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GRT CONTRIBUTION OF SMALL SCALE INDUSTRIES AND MAHARASHTRA GOVT.S INDUSTRIAL POLICY 2013

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Abstract:-Right from its formation in the year 1st May 1960, Maharashtra has been one of the very important states of the country, contributing a highest Gross State Domestic Product (GSDP) to the national exchequer. It is a second largest state in terms of population after the state of Uttar Pradesh and third largest in terms of geographical area after Madhya Pradesh and Rajasthan, respectively. The state capital i.e. Mumbai is known as Financial Capital of the country. The state is one of the most industrially advanced states, as compared to other states of Indian Union, having its 45.23% population residing in urban areas as compared to 31.16% of all India. The state's population is 112.3 million which comes roughly to 9.28% of the country. The State's contribution to the National exchequer is as much as 14.93%, which is much more, as compared to the contribution made by any state in the Country. The state has natural advantage of its 720 kms coastal boarder in many respects and makes the state industrially advanced states in the country. With all such distinguished features, the state is progressing industrially, right since independence and the role played by small scale industries, in the industrial development and progress of the state is noteworthy. This paper shall attempt to highlight the role played by small scale industries/sector for the development and progress of the state, the problems faced by small scale industries in general and in the state of Maharashtra as special, the provisions made by Maharashtra State in their Industrial Policy Resolution 2013, with some valuable suggestions.

Keywords:GSDP, national exchequer, industrialization, technical advancement, fiscal assistance, enhancement, indigenization, contribution, resource mobilization, skill development

INTRODUCTION :-

State of Maharashtra is really boon for the country as a whole, as the state is having lot of unique features over other states of this Indian Union. The Gross State Domestic Production of the state for the year 2011-12 is Rs. 901330/- crores and a per capita income of the state is Rs. 1660/- as compared to per capita income of the country of Rs. 1219/-. As much as 46 % of the states population is living in urban area. The presence of Bollywood, Head Offices major all India Institutions, RBI, Major Commercial Banks, LIC of India, Television Industry, Largest Stock Exchange of Asia i.e. Bombay Stock Exchange, IT software parks in the cities of Pune, Mumbai, Navi Mumbai, Nashik etc, making the state as second largest exporter of software with annual export of Rs. 18000/- crores, accounting for 30% of total export of the country, and 1200 units of software based in the state. The state also introduced Jatropha cultivation as a alternative source of Diesel as a fuel used for all commercial as well as private transport vehicles. Ralegan siddhi is a model of environmental conversation. Hivare Bazar, as model of All India Training Institute for Village Sarpancha. Maharashtra state is industrially advanced state, contributing 13% of national industrial output.46% of GSDP is contributed from industry. Veteran textile cities like Nagpur, Solapur, Ichalkaranji, Malegaon, Bhiwandi and of course Mumbai are in the state of Maharashtra. Sugar industries, and that too under co-operative sector as small scale industry, is unique in itself. Vaikunth Mehta National Institute of Co-op. Management (VAMNICOM) and Vasantdada Patil Institute of Sugar,are located in the state.

With these unique features, the state is recognized as one of the industrially advanced states in the country. And the strength of it is basically small scale industries and cottage industries, spread over most of the parts of the state through its various Industrial Estates and MIDC. Small scale industries are the backbone of industrialization of the state.

ROLE OF SMALL SCALE INDUSTRIES IN THE DEVELOPMENT OF STATE

In Maharashtra, Small Scale industries are spread over in the production areas of Automobiles, Biotechnology, Consumer durables, Chemicals, Engineering, Electronics hardware, Information Technology, Petrochemicals, Textiles, Food Processing, Sugar, Wineries, Pharmaceuticals, Plastics etc. Productions and manufacturing of 3 wheelers, 2 wheelers, jeeps, commercial vehicles, synthetic fibers, industrial alcohol etc is undertaken by small and medium scale industries of the state. MSMEs are engaged in the production of small parts required for automobile and engineering industries and hence they are also playing very vital role in the industrialization of the state.

The role of Micro, Small & Medium Enterprises can be highlighted with following points:

- Eradication of Poverty
- Generation of Employment
- Rural Development
- Removal of Regional Imbalance
- Contribution of 40% output value
- Mobilization of resources and entrepreneurial skill
- Equitable distribution of income & wealth
- Technology up-gradation
- Indigenization – indigenous resources and management skills
- Export promotion

In all above field and segment, through different activities, the small scale and medium scale industries are giving their utmost contribution for the national as well as state exchequer.

In the state of Maharashtra, MSMEs are the backbone of industrialization. Much has been done through expansion of MIDCs in urban and semi-urban areas. Many such sectors have been taken over by these industries right from proprietorship business to small ventures in joint stock companies.

Co-operative movement is spread in almost all the sectors from sugar factories to production on honey and marketing federations to processing industries. Even the Self Help Groups are working on co-operative basis in urban and semi-urban areas.

PROBLEMS FACED BY SMALL SCALE INDUSTRIES

Small Scale industries, though they are very vital in the industrialization of the state and center, they are facing various problems at various locations. Some of the problems can be generalized as below:

Problem of finance and Credit – Since the assets of Small Scale industries are very small in values and the production is also in small quantity, they do not have more valuable assets for mortgage, hence no banks are coming forward to extend credit facilities to SSIs.

Infrastructural Constraints – No much infrastructure is required and even affordable by SSIs

Constraints of raw material, Especially imported raw material – Costly raw material, especially imported raw material has always been a constraint for the SSIs

Machines & Other equipments – Costly machines and costly modern equipments beyond reach of most of the SSIs, owing to different problems

Problems of Marketing – Most of the times the local market is not adequate and the marketing activities are to be undertaken out of state or even exports, which is very difficult for SSIs

Problems of sickness/non-viability – Most of the SSI units are turning to be sick and non-viable after few years of operations and they are advised to be closed by BIFR

Poor Data Base – SSIs are producing various commodities but the data base is very poor and hence no purchasers are approaching to SSIs for purchase of materials from them

Adverse effect of Globalization – SSIs are the most and worst affected segment of the globalization as they cannot compete with global giants.

Industrial Policy Resolution 2013 : Govt. of Maharashtra

Maharashtra has been enjoying the status of one of the preferred industrial investment destination in the country, right from the formation of the state and even before that as well, and especially after adoption of liberalization policies by the union govt.

Maharashtra is highest in matter of investment and economic growth, which is evident from the fact that the state has registered GSDP of 16.8% as against the GDP of 14.7% of the country during the period 2005-06 to 2009-10.

Maharashtra Govt. came out with a very Comprehensive Industrial Policy Resolution 2013, with many facilities to

industries in general and lot of incentives for the small scale industries, in particular.
Salient Features of Industrial Policy 2013

Maharashtra State's Industrial Policy 2013 focuses on following aspects/parameters:

Increased focus on less developed regions of the state to bring them on par with mainstream industrial development.
Customized package of incentives for ultra mega and mega industrial investment
Holistic approach of MSME development
Initiatives of encouraging employment incentive industries
Path breaking initiatives for investor facilitation ease of business
Optimal utilization of land for industrial development
Strengthening of industrial infrastructure
Assistance to unviable sick units for easy exit and viable sick units for revival
Incentives to bring about sustainable industrial development.

Objectives of Industrial Policy 2013

Gov.t of Maharashtra stated following Objectives of Industrial Policy 2013..

To retain Maharashtra's leadership position in industrial investment in the country
To accelerate further investment flow for industrially underdeveloped regions
To create more employment opportunities
Targets of Industrial Policy 2013

Following are the set targets fixed by the Govt. of Maharashtra for achievement:

To achieve manufacturing sector growth rate to 12-13% per annum
To achieve manufacturing sector share of 28% in state GDP
To create 2 million persons new jobs
To attract investment of 5 lac crores (5 Trillion)
It is to be noted that this Policy shall be valid up to 2018
Financial Incentives for MSME Projects in Industrial Policy 2013

Following are the incentives given for micro, small and medium scale enterprises in the industrial policy of 2013:

Industrial Promotion Subsidy – Equal to VAT on local sales + CST payable
Power Tariff Subsidy – Re. 1/- per unit consumed in the region of Vidarbha, Marathwada, Konkan, North Maharashtra and Rs. 0.50/- per unit in other region
Interest Subsidy – of 5% to maximum up to value of electricity consumed and bills paid for the year.
Food Processing Units- shall be provided additional 10% incentives in addition to eligibility period by one more year.
75% Reimbursement – of cost of water and energy up to Rs. 1 lakh for water and Rs. 2 lakh for energy would be taken into consideration for such reimbursement.
Incentives would be given for improvement of quality – i.e competitiveness, R & D, Technology up-gradation and cleaner production
Stamp Duty Exemption – up to 100% would be given over and above other incentives to eligible MSMEs.
Exemption of Electricity Payment – 100 % exemption of electricity payment in Naxal Affected regions/area in total eligibility period.
Provision of Finance – Timely, adequate, low interest finance provision for critical inputs for survival and progress for the units.
Other Incentives in the Industrial Policy 2013

Apart from above incentives, Govt. of Maharashtra also offered some other incentives, especially for the Micro, Small and Medium scale industries, which are listed below :

Special incentives for industries in Naxal affected areas
Amnesty Schemes for un-viable and closed units
Amendment in Bombay Tenancy & Agricultural Land Act 1948
Industrial Location Policy in Mumbai Metropolitan Region
Proportionate recovery from closed units
Royalty & Non-Agricultural Exemptions

FINDINGS & SUGGESTIONS

This is not the fact that Govt. of Maharashtra has come out with such incentives and the Industrial policy for the state.

Efforts have been made for balanced development, wiping out regional imbalances, in the past also. But somehow regional imbalance has always been maintained. It may be deliberately by political reasons or because of natural factor endowments. Konkan area and western Maharashtra has developed tremendously, industrial as well agricultural development reached to the peak but Vidarbha and Marathwada regions are most neglected regions and miles away from development. Though Separate Regional Development Corporations have been established for Vidarbha and Marathwada, the Corporations are starving of funds many a times or the funds are not spent for the purpose of sustainable development.

Mega projects are resting around Mumbau, Pune, Nashik, Solapur. But such projects are not going to interior of Marathwada and other places of Vidarbha other than Nagpur.

These regions are having lot of potentials i.e. very cheap availability of land and cheap availability of labour also. But due to some infrastructural facilities and strong political will-power, these regions are not being properly developed.

Educational development is also very poor in these regions. Aurangabad and Nagpur are the two cities where still lot potential of industrial and educational development. Other areas of Vidarbha and Marathwada also to be focused, for all round development.

FOLLOWING ARE SOME VALUABLE SUGGESTIONS:

Irrigation Projects, small and medium, to be undertaken in the draught affected areas of Marathwada, especially Osmanabad, Latur, Beed districts.

Educational institutions are having lot of potentials in these regions.

Agricultural processing units are good potentials.

Rural areas to be properly connected by Railways in these districts.

Vidarbha excluding Nagpur, ie. Naxal affected Vidarha to be given more focus

Employment opportunities should be created in village level to stop migrations.

Lot of agro-based industries can be set up in backward areas.

Dairy Development projects can be undertaken in massive scale

Remaining Vidarbha to be given top priority for industrial development

Wineries can be developed in the interior Vidarbha.

CONCLUSION

It is a bitter fact that there is lot of backlog of development in these 2 regions of Maharashtra and the out-cry of the people is being crushed with political and police power. With division of Andhra Pradesh, there is a air created in Vidarbha also and people of Vidarbha are now openly talking of joining in the State of Telangana, even before its formal creation. If the developmental issues of underdeveloped and undeveloped regions are not settled with proper care and sizeable dose of financial incentives, it is a great threat to the unity and integrity of the nation. Industrial Policy can be a very effective measure to bring about industrial advancement of all the regions on equal footing. Mere policy preparation is not enough, it should be implemented in true spirit and the fruits should reach to each and every segment of the society, irrespective of caste, creed, race and religion.

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