POLICY NOTE 2010-11

MICRO, SMALL AND MEDIUM ENTERPRISES
DEPARTMENT

1. Introduction

The introduction of the Micro, Small and Medium Enterprises Development (MSMED) Act 2006 has ushered in a new era in the annals of industrial history in the country as, for the first time, a separate Act for the development of Micro, Small and Medium Enterprises Sector has been passed. In employment generation, the role of these sectors is dominant and pervasive. It plays a vital role in the economic development of our State, especially, the contribution of these enterprises is remarkable in providing employment in the industrial segments ranging from the traditional rural handicrafts to technology oriented industrial units. Recognising the importance and pivotal role played by the MSME sector as a tool to catapult the State in the economic and social horizon, Government of Tamil Nadu announced the Micro, Small and Medium Industries Policy - 2008, the first ever exclusive policy for Micro, Small and Medium Enterprises (MS&MEs) in the country.

The Industries and Commerce Department, Tamil Nadu Small Industries Development Corporation Limited (TANSIDCO) and Tamil Nadu Small Industries Corporation Limited (TANSI) play an increasingly effective catalyst role by rendering services in issuing industrial clearances and granting subsidies, allotment of industrial plots, providing and developing infrastructure facilities and supply of plant and machineries required by the MSMEs.


The Micro, Small and Medium Enterprises Development Act 2006 has changed the nomenclature of the Small Scale Industries Sector as Micro, Small and Medium Enterprises Sector, giving due recognition to the enterprise segments and at the same time taking into its fold Medium Enterprise Sector also.

As per the MSMED Act, the enterprises are classified into manufacturing and service enterprises based on their investment in plant and machinery / equipment (excluding land and building) as indicated below:-
Manufacturing Enterprises
- Micro Manufacturing Enterprises – up to Rs.25 lakhs.
- Small Manufacturing Enterprises – Above Rs.25 lakhs and upto Rs.5 Crores.
- Medium Manufacturing Enterprises – Above Rs.5 Crores and upto Rs.10 Crores.

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


The objective of the Micro, Small and Medium Industries Policy 2008 is to enhance the competitiveness of the Micro, Small and Medium Enterprises sector, to sustain the annual growth rate of over 10 per cent for MSMEs and to generate direct and indirect employment opportunities to the tune of 10 lakhs during the XI Five Year Plan period.

The objective of generating 10 lakh employment opportunities is sought to be achieved by motivating entrepreneurs in the State to take up self employment and industrial ventures through various financial incentives and promotional schemes announced in the MSMI Policy of the State. The details of employment generated through various schemes implemented by the State during the XI Plan period are given below:-

Employment Generation in MSME Sector during the XI Plan period

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the scheme</th>
<th>Employment Generation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2007-08</td>
</tr>
<tr>
<td>1.</td>
<td>PMRY / PMEGP Scheme</td>
<td>52655</td>
</tr>
<tr>
<td>2.</td>
<td>NAMT Scheme</td>
<td>1180</td>
</tr>
<tr>
<td>3.</td>
<td>MSME Registration (EM Part II)</td>
<td>72972</td>
</tr>
<tr>
<td>4.</td>
<td>Cottage Industries Registration</td>
<td>13958</td>
</tr>
<tr>
<td>5.</td>
<td>Handicrafts Industries Registration</td>
<td>8134</td>
</tr>
<tr>
<td>6.</td>
<td>Industrial Cooperatives</td>
<td>1700</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>150599</td>
</tr>
</tbody>
</table>

The Policy focuses on the development of MSMEs in the State through incentive schemes,
infrastructure development, technology upgradation, skill development, marketing support, deregulation and simplification, administrative reforms and rehabilitation of sick enterprises in the State.

A separate policy for the development of the exports in the State is also in the anvil.

4. Flow of credit to MSME Sector

The Government of India have been extending liberal financial support to MSMEs through banks and financial institutions. The credit flow to MSMEs is regularly monitored by State Level Bankers' Committee (SLBC) Meeting at the State level. At the District level the same is monitored by the District Level Bankers' Committee Meeting with District Collector as its Chairman. The flow of credit for the MSMEs during the XI Plan period is given below:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Year</th>
<th>Credit to MSMEs (Rs. in Crores)</th>
<th>Total Credit to priority sector (Rs. in Crores)</th>
<th>Percentage Credit Flow to MSMEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>2007-08</td>
<td>7617.16</td>
<td>33282.89</td>
<td>22.89%</td>
</tr>
<tr>
<td>2.</td>
<td>2008-09</td>
<td>8260.98</td>
<td>37859.32</td>
<td>21.82%</td>
</tr>
<tr>
<td>3.</td>
<td>2009-10 (Upto Dec. 2009)</td>
<td>6629.68</td>
<td>31977.22</td>
<td>20.73%</td>
</tr>
</tbody>
</table>

5. Action initiated to counter the global meltdown:

Consequent to the global meltdown that has affected the industrial sector in general and the MSME Sector, in particular, Government of India have announced certain measures for the MSME sector to tide over the recession with effect from September 2008 to June 30, 2009:-

- Reserve Bank of India provided refinance facility to the tune of Rs.7000 crores to Small Industries Development Bank of India to support incremental lending either directly to MSMEs or indirectly through banks, State Finance Corporations.
- The collateral free lending by banks through Credit Guarantee Trust for Micro and Small Enterprises was increased from Rs.50 Lakhs to Rs 1 Crore with guarantee cover upto 50%.
- The lock-in period for invoking claims in the credit guaranteed accounts has also been reduced from 24 months to 18 months.
The MSME Department has been monitoring the implementation of the special package announced by the Government of India at the macro level in the special State Level Bankers Committee (SLBC) Meeting in which representatives of MSME Associations are members. At the micro level in the districts the General Managers of District Industries Centres have co-ordinated the implementation in the monthly District Consultative Committee Meeting chaired by District Collector.

Based on the above efforts, the following additional flow of credit have been received by MSMEs to counter recession from Banks / financial institutions in the State as on 31.12.2009.

- 12560 MSME accounts were restructured to the tune of Rs.3057.53 Crores by banks. Similarly 504 MSME accounts were restructured by Tamilnadu Industrial Investment Corporation Ltd. (TIIC) to the tune of Rs.36.09 Crores.
- For 11338 accounts working capital loans were sanctioned (New) for Rs.2362.29 Crores.
- For 6797 accounts incremental Working Capital loans were sanctioned (Existing Units) for Rs.1004.96 Crores.
- For 92 accounts for purchase of Generator sets loans were sanctioned on soft terms for Rs.11.27 Crores.

Subsequently Tamilnadu Industrial Investment Corporation Ltd. (TIIC) has introduced a Liquidity Stimulus Package (TLSP) in December 2009 and have sanctioned a stimulus loan for 304 units to the tune of Rs.13.90 Crore so far.

6. The Commissionerate of Industries and Commerce

The Commissionerate of Industries and Commerce is the nodal agency for the development of industries in general and micro, small and medium enterprises in particular, in the State. The Commissionerate implements various programmes laying emphasis on the development of micro, small and medium enterprises in the State. District Industries Centres (DICs) are functioning in 30 Districts excluding Chennai District in Tamil Nadu. In Chennai District, the
Regional Joint Director renders all help to the prospective entrepreneurs for starting and sustaining the micro, small and medium enterprises. District Industries Centres provide escort services to the entrepreneurs, i.e., in identification of enterprises, in the preparation of project profile, obtaining financial assistance from financial institutions, obtaining statutory clearances from various Government Departments and sanction and disbursement of subsidies.

With the objective of increasing exports in the State, the Government have designated the Industries Commissioner and Director of Industries and Commerce as “State Export Commissioner”, based on the MSMI Policy, 2008.

7. Filing of Entrepreneur Memoranda

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

The Department has introduced a hassle free system for ‘Online filing of Entrepreneur Memorandum Part I and Part II. Under this system any MSME entrepreneur can log on to the website www.msmeonline.tn.gov.in and file application online for Entrepreneur Memorandum Part-I or Part-II and obtain EM Acknowledgement instantly, from wherever they are without visiting District Industries Centres.

This scheme of online filing has evoked a good response from the entrepreneurs. So far 76,572 Entrepreneur Memorandum Part-I and 40,533 Entrepreneur Memorandum Part-II have been issued online as on 31.3.2010.

8. Incentive Schemes

Briefly the following are the Incentive schemes extended to micro, small and medium enterprises in the State:-
a. Subsidies for micro manufacturing enterprises

- 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 up to the value of investment made in plant and machinery at the time of allotment of Entrepreneurs Memorandum No. Part II on quarterly basis.

- 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 enterprises set up in all the blocks in the State.

Micro, small and medium manufacturing enterprises coming up in 251 industrially backward blocks, all industrial estates promoted by the Government and Government Agencies like SIPCOT, TANSIDCO, etc., (excluding Industrial Estates located within the radius of 50 Kms from Chennai city centre) and agro based enterprises set up in all the 385 Blocks in the State are eligible for the following package of incentives:-

i. 15% capital subsidy on the value of eligible plant and machinery subject to a maximum of Rs.30 lakhs.

ii. 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.
iii. 5% additional capital subsidy on the value of eligible plant and machinery for enterprises set up by women, SC/ST, differently abled and transgender entrepreneurs subject to a maximum of Rs.2 lakhs.

iv. 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.

v. 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.

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

A Special Capital Subsidy of 15% on the eligible plant and machinery is extended to the 10 thrust sector enterprises 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. This Special Capital Subsidy is extended to above enterprises set up anywhere in the State subject to a maximum of Rs.30 lakhs.

d. Generator Subsidy

Generator Subsidy at 25% of the cost of generator upto 125 KVA capacity, subject to a maximum of Rs.1.50 lakhs would be eligible to micro, small and medium manufacturing enterprises set up anywhere in the State.

e. Back-ended Interest Subsidy

Back-ended interest subsidy at the rate of 3%, subject to a maximum of Rs.10.00 Lakhs for a period of 5 years is being provided to micro, small and medium manufacturing enterprises for term loan upto Rs.100 lakhs obtained for

- Technology upgradation / modernization
- National Equity Fund (NEF) Scheme
- ISO certification
9. **Schemes for Technology Development**

The following are the schemes available to MSME for technology development:

- 50% subsidy on the cost of filing a patent application subject to a maximum of Rs.2 lakhs per application.
- 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 subject 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.

10. **Schemes for Skill Development/Up-gradation Training**

Reimbursement of 50% of the tuition fees for skill development training for the benefit of the educated unemployed youth and up-gradation of the skills of the existing employees of micro, small and medium enterprises by the MSME Associations.

11. **Marketing support**

The Government provide the following marketing support to micro and small manufacturing enterprises:

- 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 for participation in exhibitions within the State and also in other States by MSME Associations.
• Support for marketing under a common banner or brand name.

12. Policy for Rehabilitation of Sick Micro, Small and Medium Enterprises

An appropriate rehabilitation package for the rehabilitation of sick Micro, Small and Medium Enterprises in the State was announced in the MSMI Policy 2008. The policy envisages 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) for rendering rehabilitation assistance to sick Micro, Small and Medium Enterprises.

The guidelines for the implementation of the rehabilitation package announced in the Policy will be issued by the Government shortly taking into account the recommendation of the Micro, Small and Medium Enterprises Task Force constituted by the Hon'ble Prime Minister.

13. Empowered Committee for monitoring of the implementation of MSMI Policy

An Empowered Committee under the Chairmanship of Hon'ble Minister for Rural Industries and Animal Husbandry has been set up for monitoring of the implementation of MSMI Policy. Officials from various Departments of the Government have been nominated as members of the Committee for effective interaction with the Industries Bodies.

14. Micro, Small and Medium Enterprises Board

The MSME Board functions under the Chairmanship of Hon'ble Minister for Rural Industries and Animal Husbandry with the Chief Secretary to Government as Vice Chairman. The Board includes 23 official members of State / Central Government departments / organizations and 12 non-official
members representing MSME / SSI Associations. This Board will meet once in 6 months to analyse the problems and issues of MSMEs raised by the MSME Associations and suggest suitable solutions and send its recommendations to Government.

15. **Prime Minister's Employment Generation Programme (PMEGP) - 2008**

Government of India, Ministry of MSME, New Delhi have introduced a credit linked subsidy scheme called Prime Minister's Employment Generation Programme (PMEGP) by merging the schemes of Prime Minister’s Rozgar Yojana and Rural Employment Generation Programme (REGP) in 2008. This scheme aims at empowering the first generation entrepreneurs to set up micro enterprises. This scheme provides for loans up to Rs.10 lakhs to set up service enterprises and upto Rs.25 lakhs to set up manufacturing enterprises. At national level, the Khadi and Village Industries Commission (KVIC), acts as the nodal agency. At the State level, the scheme is implemented through State Khadi and Village Industries Commission (KVIC), State Tamil Nadu Khadi and Village Industries Board (KVIB) and District Industries Centre (DIC) through Banks.

The details of target and achievement of the scheme for 2009-2010 are as follows:

<table>
<thead>
<tr>
<th>Implementing Agency</th>
<th>Target</th>
<th>Sanctioned</th>
<th>Margin Money Released</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIC</td>
<td>2890</td>
<td>2060.96</td>
<td>28900</td>
</tr>
<tr>
<td>KVIC</td>
<td>2456</td>
<td>1807.12</td>
<td>24560</td>
</tr>
<tr>
<td>KVIB</td>
<td>1575</td>
<td>1123.43</td>
<td>15750</td>
</tr>
<tr>
<td>Total</td>
<td>6921</td>
<td>4991.51</td>
<td>69210</td>
</tr>
</tbody>
</table>

16. **Rajiv Gandhi Udyami Mitra Yojana (RGUMY)**

Government of India, Ministry of Micro, Small and Medium Enterprises Department has formulated a scheme, viz., "Rajiv Gandhi Udyami Mitra Yojana" to provide hand holding support and assistance to the potential first generation entrepreneurs for setting up and running of the enterprises. Among others, the Entrepreneur Development Institute (EDI), Chennai has been empanelled by the Government of India under
Category-II training institute. Moreover, 17 Udyami Mitras have been empanelled by Government of India under Category III. Government of India have released a sum of Rs.21.14 lakhs of grant-in-aid from plan funds for providing hand holding support to first generation entrepreneurs under this scheme.

17 Cluster Development Schemes

a. Industrial Infrastructure Up-gradation Scheme (IIUS)

The Industrial Infrastructure Upgradation Scheme (IIUS) was launched in 2003 as a Central Sector Scheme with a view to enhancing competitiveness of industry by providing quality infrastructure through public-private partnership in selected functional clusters.

The Central assistance per cluster / industrial location is restricted to 75% of the cost of the project, subject to a ceiling of Rs.60 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 following five cluster proposals in the State have been implemented during the X Plan period, 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 works 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., for these clusters were taken up under the scheme at a total project cost of Rs.360.09 Crores of which Government of India's contribution is Rs.191.03 Crores.

In respect of Pump Motor and Foundry Cluster, Coimbatore, the Government of Tamil Nadu have sanctioned a sum of Rs.1.21 Crores towards setting up of a Modern Tool Room Centre in the cluster.

In respect of Chennai Auto Ancillary Cluster, Chennai the Government of Tamil Nadu have
sanctioned a sum of Rs.80.00 lakhs as Government share for upgradation of infrastructure facilities at Ambattur Industrial Estate through TANSIDCO. Similarly, a sum of Rs.10.00 lakhs was sanctioned and released as State Government share for establishment of product display and quality testing centre at Ambattur Industrial Estate.

A total number of 1,59,000 industrial units have been benefited under the scheme.

b. Micro and Small Enterprises – Cluster Development Programme (MSE -CDP)

This scheme is operated by Ministry of Micro, Small and Medium Enterprises, Government of India. The Government of India assistance per cluster for setting up of Common Facility Centres is available up to 70 per cent of the total project cost, subject to a ceiling of Rs.15 Crores per project including Rs.25 lakhs for “soft activities” i.e. capacity building activities in the cluster where no fixed asset is acquired or formed.

In the XI Plan Period, 50 clusters have been proposed for Interventions of which 14 clusters have already been sanctioned which are under implementation (11 - Hard Intervention & 3 - Soft Intervention). 15 proposals have already been sanctioned in-principle by the State Government and sent to Government of India for approval. However, these project proposals are being revised as per the modified guidelines issued by Government of India in February 2010. Diagnostic study has been completed for another 7 clusters and the remaining clusters are in various stages of project formulation and they will be submitted to Government of India as per the modified guidelines.

The details of 14 clusters already sanctioned by Government of India are as follows:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the cluster</th>
<th>Project Cost (Rs. in lakhs)</th>
<th>No. of Enterprises in the cluster</th>
<th>Turnover in the cluster (Rs. in Crores)</th>
<th>Employment#</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>COWMA Coimbatore</td>
<td>288.20</td>
<td>700</td>
<td>300.00</td>
<td>20000</td>
</tr>
<tr>
<td>2.</td>
<td>Sagoserve Salem</td>
<td>498.00</td>
<td>550</td>
<td>230.29</td>
<td>25000</td>
</tr>
<tr>
<td>3.</td>
<td>Gudiyatham Match Cluster</td>
<td>156.00</td>
<td>525</td>
<td>52.50</td>
<td>1000</td>
</tr>
<tr>
<td>4.</td>
<td>Kalugumalai Match Cluster</td>
<td>156.00</td>
<td>525</td>
<td>52.50</td>
<td>1225</td>
</tr>
<tr>
<td>5.</td>
<td>Virudhunagar Match Cluster</td>
<td>156.00</td>
<td>825</td>
<td>82.50</td>
<td>1500</td>
</tr>
<tr>
<td>6.</td>
<td>Sattur Match Cluster</td>
<td>156.00</td>
<td>1225</td>
<td>122.50</td>
<td></td>
</tr>
</tbody>
</table>
Considering the importance of MSME sector, the State Government pursues a proactive and hassle free policy. To encourage the entrepreneurs to establish enterprises in MSME and to expedite the process of getting approval from various departments/ agencies like Tamil Nadu Pollution Control Board, Tamil Nadu Electricity Board, Fire Services, Public Health Department and Local Bodies, at a single point, Single Window Agency has been constituted. The District Industries Centre (DIC) in each district serves as a Single Window Agency providing entry level essential services to eligible MSMEs. As on 31.3.2010, out of 1188 received applications, 1082 applications have been disposed (91.08%). As announced in the Micro, Small and Medium Industries Policy 2008, the Government have passed the bill for the Tamil Nadu Business Facilitation Act on 21.7.2009, which awaits Presidential assent.

19. Micro and Small Enterprises Facilitation Councils

Government have constituted four Regional Micro and Small Enterprises Facilitation Councils at Chennai, Tiruchirappalli, Madurai and Coimbatore to facilitate speedy settlement of the arrears of sale proceeds due from the major industrial undertakings to the micro and small enterprises, for the goods supplied, in accordance with the Micro Small and Medium Enterprises Development Act 2006.
In the year 2009-10, the Council has so far taken up 215 cases of delayed payment related to the Micro and Small Enterprises in the State, conducted 32 sittings, and settled 157 cases resulting to the value of Rs.433.04 lakhs to Micro and Small Enterprises.

20. Testing Services, Training and Infrastructure Facilities

a. Testing Laboratories
The Government have established Testing Laboratories for the need of the micro, small and medium enterprises in evaluating the quality of their materials, products and with the aim to protect the interest of the consumers. The tests are being conducted at a nominal rates of testing charges. Also micro and small enterprises are specially offered with 50% concession on test charges in respect of tests offered by Chemical Testing Laboratories.

i. Electrical Testing Centres
To cater to the needs of Micro, Small and Medium Electrical and Electronics Enterprises and Quality Marking Organisations, the Central Electrical Testing Laboratory, Kakkalur has been established. This modernized laboratory is maintaining NABL Accreditation and BIS Recognition. This Laboratory, offers testing facilities for more than 175 Electrical Products / Equipments including Electrical Appliances, Cables, Lamps, Energy Meters etc., as per relevant Indian Standard Specifications besides calibration facilities. Major beneficiaries are BIS, DGS&D, Quality Control / Marking Organisations, Private Manufacturers and various State and Central Government Departments/ Undertakings. Besides this, testing facility for Miniature Circuit Breakers is being established at a cost of Rs. 20 lakhs in this centre.

Besides this, for the needs of electrical and electronic industries in and around Krishnagiri District, a Common Facility Centre was established in Hosur, This Centre provides testing facilities for the development of electrical products.

Against the target of 6400 samples to be tested and collection of testing fees of Rs.165.00 lakhs for 2009-10, upto March 2010, 7517 samples have been tested and earned a revenue of Rs.165.14 lakhs to Government.
ii. Chemical Testing Laboratories

Chemical Testing Laboratories are functioning at Chennai, Madurai, Salem, Coimbatore and Thoothukudi. These Laboratories are equipped with modern and sophisticated instruments required for conducting testing of raw materials and finished goods to meet the growing needs of chemical, metallurgical and other industries, particularly in the MSMEs sector. Further these testing facilities are being provided to micro and small enterprises at 50% concessional rates. A technical library with 20,000 I.S. Specifications, 6100 Books and 14 Journals is available at Chemical Testing and Analytical Laboratory at Chennai, for the use of entrepreneurs.

Against the target of 59450 samples to be tested and collection of testing fees of Rs.131.62 Lakhs for the year 2009-10, and 66,085 samples have been tested and earned a revenue of Rs.151.08 Lakhs to Government.

iii. Data Bank and Information Centre for Electrical and Electronics Industries

This Information Centre located at Dr. VSI Estate, Thiruvanmiyur, Chennai provides information and guidance to the entrepreneurs on electrical and electronic enterprises, offers project profiles on selected projects and also maintains a State wide Directory on MSM electrical and electronics enterprises for the use of entrepreneurs to identify buyers and sellers. A technical library with 1400 books and 100 journals is available in the Data Bank for the use of entrepreneurs.

iv. Enforcement of Quality Control Orders

For creating awareness among consumers in Tamilnadu, in using quality electrical products, 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 mofussil districts and Deputy Director (E&E), Quality Control Order Enforcement Centre, Chennai in respect of Chennai district. In effect of implementation of the above Act, up to March 2010, 2753 inspections and 61 search and seizures have been conducted and criminal cases have been filed.

b. Training Institutes:

1. Government Technical Training Centre, Guindy offers three year Diploma in “Tool and Die”, three year Diploma in “Refrigeration and Air-conditioning” and one year Post-Diploma (Advanced) in "Die and Tool Design" Courses with an intake of 30, 40 and 10 students in the respective courses.

2. Institute of Tool Engineering, Dindigul offers a three year Diploma course on “Tool and Die” with an intake of 30 students.

3. Institute of Ceramic Technology at Vridhachalam, Cuddalore District offers a three and half year specialized course on “Diploma in Ceramic Technology” with an intake of 50 Students in the first year and 10 Students admitted in the Second year as lateral entry. This Institute is affiliated to the Department of Technical Education and is the only one of its kind in the State. The students passing out of the Institute find immediate placement in established ceramic and refractory industries in the country.

4. Government Scientific Glass Training Centre at Guindy, Chennai-32 offers two year specialized Certificate course in the “Manufacture of Scientific Glass Apparatus”. Every year 25 Students who have passed 10th Standard are admitted for this course. The students who pass out of these institutions are well placed in MSMEs and large industries, both in India and abroad.

21. Government Industrial Estates
i. Ceramic Industrial Estate

To encourage Ceramic Industries in the State, an industrial estate exclusively for manufacture of ceramic products has been established at Vridhachalam,
Cuddalore District in 1964, with 64 industrial sheds. The Industrial sheds in this estate are rented to the entrepreneurs at a very nominal rent of Rs.1.75 per Sq.ft. per month. The industrial units in this estate manufacture low tension insulators, sanitary wares, art wares, refractory bricks and other refractory materials.

ii. Electrical and Electronic Industrial Estates

For the growth of micro, small and medium enterprises, Government established eight Industrial estates, especially for Electrical and Electronic industries with 517 Developed Plots and 140 Sheds. 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.

The above eight estates and the Ceramic Industrial Estate at Virudhachalam are proposed to be handed over to TANSIDCO for future maintenance.

22. The Entrepreneurship Development Institute (EDI)

The Entrepreneurship Development Institute, popularly called as EDI was constituted by the Government in 2001 with the aim to fulfil the long felt need for creating an apparatus for catering to the needs of small scale industries. Its main object is to harness the industrial potential and to develop and hone up the skills of the prospective entrepreneurs for the future needs of micro, small and medium enterprises in the state.

23. INDUSTRIAL COOPERATIVE SOCIETIES

Industrial Cooperative Societies have been organized with the twin objectives of social and economic upliftment of the people living below the poverty line in the State. The most important social objective is to safeguard the interest of the poorest section against exploitative trends and to pave the way for dispersal of wealth and to provide gainful employment to the economically weaker sections (viz) rural artisans, workers and labourers. These societies also ensure remunerative price for the produce of small tea growers and tapioca cultivators. Importantly, the
Industrial Cooperative Estates organized under this Department play a pivotal role to promote the industrial development by way of providing developed industrial plots, constructed industrial sheds along with the infrastructure facilities to the micro and small entrepreneurs to run the Industries. Industrial Cooperatives have spread over its wings in different trades and such societies have been formed in essential trades like tea, sago, matches, coir, banking, polythene, handicrafts, tailoring, labour contract service, printing, auto service, engineering, metal, industrial estates etc. Similar societies have also been formed in special trades like snake catching, hosiery, umbrella making, herbals, lock making, goods transport etc. The Industries Commissioner and Director of Industries Commerce is the functional Registrar of the Industrial Cooperatives in the State.

As on 31.3.2010 there are 362 Industrial Cooperative Societies in this Department, of which 243 societies are working on profit. The sales turnover of the Industrial Cooperative Societies is Rs. 588.53 crore during the year 2009-10. Besides, employment has been provided to 98169 persons with wage disbursement of Rs.2448.19 lakhs.

There are 46 registered Industrial cooperative societies engaged in various other trades such as match, tailoring, engineering, coal and coke, leather servicing and other special types.

24. Tea Sector

The Tea Sector plays an important role in the welfare of Small Tea Growers in Nilgiris District. About 63,000 Small Tea Growers are in the State, out of which 20,648 Small Tea Growers have been enrolled as members of Industrial Cooperative Tea Factories. In order to safeguard the small tea growers in Nilgiris District from exploitation of bought leaf factories and to ensure them to get remunerative price for their green leaves, Industrial Cooperative Tea Factories were organized from the year 1961 onwards and at present 15 Industrial Cooperative Tea Factories and two Tea Service Societies are functioning in the Nilgiris District. Out of these 15, 3 Industrial Cooperative Tea Factories at Salisbury, Bitherkad and Pandalur have obtained ISO: Hazard Analysis and Critical Control Point Certification. Further, out of 2 Tea Service Societies 1 service society viz. Indcoserve has obtained ISO certification.
25. **Industrial Cooperative Tea Factories**

The Small Tea Growers were in distress supplying green leaf to the bought leaf factories at throw away price. In order to liberate them from exploitation and to uplift them economically the Government decided to promote Cooperative Movement among them. With the establishment of the Industrial Cooperative Tea Factories in the Nilgiris District, these Small Tea Growers are now able to realise better prices for their green leaf. Now, 15 Factories with the membership of 20648 are functioning in this District. These 15 Industrial Cooperative Tea Factories have procured 658.23 lakhs Kgs of green tea leaves from their members and produced 174.27 lakhs Kgs. of Made Tea to the value of Rs.11648.00 lakhs and made sales to the tune of Rs.11467.01 lakhs during the year 2009-10. On an average, green leaf rate at Rs.12.31 per Kg. has been paid by Industrial Cooperative Tea Factories to their grower - members during the year 2009-10.

Out of 15 Industrial Cooperative Tea Factories, 9 Industrial Cooperative Tea Factories have earned a total profit of Rs.2.33 crores in the year 2009-10. The Ebbanad Industrial Cooperative Tea Factory has commenced production after spending Rs.1 crore approximately.

While maximization of profit is the basic objective of a bought leaf factory, Indco tea factories have certain in-built constraints due to their social obligation to the Small Tea Growers and Workers. It has been clearly brought out that mismatch of the machineries is one of the prime reasons for the poor quality of teas. In order to improve and sustain the quality of tea produced and also to increase production capacity of Indco factories to make them competitive a scheme called "Rejuvenation of Cooperative Tea Sector" at a cost of Rs.10.53 Crores was sanctioned and the same is under implementation now. The State Government have released 25% of the cost as share participation and another 25% as loan totalling to Rs.5.26 Crores.

26. **Indcoserve**

After the formation of a number of Industrial Cooperative Tea Factories, it was felt necessary to promote an Apex Organisation to coordinate the activities of the Industrial Cooperative Tea Factories in Nilgiris District. Accordingly, the Tamil Nadu Small Tea
Growers Industrial Cooperative Tea Factories Federation Ltd. called "INDCOSERVE" was established in 1965. The main object of this society is to coordinate and facilitate the purchase of various items required by Indco factories and to market the products of member Tea Factories thereby facilitating them to get better prices for the member growers. Its other object is to market the branded and un-branded teas, pocketed and straight teas, green teas etc. in India and abroad. It also provides warehousing facilities to the member factories for which it has got its own warehouses at Coonoor, Coimbatore and Cochin. It sells 'Ooty Tea' through fair price shops to sustain the demand for the Nilgiris Tea in the market and to make the Nilgiris tea available to the consumers at reasonable price. Indcoserve has sold 15.42 lakh Kgs. of Tea to the value of Rs.1653.99 lakhs and earned a net profit of Rs.103.86 lakhs during the year 2009-10. It has also so far paid a sum of Rs.1504.99 lakhs upto July 2008 as rebate to Small Tea growers of Indco Factories. Further, the INDCOSERVE has proposed to construct an additional warehouse building at Coonoor at a total cost of Rs.109.25 lakh, the work of which has been entrusted with the Tamil Nadu Small Industries Development Corporation (TANSIDCO). The role of Indcoserve and Indco Tea Factories in improving the economic conditions of Small Tea Growers has since been recognized by all.

27. Tea Manufacturers' Service Industrial Cooperative Society Ltd., (TEASERVE)

In search of a transparent and better price discovery mechanism for primary marketing of tea, TEASERVE, an electronic tea auction centre at Coonoor was registered on 28.8.2002 and commenced its business on 3.9.2003. Both the Indco Tea Factories and the bought leaf factories are the members of this society. It ensures transparency in the sale of Tea in the Electronic Auction Centre and eliminates brokers in the sale of Tea thereby provides remunerative selling price for made Tea to the producers. It has effected auction sale of 16491 MTs of Made Tea to the value of Rs.11702.53 lakhs and earned a net profit of Rs.6.70 lakhs during the year 2009-10.

28. Coir Industrial Cooperative Societies

The coir industries play a vital role in providing employment opportunities especially to the women folk
in the State. Tamil Nadu stands second next to Kerala in the Coir Sector and stands first in the production of brown fibre in the country. The percentage of husks utilized in the coir industry in the State is estimated at 48% as against 40% being the national average utilization of husks. The coir industry has been developed both in the private sector and Cooperative sector. Under cooperative sector, there are 75 Coir Industrial Cooperative Societies functioning for the benefit of 10,557 members / workers with a share capital of Rs.266.85 lakhs including Government share of Rs.222.22 lakhs. These societies have achieved sale of coir products to the value of Rs.1224.81 Lakhs during the year 2009-10. Besides, these societies provided employment to 1424 persons and distributed a sum of Rs 135.43 lakhs as wages.

29. Market Development Assistance (MDA) for Coir Cooperative Societies

With a view to encourage consumption of coir yarn and coir products in the country, the Government of India through Coir Board have introduced Market Development Assistance to the value of 10% on the average sales turnover of the preceding three years. This assistance is provided to dispose of the Coir products through discount sales so as to enable coir cooperatives to provide continuous employment to their coir workers. This MDA is equally shared between the Government of India and State Government. Government of Tamil Nadu have sanctioned Market Development Assistance to 58 Coir Cooperative Societies to the tune of Rs.43.43 lakhs matching the Government of India’s share for the year 2009-10.

30. Coir - Scheme of Fund for Regeneration of Traditional Industries (SFURTI)

The Government of India approved a scheme called "Scheme of Fund for Regeneration of Traditional Industries" popularly known as SFURTI under which it has been envisaged to set up Common Facility Centre, Development of new products, Market Promotion, Capacity building etc. This scheme includes both Coir as well as Village Industries. Under the scheme, six coir clusters viz., Cuddalore, Salem, Singampunari, Periyakulam, Pattukottai and Gudiyatham in the State have been approved by the Coir Board for the setting up of Common Facility Centres at a total cost of Rs.531.00 lakhs at the rate of Rs.88.50 lakhs per
cluster, for the benefit of stakeholders engaged in coir trade in their respective region. The clusters will benefit 3000 persons engaged in the coir industry. All the coir clusters have already identified the land and formed Special Purpose Vehicles. To lessen the burden of beneficiaries, the State Government have sanctioned and released a sum of Rs.59.50 lakhs to six clusters as loan. In order to speed up the setting up of "Common Facility Centres", construction of work-sheds and purchase of machinery are in progress in all the 6 Coir Clusters.

31. Coir – Rejuvenation, Modernisation and Technology Upgradation (REMOT)

The Government of India have approved the scheme of Rejuvenation, Modernisation and Technology Upgradation (REMOT) for the coir industry during the XI Five Year Plan. This scheme is implemented through Coir Board. For Tamil Nadu 616 units under spinning sector and 520 units under Tiny Household sector with the total outlay of Rs.3932 lakhs have been earmarked under the scheme. The scheme envisages the project at a cost of Rs.2.00 lakhs for spinning sector and Rs.5.00 lakhs for tiny / household sector, with the Government of India subsidy at the rate of 40% for each project. The Coir Board will provide lateral support in getting loan assistance from the Banks. During 2008-09, 304 units with a project cost of Rs.1322.00 lakhs were sanctioned for Tamil Nadu and the Coir Board has released the Govt. of India subsidy of Rs.528.80 lakhs to the units. During 2009-10, it is targeted to issue financial assistance to 127 Nos. of spinning units and 273 Nos. of tiny / household units with the Coir Board grant of Rs.6.476 crores.

32. Tsunami Rehabilitation Programme

A sum of Rs.45.00 lakhs has been sanctioned and released by Government of India under Tsunami Rehabilitation Programme to the following 5 Coir Societies at the rate of Rs.9.00 lakhs each for implementation of coir spinning schemes to provide employment to the coir workers residing in the coastal areas of Tamil Nadu.

1) Dr. Ambedkar Coir Mat and Mattings Industrial Cooperative Society - Cuddalore
2) The Kottur Adi Dravidar Coir Industrial Cooperative Society - Nagapattinam
3) Thanthai Periyar Coir Industrial Cooperative Society - Marakkanam - Villupuram
4) Peravoorani Coir Industrial Cooperative Society - Thanjavur
5) Kanyakumari District Industrial Cooperative Rubber Factory - Kanyakumari District.

33. SAGOSERVE

The tapioca is grown in 8 districts viz. Salem, Namakkal, Erode, Dharmapuri, Krishnagiri, Vellore, Perambalur and Karur and the total area under tapioca cultivation is estimated to 85,000 hectares. The manufacturers of starch and sago of those 8 districts faced many problems pertaining to credit and marketing of tapioca products. Merchants used to offer low prices for their goods and middlemen exploited this situation in the absence of organized marketing and warehousing facility. To get over these problems, the Salem Starch and Sago Manufacturers’ Service Industrial Cooperative Society Ltd., known as "SAGOSERVE", was registered on 21.07.1981. After the emergence of Sagoserve, the bargaining power of manufacturers of tapioco products has substantially increased in the field of marketing and the system of middlemen has been completely wiped out. This society extends not only marketing assistance but also provides warehousing and credit facilities to its members. It also ensures availability of quality sago and starch products to the consumers in the market. As on 31.3.2010, the Society has 368 members on its roll with a paid share capital of Rs.722.68 lakhs. During the year 2009-10, the Society has registered a sales turnover of Rs.307.45 crore and earned a net profit of Rs.2.06 crore.

In order to encourage the member units of Sagoserve to modernize their units and thereby improve the quality of products, the Sagoserve has introduced a scheme called Modernization of Sago and Starch processing units of its members. This scheme envisages subsidy at 50% of the cost of each project subject to a maximum of Rs.4.00 lakhs to each member sago unit which will be released by Sagoserve. Out of this, the State Government will reimburse 50%, subject to a maximum of Rs.2.00 lakhs per unit to Sagoserve. The entire State Government subsidy of Rs.65.15 lakhs sanctioned for the years 2006-07 and 2007-08 has been fully utilized by disbursing it to 74 member-units. In view of the introduction of the scheme, many members have modernized their units and improved the quality of their
products which helped them to get better prices for their products.

34. SAGO CLUSTER

The Sagoserve and its members have faced many problems in testing the samples of their products in time in view of insufficient testing facilities available at Salem. In order to mitigate this problem, it was decided to set up a Testing Laboratory under Common Facility Centre by availing financial assistance from Government of India under MSE-CDP. Accordingly, the Government of India approved the Sago Cluster for setting up of Common Facility Centre at Sagoserve with the total project cost of Rs.498.00 lakhs. Under first Phase, Government of India have sanctioned Rs.120.00 lakhs for the setting up of a Testing Laboratory as a Common Facility Centre and Rs.10.00 lakhs for Soft Interventions. Out of this, an amount of Rs.4.00 lakhs has been sanctioned by Government of India towards soft interventions. For setting up of an analytical laboratory under Common Facility Centre, the required equipments and machineries have been purchased and installed in Sagoserve for which the Government of India have also released the amount of Rs.39.63 lakh as grant under phase I.

35. Tamil Nadu Industrial Cooperative Bank Ltd. (TAICO BANK)

The Tamil Nadu Industrial Cooperative Bank Ltd. was established in 1961 to extend sufficient loans to the Industrial Cooperative Societies. This Bank has been recognized by the Reserve Bank of India for providing credit facilities in the State under the NABARD Refinance Scheme through the Tamil Nadu State Apex Cooperative Bank. Besides industrial Cooperatives, this Bank is also extending financial assistance to the micro and small enterprises. It also extends various loans like jewel loans, housing/house mortgage loans to the general public and personal loans to the salaried employees of Government Departments and Public Sector undertakings. During the year 2009-10 it has mobilized deposits to the tune of Rs.477.00 Crore, extended loans and advances to the tune of Rs.394.00 Crore and earned a net profit of Rs.2.90 Crore. With the computerisation of all branches, the TAICO Bank is now functioning with 43 branches all over the State.
36. **Brick Workers' Industrial Cooperative Societies**

The poor Adi Dravida Skilled Labourers in rural areas were facing problems in getting employment for their livelihood. In order to provide employment to such skilled workers, a scheme was drawn up by the Department to organize brick societies in the State. Accordingly, many brick societies have been organized by availing assistance from THADCO and other agencies. At present, six Brick Workers' Industrial Cooperative Societies are functioning in the State providing employment to 955 Adi-dravidar brick workers. These societies have paid up share capital of Rs.8.78 lakhs including Government share of Rs.2.14 lakhs. During the year 2009-10, these societies have effected sale to the value of Rs.133.54 lakh.

37. **Polythene Industrial Cooperative Societies**

The main object of forming Polythene Industrial Cooperative Societies is to provide continuous and gainful employment to the unemployed women who are wives of ex-service men, unemployed women belonging to Adi Dravidar Community in rural areas. The line of activity is to cater to the needs of polythene bags required by Forest Department and Agricultural Department for raising nursery seedlings. At present, there are 11 Polythene Industrial Cooperative Societies functioning in the State providing employment to 971 women worker members. They have achieved sales to the value of Rs.221.91 lakh during the year 2009-10.

38. **Auto Service Cooperative Societies**

To uplift the economic conditions of the poor auto drivers of all categories and also to make them owners of the auto-rickshaw through hire purchase system, Autorickshaw Drivers Cooperative Societies have been formed in the State. Further, such Auto Societies have also been organized for the welfare of auto drivers of minority community in the State. At present, there are 50 auto service societies functioning in the State out of which, 18 auto societies have been organized under TAMCO (Tamil Nadu Minorities Development Corporation Limited) Scheme to provide employment to the youth belonging to minority communities. So far 814 auto-rickshaws have been distributed to the members at 6% interest rate under TAMCO scheme. Besides providing autos, 3 Auto Societies in Chennai District are
operating their own retail outlets of petrol, diesel and LPG for the benefit of auto drivers in the city.

39. **Printing Service Cooperative Societies**

The small scale printing units were finding it difficult to procure huge printing orders in the State as they were operating in an un-organized manner. In order to group them under cooperative fold, Printing Cooperative Societies have been formed to help them procure orders and execute them through its member printing units. Further, printing societies with production units have also been organized in the State not only to help them in marketing but also to provide employment to the workers engaged in the production units. These societies procure printing orders from Government Departments, Government undertakings, Local Bodies and Cooperative Institutions and execute such orders through the member printers and workers. There are 28 Printing Service Co-operative Societies and 3 Printing Workers' Societies functioning in the State. During the year 2009-10 these societies have effected sales to the value of Rs.2268.13 lakhs.

40. **Labour Contract Service Cooperative Societies**

Eradication of contract labour system is obligatory in industries under Contract Labour Abolition Act. The Government of Tamil Nadu is the pioneer in implementing this statutory requirement by forming labour service cooperative societies in the State. These societies give a new life to the casual labourers by providing permanent employment with full wages and other statutory benefits. Such societies have been formed under organised sector in Kalpakkam Atomic Power Station, CPCL, NLC, BHEL etc. Similarly, Labour Contract Service Societies have also been organized for the skilled labourers / artisans / technicians / ITI holders who have been spread over under un-organized sector. The members of these types of societies have been providing employment by obtaining work orders from the Government Departments, Corporations, Undertakings and Cooperative Societies etc. in the State. At present, there are 39 Labour Contract Service Societies functioning in the State. During the year 2009-10, these societies have disbursed wages to the value of Rs.2540.58 lakhs.
41. Cooperative Industrial Estates

Industrial Estates were formed under Cooperative sector with the aim of promoting small and tiny sector industries by way of providing work sheds / developed plots, power, water and all other facilities and amenities required by industrial entrepreneurs at economic cost. Towards achieving this object, the Department has promoted 14 Cooperative Industrial Estates in various districts for the benefit of 2,204 micro and small entrepreneurs/members. Besides generating huge employment, these estates are also earning substantial foreign exchange through the export oriented units functioning in such estates.

42. The Chennai Industrial Cooperative Analytical Laboratory Ltd., (MICAL), Chennai

The Chennai Industrial Cooperative Analytical Laboratory Ltd., (MICAL) has been formed with the object of undertaking analysis and testing of raw materials and finished products used / manufactured by the pharmaceutical manufacturers of Allopathy, Ayurvedic, Siddha and Unani medicines and to certify as to whether they conform to the prescribed standards. Having headquarters at Chennai, the society has got its branch at Coonoor, which has obtained ISO certification. The MICAL has proposed to set up a Common Facility Centre under Pharma Cluster by availing financial assistance from the Government of India under MSE-CDP at a total cost of Rs.3.43 crores. The Pharma Cluster envisages to help the pharmaceutical units to test and analyse the quality parameters of Pharma products; to calibrate and validate the instruments / equipments / apparatus used by the member units; to provide training on testing and calibrating equipments. The MICAL has earned service / analytical charges of Rs.51.50 lakhs during the year 2009-10.

TAMIL NADU SMALL INDUSTRIES DEVELOPMENT CORPORATION LTD. (TANSIDCO)

43. The Government of Tamil Nadu established, Tamil Nadu Small Industries Development Corporation Limited (TANSIDCO) in 1970 in order to assist Micro, Small and Medium Enterprises and to protect and promote the interests of Micro, Small and Medium Enterprises in the State.
Prior to the establishment of TANSIDCO, 35 Industrial Estates were established by the Government of Tamilnadu through Directorate of Industries and Commerce. On formation of TANSIDCO, these 35 Industrial Estates were transferred to TANSIDCO on agency terms during 1974 as per G.O. Ms. No.720 Industries (Spl) dated 17.5.1974. Also TANSIDCO has established 43 Industrial Estates on its own and thus there are 78 Industrial Estates under the control of TANSIDCO.

Apart from these 78 Industrial Estates, to create more opportunity for the development of Micro, Small and Medium Enterprises in all the districts in Tamilnadu, 22 New Industrial Estates were proposed. Out of these 22 New Industrial Estates, works were taken up in 14 Industrial Estates and for the remaining 8 Industrial Estates land acquisition / alienation works are in progress.

TANSIDCO identifies places and districts where there is possibility of industrial growth and takes action to form industrial estates and thereby it guides the Micro Small Enterprises Entrepreneurs in the promotion of industries.

At present, 92 industrial estates are being administered by Tamil Nadu Small Industries Development Corporation throughout Tamilnadu. These industrial estates spread over an area of 6947.37 acres. There are 6658 developed plots and 4385 sheds in all these industrial estates. Totally, 2,24,181 employees have got employment in these industrial estates, the male employees being 1,01,906 and female employees being 1,22,275. The annual turn over of the units functioning in these industrial estates is Rs. 11,433 crores, out of which the value of the good being exported is Rs.3,112 crores. They have generated an income of Rs.1,080 crores to State Government and Rs.660 crores to Central Government.

44. Core functions of TANSIDCO
(a) Formation of New Industrial Estates
(b) Upgrading the infrastructure of existing Industrial Estates
(c) Raw Materials Distribution and
(d) Assistance in Marketing.
44.1 Formation of New Industrial Estates

The whole objective of TANSIDCO is to establish New Industrial Estates with main infrastructure facilities like water supply, roads, street lights, storm water drain and other related services.

TANSIDCO develops plots of various extents as per the needs of the manufacturing units and allots them on either outright sale or hire purchase sale basis.

A transparent procedure is followed in allotting the sheds and plots by advertising the availability of sheds and plots in newspapers. The Screening Committee constituted with the members from TANSIDCO, Directorate of Industries & Commerce, TIIC and representative of TANSTIA screens the applications and eligible applicants are selected on merit basis. "LOT" system in a transparent manner is followed in allotting the plots.

Regarding TANSIDCO owned Industrial Estates, Chairman & Managing Director of TANSIDCO is issuing the allotment orders irrespective of the extent of the plots. In respect of Government owned Industrial Estates, Chairman & Managing Director, TANSIDCO issues orders for less than 5000 Sq.ft area and in respect of plots measuring more than 5000 sq.ft proposals are sent to Government for allotment as per the instructions in G.O. Ms. No. 877 Industries Dept. dated 1.7.1982.

44.2 Upgrading the existing Industrial Estates

With the assistance of funds from Government of India and Government of Tamilnadu, TANSIDCO has taken various measures to strengthen and upgrade the infrastructure facilities of existing Industrial Estates.

Schemes like Micro, Small Enterprises-Cluster Development Programme (MSE-CDP), Industrial Infrastructure Upgradation Scheme (IIUS), Additional Central Assistance Scheme (ACA) and Assistance to State for Developing Export Infrastructure and Allied Activities (ASIDE) are providing financial support for the upgradation. Apart from financial assistance from Government of India under these schemes, State Government is also providing financial support. Industrial unit holders are also providing beneficiary contribution for upgrading the industrial estates in the above schemes.
44.2.1 Micro, Small Enterprises - Cluster Development Programme (MSE – CDP) (formerly Integrated Infrastructure Development Scheme) (IID)

This scheme has been introduced by Government of India to develop the infrastructural facilities of industrial estates. A maximum assistance of Rs.10 crores is provided to each industrial estate for development of infrastructural facilities and common facilities.

Upgradation of the infrastructure facilities in respect of 3 existing Industrial Estates at Mukundarayapuram and Ooty were taken up during the year 2009-10 and works have been completed before March 2010. In Industrial Estate, Kurichi upgradation works to the tune of Rs.87.39 lakhs have been taken up in proportionate to stake holders contribution and works have been completed in March 2010.

44.2.2 Proposals for taking upgradation works in respect of the following Industrial Estates have been sent to Government of India and orders are awaited.

1. Alathur – Kancheepuram District
2. Athur (Karur) – Karur District
3. Kovilpatti, Tuticorin District
4. Kakkalur -Thiruvallur District

44.2.3 Additional Central Assistance Scheme

The Scheme has been announced during 2002-2003 to assist the states for rectification of the damages caused by rain and floods. Under the ACA Scheme, the infrastructure upgradation was taken up for Kappalur Phase-I Industrial Estate and the works have been completed to the tune of Rs.80.20 lakhs in proportionate to the contribution of stake holders. Balance works to the tune of Rs.39 lakhs in proportionate to further contribution of the stake holders is being taken up and will be completed by September 2010.

44.2.4 Guindy Industrial Estate Infrastructure Upgradation Company (GIEIUC)

The Special Purpose Vehicle (SPV) M/s. Guindy Industrial Estate Upgradation Company (GIEIUC) which was formed for the purpose of upgrading Guindy Industrial Estate has implemented the project at a cost of Rs.2794.50 Lakhs and the project is nearing completion. The work is expected to be completed before June 2010. Government of India sanctioned a grant of Rs.1712.00 Lakhs and
Government of Tamilnadu sanctioned a grant of Rs.200.00 Lakhs. An amount of Rs. 120.00 Lakhs has been received from Chennai Corporation as the share of property tax and they have been requested to contribute a further sum of Rs.200 lakhs as share of property tax. The rest is the contribution of the beneficiaries of the Project. This has benefited 576 units functioning in this Industrial Estates and also 50,000 employees working in the above units.

44.2.5 Industrial Infrastructure Upgradation Scheme
The ongoing upgradation works at Ambattur, Thirumudivakkam and Thirumazhisai industrial estates under the “Industrial Infrastructure Upgradation Scheme” sanctioned by Government of India at a project cost of Rs.61.10 crores is in progress and the upgradation works will be completed before June 2010.

A Special Purpose Vehicle called M/s. Chennai Auto Ancillary Industrial Infrastructure Upgradation Company (CAAIIUC) has been created and it is implementing the project.

44.2.6 Part II Schemes
The upgradation works at Thiruvanmur, Nagapattinam and Kancheepuram Industrial Estates with the grant of Rs. 20 lakhs by Government of Tamilnadu under Part II Scheme of 2008-09 have been completed with the TANSIDCO’s contribution of Rs.100 lakhs.

New Common Product Display Centre at Guindy Industrial Estate with a sanctioned amount of Rs.5.00 lakhs by the Government will be taken up for execution.

In Part II Scheme of 2009-10, it is proposed to provide Heavy and Light Vehicle Parking at Ambattur, Thirumullaivoyal and Kappalur Industrial Estates at an estimated cost of Rs. 15.00 lakhs @ Rs.5.00 lakhs per Estate. The Government of Tamilnadu contributed its share of Rs.5.00 lakhs.

It is also proposed to have scheme for Energy Efficiency and Technology and Skill upgradation for Auto Cluster covering Ambattur, Thirumudivakkam and Thirumazhisai Industrial Estates at an estimated cost of Rs.75.00 lakhs spreading over for 3 years. The Government of Tamilnadu contributed its share of Rs.10.00 lakhs for the first year. The preparation of the
project report has been entrusted with Entrepreneur Development Institute, Gandhinagar, Gujarat.

It is proposed to provide Public Convenience at Ambattur, Industrial Estate at an estimated cost of Rs.10.00 lakhs. The Government of Tamilnadu contributed its share of Rs.5.00 lakhs.

45. NEW INDUSTRIAL ESTATES

45.1 Details of formation of New Industrial Estates in 2008-2009 and 2009-2010

Details of New Industrial Estates formed during 2008-2009

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Industrial Estates</th>
<th>District</th>
<th>No. of Plots</th>
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<tr>
<td>1</td>
<td>Kappalur - WIP</td>
<td>Madurai</td>
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<tr>
<td>2</td>
<td>Valavanthankottai - Phase-3</td>
<td>Trichy</td>
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<td>3</td>
<td>Vinnamangalam</td>
<td>Vellore</td>
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<td>4</td>
<td>Myladuthurai</td>
<td>Nagapattinam</td>
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<td>5</td>
<td>Kadagathur</td>
<td>Dharmapuri</td>
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<tr>
<td>6</td>
<td>Vallyur - Phase-2</td>
<td>Tirunelveli</td>
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<tr>
<td>7</td>
<td>Kumbakudi</td>
<td>Trichy</td>
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<td>Arakonam Phase II</td>
<td>Vellore</td>
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<td>Kakkalur Phase II</td>
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Details of New Industrial Estates formed during 2009-2010

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<th>District</th>
<th>No. of Plots</th>
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<tr>
<td>3</td>
<td>Pollupalli</td>
<td>Krishnagiri</td>
<td>135</td>
</tr>
</tbody>
</table>

Action has been initiated to establish the New Industrial Estates at the following locations as already announced by the Government.

1) Kandiyankoil - Tiruppur District
2) Naijaithukulli - Erode District
3) Polur - Thiruvannamalai District
4) Sankagiri - Salem District
5) Sedapatti - Madurai District
6) Thandarai - Kancheepuram District
7) Vadamugam - Kangayam Palayam - Erode District
8) Vaipur - Tiruvurur District
9) Valkai - Tiruvurur District
10) Oddanchatram - Dindigul District
11) Vadamadurai - Dindigul District
12) Nerur Vadabagam - Karur District
13) Sadayampalayam - Thiruppur District
14) Chengarai - Thiruvallur District
15) Virudhunagar (Urban) - Virudhunagar District
16) A.Sathanur - Villupuram District
45.2 Sale of Plots and Sheds

In the year 2009-10, TANSIDCO has sold 573 Plots and 6 Sheds from 1.4.2009 to 31.03.2010. TANSIDCO proposes to develop 244 Plots in various Industrial Estates and to sell 150 Developed Plots during the year 2010-2011.

During the year 2008-09, TANSIDCO has earned a profit of Rs.309.52 Lakhs and a dividend of Rs.87.00 lakhs has been paid to Government. For this financial year 2009-10, TANSIDCO expects a profit of Rs.1103.05 lakhs.

46. Flatted Factory Complex

Action has been initiated to establish Multi-storied Flatted Factory Complex at
1. Guindy in Chennai District
2. Perungudi in Kancheepuram District
3. Ambattur in Thiruvallur District
4. Madhavaram in Thiruvallur District
5. Thirumazhisai in Thiruvallur District

Out of the above 5 places, the construction of Flatted Factory at Industrial Estate, Guindy has been taken as a first programme and administrative sanction has been accorded for Rs.28 Crores for this project. Permission has been given by the Government for the transfer of 1.91 acres of land to TANSIDCO. Detailed drawing and estimates have been prepared and work will be started very soon.

47. TANSIDCO CORPORATE OFFICE

A project report has been prepared for the construction of TANSIDCO Corporate Office at a cost of Rs.57.21 crores in Thiru-vi-ka Industrial Estate, Guindy to accommodate TANSIDCO, Directorate of Industries & Commerce and Entrepreneurs Development Institute.

Tender for the construction of TANSIDCO Corporate Office has been obtained and the contractor has been finalized by TANSIDCO and work will be taken up soon.

48. Raw Material Distribution

Raw Materials like Iron & Steel, Wax and Potassium Chlorate are distributed by TANSIDCO to the industrial units depending upon their requirements from its 6 Raw Material Depots situated at Ambattur, Coimbatore, Madurai, Trichy, Sivakasi and Sattur and from 4 Branch Offices situated at Thanjavur, Vellore, Salem and Erode.
During the year 2009-2010 up to March 2010, TANSIDCO has distributed raw materials worth of Rs.57.43 crores. Apart from these, TNPL paper worth of Rs. 9.92 crores have been distributed through 10 Sale Points situated at Chennai, Coimbatore, Erode, Krishnagiri, Madurai, Thanjavur, Tirunelveli, Trichy, Vellore and Virudhunagar.

49. Assistance rendered under Marketing

TANSIDCO participates in the tenders floated by State Government Departments and also offer rates directly on behalf of Micro and Small units which are registered with TANSIDCO. Under Marketing Assistance Scheme, TANSIDCO procures and distributes orders to Micro and Small units for execution. Orders worth of Rs.86.92 lakhs have been executed during 2009-10 upto March 2010 as against the value of Rs.55.00 lakhs during 2008-09.

50. Formation

The Tamil Nadu Small Industries Corporation Limited (TANSI) was formed in the year 1965 as a conglomerate of 64 Industrial Units started by Director 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, heavy structural, galvanizing, light engineering etc. Much of private initiative in these areas started thereafter.

With the development of various units by private entrepreneurs, TANSI has slowly phased out its activities from certain fields. Now, it has 22 Production Units and 14 Project Cells functioning. It has one Show Room at Chennai.

TANSI has taken steps to start 5 projects at the closed units in Erode, Namakkal, Pollachi, Tiruppur and Tuticorin besides two show rooms at Madurai and Trichy.
51. Activities

TANSI has carved a niche for itself in the manufacture of Galvanized Power Transmission Towers, Microwave Towers, Heavy Structurals 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.

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

52. Performance

The Performance of TANSI for the years, 2008-09, 2009-10 is furnished hereunder:

(Rs. in lakhs)

<table>
<thead>
<tr>
<th>Item</th>
<th>2008-09 Actuals</th>
<th>2009-10 Target</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production (Regular)</td>
<td>12831.00</td>
<td>15990.00</td>
<td>16650.10</td>
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<tr>
<td>(Spl. Order)</td>
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<td>14010.00</td>
<td>11656.90</td>
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<tr>
<td></td>
<td>----------------</td>
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<tr>
<td>Total</td>
<td>12831.00</td>
<td>30000.00</td>
<td>28307.00</td>
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<tr>
<td>Turnover</td>
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<td>Operating Profit</td>
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<td>3500.00</td>
<td>3767.70</td>
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<td>Sales Tax Waiver</td>
<td>4811.00</td>
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<tr>
<td>Less: Nomination Fee</td>
<td>1851.33</td>
<td>2475.00</td>
<td>2475.00</td>
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<tr>
<td>Profit</td>
<td>5237.32</td>
<td>1025.00</td>
<td>1292.70</td>
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</tbody>
</table>

53. Achievements

TANSI continues to serve the social objectives of the Government by meeting the needs of various Government Departments / Boards / Public Sector Undertakings in providing drinking water facilities to the public, supplying furniture, teaching aids to various Schools, supplying galvanized tower parts, line materials etc. for power transmission in the State and other works arising then and there.
The Hon’ble Chief Minister is giving much importance to ‘Education to All’. Hence, TANSI was given a major order to the tune of Rs.69 crores towards supply of desks, benches, chairs and tables to schools all over Tamil Nadu, under NABARD assistance, during the year 2008-09. TANSI successfully completed the entire order in the scheduled time. With the result TANSI has got another order worth Rs.49 crores during 2009-10 under Sarva Shiksha Abhiyan which is nearing completion.

Tamil Nadu Electricity Board has entrusted to TANSI the work of giving electricity connections to Below Poverty Line (BPL) families on turnkey contract worth Rs.250.00 Crore, to be completed by 31.03.2010 in 26 Districts of Tamil Nadu under Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY).

TANSI has got the prestigious order of supplying the furniture for the New Assembly Hall of Tamil Nadu to the tune of Rs.10 Crore which is under completion.

Due to the better achievements during the year 2008-09, TANSI earned a profit of Rs.52.37 crores and paid a nomination fee of Rs.18.51 crores to Government. TANSI has also wiped out the entire cumulative loss from its inception.

During 2009-10 TANSI is expected to achieve a operating profit of Rs.37.68 crores (approximately) and TANSI will pay a nomination fee of Rs.24.75 crores to Government this year also.

TANSI is having a subsidiary unit viz. Tamil Nadu Paints and Allied Products Limited (TAPAP) which is manufacturing red oxide paints, rubberized paint for road marking, various enamel paints etc. which caters to the needs of various Government Departments and Undertakings.

PONGALUR N.PALANISAMY,
MINISTER FOR RURAL INDUSTRIES AND ANIMAL HUSBANDRY
MICRO SMALL AND MEDIUM ENTERPRISES
DEPARTMENT
BUDGET ESTIMATE
Demand No.44
(Rs.in Thousands)

<table>
<thead>
<tr>
<th>Head of Account</th>
<th>Budget Estimate 2009-10</th>
<th>Revised Estimate 2009-10</th>
<th>Budget Estimate 2010-11</th>
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<td>2851 Village and Small Industries</td>
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<td>6851 Loans for Village and Small Industries</td>
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</tr>
</tbody>
</table>

PONGALUR N.PALANISAMY,
MINISTER FOR RURAL INDUSTRIES
AND ANIMAL HUSBANDRY