

SMALL SCALE ENGINEERING UNITS AND CAPITAL INVESTMENT SUBSIDING IN PUDUCHERRY

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ABSTRACT

Small-scale industries are the backbone of Indian Economy. It gives more employment to skilled, semi-skilled and unskilled labours. Small-scale industries increase the per capita income. It increase the production, it increase the export, it opens new opportunities, it reduces the regional imbalances, it helps in mobilization of local resources. It meets the local customer needs, etc.

The owner of the SSI generates the capital. He/She can utilise their own capital, sometimes they can borrow the funds from banks. In India most of the state Governments provides capital Investment Subsidy to the SSI. It is very much useful to the owners of the SSI. The Paper attempts to discuss the role of small-scale industries and capital investment subsidy in the union territory of Puducherry..

AN INTRODUCTION ABOUT UNION TERRITORY OF PUDUCHERRY

Puducherry has been derived from the Tamil word Puducherry signifying 'the new settlement'. It was a French settlement that comprised of Puducherry, Karaikal, Mahe and Yanam. Amazing is the fact that different districts of Puducherry fall under different states. The capital Puducherry is situated in the State of Tamil Nadu at a distance of around 200 km from Chennai. Puducherry comprises four coastal regions namely Puducherry, Karaikal, Mahe and Yanam.

THE CLIMATE OF PUDUCHERRY

The climatic condition of Puducherry is a balanced one being neither too hot or too cold. The summer season of this area is from May to August. Due to Northeast monsoon, Pondicherry records a rainfall of 75-100cm. Every year during October - December months. Even in summer, there is some amount of rain in the months of May - July because of South - West monsoon.

ECONOMIC SCENARIO

The Union Territory of Puducherry has a unique mixed economic scenario. Agriculture continues to be the mainstay of the economy with a distinct urban bias. As against the national pattern, the percentage of population in urban areas is higher than the population in rural areas. 66 per cent of the territory is classified as urban as against the All India level of 25.7 per cent.

INDUSTRIES

The Union Territory of Pondicherry is an Industrially Backward area classified as Category-A, Special District. Due to the pro-active investment policies, hassle free environment and industry friendly Administration, the Union Territory has made rapid strides in industrialisation. There are 71 large scale, 167 medium scale and 7,549 Small Scale Industries providing employment to 89,296 persons. The Puducherry Industrial Promotion Development and Investment Corporation (PIPDIC), a state owned Finance Corporation has been playing a catalytic role in the industrial development by extending term loan, hire purchase and lease finance to the entrepreneurs and by developing new Estates/Growth Centres endowing them with infrastructure facilities. The District Industries Centre provides all services and support to the small entrepreneurs in the preparation of suitable schemes and assists in getting the required licenses and clearances, procurement of machineries and other required help etc., through the Single Window System. It arranges for training in the field of Engineering, Electrical, Technology, Handicrafts, Coir and in various other fields to the educated as well as unemployed youth and also arrange loan through Nationalised Banks for setting up of small industry thereby creating more employment opportunities. It makes entrepreneur and his employees aware of the latest technology.

SMALL-SCALE INDUSTRIES

Small-scale industries play a key role in the industrialisation of the developing country. Unutilized and they stimulate the growth of industrial entrepreneurship and promote a more diffused pattern of ownership and location. The small-scale sector has stimulated economic activity of a far reaching magnitude and has played a significant role in attaining the following major **objectives**:

1. Elimination of economic backwardness of rural and underdeveloped region in the country.
2. Attainment of self-reliance.
3. Reduction of regional imbalances.
4. Creation of greater employment opportunities and increased output, income and standards of living.
5. Meeting a substantial part of the economy's requirements for consumer goods and simple producer goods. Provides employment and at steady source of income to the low-income groups living in rural and urban areas of the country.
6. Provides substitutes for various industrial products now being imported into the country.
7. Improves the quality of industrial products manufactured in the cottage industry sector and to enhance both production and exports.

India is ranked among the ten most industrialised countries in the world. The country has derived its economic strength from the growth of small industries throughout its length and breadth. The pivotal role the small industries play in the economy of India can be judged by looking at the statistical, more than 55 per cent of total production in country today is from the small scale sector.

IMPORTANCE OF SMALL SCALE INDUSTRIES

A rewarding feature of economic development in India been the impressive growth of modern small-scale industries.

Over 40 per cent of the country's exports and more importantly providing employment opportunities to over 175 lakhs people in 31.75 lakhs units. Empirically, small-scale industries have contributed over 100 lakhs entrepreneurs.

In addition, entrepreneurs from small business, the growth of entrepreneurs increases many fold.

Thus, small business is the seed bed for entrepreneurship. What is true of these entrepreneurs is that they continue to strive to excel in their fields. They have been learning by 90 these failures. Failures do not dampen their spirits. Instead they in their characteristic fashion, these enterprising businessmen/ business women have swept them aside to continue on the winning track. Many have grown big. In other words, small business is the Open University for entrepreneurs to translate their vision, innovative ideas into a reality and stand out distinctively in the society. In the process, they not only produce wealth, services, but also create employment opportunities to others. Small business is thus the seed of entrepreneurial dreams. Today the entrepreneur remains the backbone of the society

The researcher has collected the data based on the Directory of Industrial units in the union territory of Puducherry which is published by Directorate of Industries and Commerce, Puducherry. The information such as names of the units, the addresses of their registered premises, the manufacturing activities undertaken and the registration number allotted to each one of the units, in respect of the four regions of the Union Territory of Puducherry is made available in this publication. This directory listed the Small scale Industries in Union Territory of Puducherry. The units registered have been listed out separately for each category of product enabling the users to have an easy reference. A list of Medium Scale and Large scale industries setup during this period is also given separately. This publication was immense use to the entrepreneurs. Industrialists, Traders, Government Department/Public Sector Undertakings as well as researchers. **The researcher chooses five sectors out of twenty two sectors in Puducherry. They are listed as follows,**

1. RUBBER AND PLASTIC INDUSTRIES

There are 133 industries manufacturing rubber and plastic products in Puducherry. They spread over in Thattanehavady, Mettupalayam, Urivaiyar, Ariyankuppam and Mangalam area. In this study five organisations are selected in the above five areas. The rubber and plastic industries are 92 producing Polythin bags and sheets, Polythin lay flat tubings, PVC Pipes, Polythene/ Polpropylene printed bags, PP/HDPE bags, films, HMHDPE Tubes and bags, LDPE, LLDPE Tubes and bags.

2. CHEMICAL INDUSTRIES

There are 107 industries comes under Chemical and Chemical Products category. They are located at Karasur, Kanniakoil, Ariyapalayam, Thuthipet and Kalitheerthalkuppam. A directory was published by Directorate of Industries and Commerce in which five organisations are selected for this study. They are located in various areas in Puducherry. These category small scale industries are manufacturing Detergent dish wash liquid, Bio-Fertilizers, Bio-Control agents, Printing ink. Detergent cake, Detergent powder, Acid slurry, Agarbathi raw material, Coconut shell powder and saw dust.

3. METAL PRODUCTS INDUSTRIES

In Pondicherry, there are 70 industries manufacturing Metal Products. They spread over in Mettupalayam, Sedarapet, Thattanchavady, Kirumampakkam and Ariyur area. In this study five organisations are selected in the above five areas. The rubber and plastic industries are producing Steel fabricated items. Aluminium moulds. Fuel tank base frame. Electrode casing. Mild Steel Punched rounds/ washers and General engineering works.

4. MACHINERY AND PARTS INDUSTRIES

There are 68 industries comes under machinery and Parts category. They are located at Lawspet, Sedarapet and Thirubhuvanai. The selected five organisations are located in various areas at Puducherry. These category small scale industries are manufacturing Packing machineries, Solid state power converters, Uninterrupted power supply systems, Mechanical

components viz., back panel assembly and moving arm assemble for electrical appliances, Trailers, Tyre carts. Gauge wheels cultivators, Agricultural implements. Ferrous and Non-Ferrous Industrial components, Oil coolers and Heat exchangers .

5. FOOD PRODUCTS INDUSTRIES

There are 39 industries belong to Food Products category. They are located at Kariamanickam, Nettapakkam commune, Thavalakuppam, Ariyur and Thavalakuppam. Theare located in various areas in Puducherry. These category small scale industries are manufacturing Dhalls from grains and pulses. Processing of milk and other milk products. Bakery products and Hulling of paddy.

Capital Investment Subsidy Given by Government of Puducherry

1. (For new and expansion of existing industries)

- a) For Micro & Small Enterprises, 40% on the investments made on land, building, plant and machinery subject to a maximum of Rs.40.00 lakhs.
- b) For Medium & Large Enterprises, 35% on the investments made on land, building, plant and machinery subject to a maximum of Rs.35.00 lakhs.
- c) For Women/SC/ST Entrepreneurs, 45% on the investments made on land, building, plant and machinery subject to a maximum of Rs.75.00 lakhs.

2.VAT / SGST: (For new industries) a) For Micro & Small Enterprises, 100% of the net VAT/SGST paid will be reimbursed for a period of 5 years for Pondicherry and Karaikal regions and 7 years for Mahe and Yanam regions. b) For Medium Enterprises, 75% of the net VAT/SGST paid will be reimbursed for a period of 5 years for Puducherry and Karaikal regions and 7 years for Mahe and Yanam regions. c) For Large Enterprises, 50% of the net VAT/SGST paid will be reimbursed for a period of 5 years for Puducherry and Karaikal regions and 7 years for Mahe and Yanam regions.

3. Interest Subsidy: (For new industries) The industrial units availing loan from financial institutions towards creation of fixed assets and for working capital shall be eligible for an interest subsidy to an extent of 25% of the annual interest amount paid, for five years which shall be admissible from the date of commencement of commercial production, subject to a maximum of Rs.5 lakhs per annum for a period of 5 years for Puducherry and Karaikal regions and 7 years for Mahe and Yanam regions

4. Stamp Duty Exemption : 100% stamp duty exemption for purchase/lease mortgages and hypothecation of land/shed / buildings.

5. Infrastructure Development (For IT / ITES): 30% subsidy subject to a maximum of Rs.1 crore will be granted on the investment made on building with a minimum extent of 50000 sq.ft. constructed area, by the infrastructure developers / industries for leasing out to IT industries or for own industrial use (for manufacturer of computer systems, software / Information Technology Enabled Services.

6. Power Subsidy (For all Industries): Fixed power cost reimbursement of 50 paisa per unit for a period of five years for Puducherry and Karaikal regions and 7 years for Mahe and Yanam regions.

7. Generator Subsidy: 50% subsidy with a ceiling of Rs.5 lakhs per industrial unit for micro, small and medium industrial units.

8. Employment Incentive: Wage / employment subsidy of 20% wage / salary up to a maximum of Rs. 5 lakhs per annum, in case of workers who are covered under Provident Fund (PF) (if applicable) will be granted for a period of five years for Puducherry and Karaikal regions and 7 years for Mahe and Yanam regions. Wage / employment subsidy would be available only if the units provide direct employment to atleast

9. Persons and at least 60% of the employment to the people of Union Territory of Puducherry.

9. Subsidy to Pollution Control Equipment: The units which are installing pollution control equipment will be granted subsidy @ 25% upto a maximum of Rs. 5 lakhs. **10.**

CONCLUSION

The furtherance and advancement of SSIs is essential for the development of Indian economy to achieve impartial distribution of income and wealth, economic self-dependence and economic sustainable developments. It is necessary to support MSMEs by educating them to make optimal use of inbuilt capacity to be booming both under human and economic activity. Some appropriate measures to be taken by the government in providing financial assistance at minimum formalities, a platform to be built by government to help the MSMEs in procurement of qualities raw material and train them for organised marketing process.

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