirements.
- Co-Ordination with other agencies.

Chief Engineer and Chief Development Officer heads Engineering section assisted by Development Officers who are in charge at the Zonal Offices. This wing of KIADB also provides service to the allottees by approving building plans, providing water supply connections, NOCs for obtaining power connections from supply agencies and addressing the grievances of allottees at industrial areas in the matters related to infrastructure.



**Small Industries Service Institute (SISI's)**

At the heart of all agencies dealing with development of small industry is small industries development organization, SIDO. It was originally known as central small industries organization (CSIO). Attached to the ministry, SIDO administers small industries service institute (SISI's).

The small industries service institutes (SISI's) are set-up one in each state to provide consultancy and training to small and prospective entrepreneurs. The activities of SISs are co-ordinate by the industrial management training division of the DC, SSI office (New Delhi). In all there are 28 SISI's and 30 Branch SISI's set up in state capitals and other places all over the country.

SISI has wide spectrum of technological, management and administrative tasks to perform.

**Functions of SISI**

1. To assist existing and prospective entrepreneurs through technical and managerial counseling such as help in selecting the appropriate machinery and equipment, adoption of recognized standards of testing, quality performance etc;
2. Conducting EDPs all over the country;
3. To advise the Central and State governments on policy matters relating to small industry development;
4. To assist in testing of raw materials and products of SSIs, their inspection and quality control;
5. To provide market information to the SISI's;
6. To recommend SSI's for financial assistance from financial institutions;
7. To enlist entrepreneurs for participation in Government stores purchase programme;
8. Conduct economic and technical surveys and prepare techno-economic feasible reports for selected areas and industries.
9. Identify the potential for ancillary development through sub-contract exchanges;
10. Organize seminars, Workshops and Industries Clinics for the benefit of entrepreneurs.

The Small Industries Service Institutes have been generally organizing the following types of EDPs on specialized courses for different target groups like energy conservation, pollution control, Technology up-gradation, Quality improvement, Material handling, Management technique etc. as mentioned earlier.

General EDP for educated unemployed youth, ex-service personnel etc. for a duration of four weeks. In these programmes, classroom lectures and discussions are held on issues such as facilities and assistance available from State and Central government agencies, banks, financial institutions and National Small Industries Corporation.

Apart from this, exposure is given information regarding market survey, product identification and selection, technologies involved, management of small enterprises, particularly in matters relating to financial management, marketing, packaging and exports.

The participants also interact with successful small scale entrepreneurs as a part of their experience sharing Information of quality; possibilities of diversification and expansion are also given.

The entrepreneurs are helped to prepare Project Reports based on their own observations and studies for obtaining financial assistance as may be required. Such courses have benefitted many entrepreneurs to set up units of their own choice.



**Karnataka State Financial Corporation**

ಕರ್ನಾಟಕ ರಾಜ್ಯ ಹಣಕಾಸು ಸಂಸ್ಥೆ

KSFC is one of the fast track term lending financial institutions in the country with assistance to over 1,63,643 units amounting to nearly Rs 10,465 crore over the last 52 years in the State of Karnataka. KSFC is one of the robust and professionally managed State Financial Corporations.

The Infrastructure Sector is an integral part in the economy of the nation and it is a catalyst in boosting the development and economy of the country. Realising this vital factor there is a national focus on infrastructure development. Keeping the need and potentiality in view, KSFC has decided to contribute in this sector also. Hence, as part of the new initiative and diversification process, has decided to take up infrastructure development projects with public / private participation. The Corporation initially focus and identify valuable vacant lands in the prime localities, to start with in and around Bangalore city, owned by various Government Departments / Governmental Agencies / Registered Societies/Trusts, etc., and explore for joint development including SEZ. The Corporation would take care of all the financial tie ups for development of these properties. The expected income out of different revenue models, will be shared with the owners of the properties in appropriate ratio on mutually agreeable terms, after studying economics / viability. The joint venture infrastructure will be of world class and state of art technology. It could be IT park, Shopping Mall, Commercial complex, SEZ, etc., depending upon the location of the property and potentiality. This new activity will ensure sustained cash flow for the concerned

owner of the property as well as our Corporation by way of rentals and other earnings, which will obviously be mutually beneficial to both the institutions.

Accordingly, a separate Infrastructure Development Department (IDD) has been created and necessary approval from SIDBI has also been obtained.

### **Single Window Agency**

With a view to facilitate and expedite the various clearances and Government approvals required by entrepreneurs as also to promote investments in the State, the Governor of Meghalaya is pleased to constitute a Committee which will act as Single Window Agency for all investments in the State.

Expected Questions:

1. Explain the aims and objective of KIADB and KSSIDC **June10**
2. Explain NSIC, DIC, Single window agency, KSFC **June10, June11, Jan10, July09**
3. What is TECSOK? Explain the services offered by TESOK **Jan10, July09**
4. List out main function of SIDBI **Jan10, July09**