

EVALUATION REPORT ON DISTRICT INDUSTRIES CENTRES (DICs) - UNION TERRITORY OF PONDICHERRY

1. The Study

The programme for setting up of District Industries Centres (DICs) was launched by Government of India in May, 1978. The programme provided for setting up of a DIC in every district of the country in a phased manner in order to make the district headquarters a focal point for the development of small scale and cottage Industries, to shift the emphasis from state capitals to the district Headquarters and to provide under a single roof all services and support needed by small and village entrepreneurs.

The State Level (UT of Pondicherry) Coordination Committee on reviewing the functioning of the DIC, felt the need for an evaluation of the DIC programme to identify the actual drawbacks programme faced by the entrepreneurs who are the actual beneficiaries and accordingly to take remedial measures to improve the DIC functionary. Hence, at the request of the Government of Pondicherry the Programme Evaluation Organisation undertook an evaluation study of the working and impact of the District Industries Centre in Pondicherry in 1984.

2. Objectives of the Study

The main objectives of the evaluation study were the following:

- i) to study the process of assistance to the entrepreneurs including (a) planning and formulation of the programme, (b) the procedures laid down and followed for the selection of potential entrepreneurs in relation to their needs, aspirations, etc.,
- ii) to study the organisational and administrative structure of the District Industries Centres,
- iii) to study the existing infra-structure and examine the adequacy of flow of credit for financing the small industries,
- iv) to study the linkage of DIC with poverty alleviation and beneficiary oriented programmes like IRDP,

- v) to assess the performance of DIC, in relation to problems and constraints if any, and to suggest remedial measures, and
- vi) to assess the overall impact of the DIC on the entrepreneurs.

3. Sample Size/Criteria for Sample Selection

The Union Territory of Pondicherry comprises of four regions, out of which two regions namely, Pondicherry and Mahe were selected for the purpose of study on the basis of the criteria that they represented the largest (939) and smallest (44) number of permanently registered small scale units on 31st March, 1984. These small scale units were stratified by the broad industry groups numbering eight. The number of SSI units in respect of Mahe were selected from each of the industrial categories on the basis of their proportion to the total number of units. The random sampling method was used for the selection of units. In all 52 out of 983 units in the regions of Pondicherry and Mahe were selected.

4. Reference Period

The study was taken up by the Programme Evaluation Organisation in November, 1984 and completed in February, 1985. The data/information were collected for the period from inception of the DIC in 1978 to 1983-84.

5. Main Findings

1. Subjects like provisional and permanent registration of small scale industries, loans under State Aid to Industries, issue of essential certificates for raw materials, etc. were kept outside the purview of the DIC and were looked after by the Director of Industries in state headquarter. Such bureaucratic constraints posed difficulties in fulfillment of the basic objectives of DIC to provide all essential services and support under a single roof at pre-investment and post-investment stage at the district level.
2. The powers of the different departments in granting permission, licence and approval, etc. were not delegated to the District Industries Centre. The entrepreneurs had to go from pillar to post to get the final approval.
3. It was reported that as many as 11 of the 52 units selected (21%) were closed. A few of these could not be traced or found at the given address. Six units registered in Mahe region between 1977 and 1981 under the category 'chemical based' did not exist at all.

4. The units were not satisfied regarding the impact of DIC with reference to important indicators like growth in production, diversification of product, employment and supply of necessary inputs, etc.
5. It was observed that despite the increase in the small scale units between the period 1977-78 to 1983-84, there was a considerable drop in production per manufacturing unit and per labour unit during the period.
6. The micro level studies revealed that the impact of DIC on the small scale entrepreneurs was marginal as only about 1% of the case study units reported awareness of the DIC's project profiles. It was observed that 47% of the units reported assistance by DIC. Out of this 50% of the units were assisted in getting only the registration. The other types of assistance like supply of raw materials, procurement of machinery, marketing and training , etc. were very marginal.
7. Other agencies like the Directorate of Industries, SISI, PIPDIC, etc. were playing a great role than DIC in rendering assistance to small units. It seemed that the objective of the DIC one window system was not fulfilled.
8. Production in the Union territory of Pondicherry was not economically viable due to smallness of its size. Its viability is also adversely affected due to sparse location of the population. Districts of Pondicherry, Karaikkal, Mahe and Yanam are located hundreds of miles away from one another making supervision and administration difficult. This is the main reason for under development of industrial activities of the territory.

6. Major Suggestions

1. The links of the DIC at the dispersed field level especially at Mahe and Yanam needed immediate strengthening in order to remove industrial backwardness in these areas.
2. The single window concept could be achieved only when the powers of various departments are delegated to DIC and the present administrative anomalies removed for strengthening the areas.
3. The DIC should be empowered with the following responsibilities in order to make it more effective:
 - i) entire work done at present by the Director of Industries relating to units upto an investment of Rs. 2 lakhs could be transferred to DIC,

- ii) clearance of SSI units (i.e. issue of registration and other certificates) which are not likely to cause pollution and other environmental problems can be left to the DIC,
 - iii) sanction of loans/margin money upto the limit of Rs. 20,000/-, and
 - iv) grant of subsidies and incentives in respect of tiny and small units upto Rs. 20,000/-
4. The Director of Industries may be empowered with regulatory and developmental functions and responsibilities. The General Manager, DIC, Pondicherry and his functional Managers and other staff may be placed under him for proper deployment in the regions besides Pondicherry.
 5. Some agency/ information system or data bank like Evaluation Cell should be set up in DIC for monitoring the programme, out of the staff already available.
 6. DIC should help the SSI units in getting credit facilities mainly for working capital, and arrange for the supply of raw materials on regular basis.
 7. DIC should assist in marketing the finished products and arrange training facilities in various crafts to upgrade their skills.
 8. Functionaries of DIC should visit the SSI units frequently and the activities of DIC widely publicised.
 9. DIC Pondicherry should be streamlined and integrated with the Director of Industries in order to fulfill the main objectives of the programme.