



PROMOTIONAL MEASURES FOR THE DEVELOPMENT OF MICRO AND SMALL MEDIUM ENTERPRISES IN TRICHIRAPPALLI DISTRICT - TAMILNADU

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ABSTRACT

The Micro Small and Medium Enterprises sector occupies a significant role in the total manufacturing sector of the country and our state. Tamil Nadu has been in the forefront, with a proactive policy to stimulate the growth of this sector. Encouraging the development of a sound industrial base without losing focus on the micro, small and medium enterprises sector has been one of the unique features of our State's balanced industrial policy. The importance of Micro and Small Enterprises sector can be seen by the fact that it accounts for 95% of industrial units, 40% of output in manufacturing sector and 30% of exports. At present there are about 5.57 lakhs of registered micro and small enterprises in the State with a total investment of Rs.19,36,406 lakhs which have provided employment to nearly 40 lakhs persons.

KEYWORDS : Promotional Measures – Financial Assistance – Micro Units – Small Medium Enterprises.

INTRODUCTION

As a response to the long standing demand of the SSI sector, and considering the emergent need to provide a legal framework to address the developmental concerns of what is globally known as "Small And Medium Enterprises", Government of India in its enactment of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 has changed the nomenclature of SSI sector as Small and Medium Enterprises (SME) sector, giving due recognition to the enterprise segment and at the same time bringing or merging the medium sector into its fold.

THE COMMISSIONERATE OF INDUSTRIES AND COMMERCE

- The Commissionerate of Industries and Commerce is the nodal agency for the development of Micro, Small and Medium enterprises in the State. The Commissionerate implements various programmes with emphasis on the development of industries in the State.
- District Industries Centres are functioning in 32 Districts in Tamil Nadu except Chennai District where Regional Joint Director renders all help to the prospective entrepreneurs for starting micro, small and medium enterprises. District Industries Centres provide escort services to the entrepreneurs, i.e., in identification of industries, in the preparation of project profile, obtaining financial assistance from financial institutions, obtaining clearances from Government Departments and sanction and disbursement of subsidies and incentives.

MICRO SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

Micro, Small and Medium Enterprises Development Act has classified manufacturing enterprise in terms of investment in plant and machinery (excluding land and buildings) as indicated below:

Micro Manufacturing Enterprises	Upto Rs.25 lakhs
Small Manufacturing Enterprises	From Rs.25 lakhs and upto Rs.5 Crores
Medium Manufacturing Enterprises	From Rs.5 Crores and upto Rs.10 Crores

Similarly, Service Enterprises have been classified in terms of their investment in equipment (excluding land and buildings) as indicated below:-

Micro Service Enterprises	Upto Rs.10 lakhs
Small Service Enterprises	From Rs.10 lakhs and upto Rs.2 Crores
Medium Service Enterprises	From Rs.2 Crores and upto Rs.5 Crores

MICRO, SMALL AND MEDIUM INDUSTRIES POLICY - 2015

As announced in the Governor's Address in the Legislative Assembly on 23rd January 2015 "Micro, Small and Medium Industries Policy-2015", an exclusive policy for micro, small and medium enterprises sector was released by Hon'ble Chief Minister on 22.2.2015.

VISION

- Enhance the competitiveness and scalable capacity of the micro, small and medium enterprises sector in Tamil Nadu.
- Encourage agro based industries for increasing value addition and giving better income to the farmers.
- Target a sustained annual growth rate of over 10% for micro, small and medium enterprises
- Promote 10 lakhs direct and indirect employment opportunities during the XI Plan period.

The salient features of Micro, Small and Medium Industries Policy-2008 are given below:-

SCHEMES FOR INFRASTRUCTURE DEVELOPMENT

- Establishment of Multi-Storied Flatted Industrial Estates for micro enterprises for the first time in the State
- Liberal Floor Space Index (FSI) up to 1.5 to 1.75 for industrial sheds and up to 2.5 for multi-storied industrial units.
- Reservation of upto 20 % of land in all SIPCOT estates, to be established in future, for micro, small and medium enterprises and upto 30 % of area for micro industries in SIDCO estates.
- An infrastructure subsidy of 20 % for the development of private sector industrial estates for the first time in the State, subject to a maximum of Rs.1 crore per estate.
- 50% Rebate on stamp-duty and registration charges for micro and small enterprises set up in industrial estates and also in industrially backward areas.

INCENTIVE SCHEMES

Exclusive subsidy schemes for micro manufacturing enterprises established anywhere in the State

- 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 upto the value of investment made in plant and machinery at the time of allotment of Entrepreneurs Memorandum No. Part II.
- Stamp duty exemption on mortgaged and pledged documents.

Subsidy schemes for micro, small and medium manufacturing enterprises established in industrially backward blocks and agro based industries set up in 385 blocks in the State

- 251 blocks in the State have been notified as industrially backward blocks. In addition, all industrial estates promoted by the Government and Government Agencies like SIPCOT, SIDCO, etc., (excluding industrial estates located within the radius of 50

- Kms from Chennai city centre) would also be notified as industrially backward areas. Micro, small and medium manufacturing enterprises established in these areas and agro based enterprises set up in 385 blocks in the State are eligible for the package of incentives given below: 15 % capital subsidy on the value of eligible plant and machinery subject to a maximum of Rs.30 lakhs.
- 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.
 - 5 % Additional capital subsidy on the value of eligible plant and machinery for units set up by women, SC/ST, physically disabled persons and transgender entrepreneurs subject to a maximum of Rs.2 lakhs.
 - 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.
 - 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.

Special Capital Subsidy for Thrust Sector Industries set up anywhere in the State

- 15% special capital subsidy on the eligible plant and machinery for the 10 thrust sector Industries 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, set up anywhere in the State subject to a maximum of Rs.30 lakhs.
- However the subsidies mentioned at (b) above are eligible for the thrust sector set up in industrially backward areas.

SCHEMES FOR TECHNOLOGY DEVELOPMENT

- 3% back ended interest subsidy for technology upgradation / modernization subject to a ceiling of Rs.10 lakhs per enterprise over a period of 5 years.
- 50% subsidy on the cost of filing a patent application subject to a maximum of Rs.2 lakhs per application and 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 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.

SCHEMES FOR SKILL DEVELOPMENT TRAINING

Reimbursement of 50% of the tuition fees for conducting short term training courses for entrepreneurship and skill development programmes by industries associations.

MARKETING SUPPORT

- 15 % Price preference for purchase of goods of domestic micro and small industries as provided in the Tamil Nadu Transparency in Tenders Act, 1998.
- 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 subject to a ceiling of Rs.5 lakhs per event in Chennai / Rs.1 lakh per event in the Districts and Rs.5 lakhs per event in other States per exhibition by industries associations.
- Support for marketing under a common banner or brand name.

DEREGULATION AND SIMPLIFICATION

- Introduction of common application form for submission to statutory authorities.
- Self certification in respect of their compliance with statutory requirements.
- Enactment of Industrial Single Window Clearance Act to obtain clearance to start an industry.

ADMINISTRATIVE REFORMS

- Constitution of Micro, Small and Medium Industries Board for reviewing and recommendation of policies and programmes for the development of MSMEs in the State.
- Constitution of an Empowered Committee with Hon'ble Minister for Rural Industries as Chairman for Monitoring of Policy implementation.
- Revamping of administrative machinery of the Department of Industries and Commerce to cope up with the emerging trends.

POLICY SUPPORT

Policy for Rehabilitation of Sick Micro Small and Medium Enterprises

A separate Policy for rehabilitation of sick micro, small and medium enterprises in the State has been announced for the first time in the State with appropriate rehabilitation package. The Policy provides for assistance for conducting of diagnostic study of sick enterprises, scrutiny of the diagnostic study reports by a subcommittee 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) to be created for extension of the following rehabilitation assistance to sick micro, small and medium industries which are case specific and merit based.

- Conversion of the outstanding sales tax / value added tax and the interest on the same into a four year soft loan with an interest of 9%.
- Sanction an interest subsidy of 4% for two years on rehabilitation / bridge loans upto Rs.15 lakhs.
- Implementation of exit policy to be announced by the Central Government under MSMED Act 2006.
- Regulating dividend and sharing of profits during the period of rehabilitation.
- Implementation of one time settlement (OTS) as per the policy of the Government owned institutions for enterprises declared sick.
- Determining the outstanding interest on sale tax / value added tax and recommending remission of the same by Government in the case of enterprises considered non viable for rehabilitation.
- Ordering reduction of power load, if it is a part of the rehabilitation package.

CONCLUDING REMARKS

The infrastructure of the Commissionerate of Industries and Commerce and all the District Industries Centres will be suitably enhanced. In addition, training on latest computer applications, e-governance, technology sourcing, technology upgradation, cluster development, export formalities, procedures and promotion, lean manufacturing and Information Communication Technology trends etc., will be imparted to the officers and staff of the Directorate and District Industries Centres so as to cater to the needs of micro, small and medium enterprises for enhancing their competitiveness in order to sustain their growth in the global market.

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