

Copy of G.O.Ms.No.557 Ind(Spl) dated 10th March, 1970.

ABSTRACT: Industries--Small Scale Industries--Tamil Nadu
Small Industries Development Corporation(Private)
Limited--Setting up of--Proposals--Approved.

The Government of Tamil Nadu have had under active consideration a proposal for the constitution of the 'Tamil Nadu Small Industries Development Corporation to give an impetus to the planned development of small scale industries in the State. The Government considered that the Directorate of Industries and Commerce which by its very nature has to exercise primarily regulatory functions, and the Tamil Nadu Small Industries Corporation Limited which is essentially entrusted with the responsibilities of efficiently running the Small Industries units already transferred to it cannot do full justice to the responsibilities of promoting the development of small scale industries both in the public and the private sectors. They therefore felt the need for setting up an autonomous body to take up these responsibilities. After careful consideration, the Government have decided that a separate Corporation styled as the 'Tamil Nadu Small Industries Development Corporation Private Ltd.', be set up with the object, structure and outline of the financing and working arrangements, as indicated below:-

(i) The main objectives of the Corporation will be:-

1. the effective procurement and equitable distribution of essential raw materials required by Small Scale Industrial units;
2. Setting up of a recognised import house as a Wing of the Corporation for consolidating the import licences of small scale industries and effecting imports against them;
3. Offering technical consultancy for new entrepreneurs who desire to set up small industries;
4. To strengthen the capital base of small scale industries by participating in the capital structure;
5. Assistance in the marketing of the products of the small industries by building up a competent and comprehensive distribution organisation, and exploring the possibilities of organised export;
6. Export promotions;
7. Supply of machinery on hire-purchase.

(ii) The Department of Industries and Commerce has three raw materials depots at Guindy, Madurai and Coimbatore. These three depots will be taken over by the Corporation. They will form the nucleus of the raw material wing of the Corporation;

(iii) The Corporation will be a private limited Company incorporated under the Companies Act, 1956 with its

registered office at Madras. The share capital of the Company will be Rs.2 (Two) Crores divided into 20,000 shares of Rs.1,000/- each. The management of the Corporation will be vested with a Board of Directors of not less than three and not more than ten nominated by the State Government. Initially, the following members will constitute the Board, who will function ex-officio:-

1. Secretary to Government, Industries Department.
2. Secretary to Government, Finance Department.
3. Director of Industries and Commerce, Madras.
4. Managing Director, Tamil Nadu Small Industries Corporation Ltd., Madras.

(iv) The assets and liabilities of the three raw material depots to be taken over by the Corporation will be assessed at the depreciated book value and will be taken over by the Corporation. Part of the net value of the assets of the Corporation will be treated as initial share capital subscribed by the Government and the remaining part as temporary loan from the Government to the Corporation. The Corporation will be borrowing from the Banking sector for its initial requirements of working capital and also for repaying a part of the loan amount to Government. The Government also would provide loan assistance to the Corporation to the extent necessary to create additional assets, etc. The loans advanced to the Corporation by the Banks will be guaranteed by the Government.

(v) The draft Memorandum and the Articles of Association of the Company as approved by the Government are enclosed.

2. The Director of Industries and Commerce is requested to take necessary action immediately to have the Company incorporated under the Companies Act, 1956 after observing the usual formalities.

3. The Director is requested to work out the net value of the assets of the three Raw Material Depots and submit proposals for treating a part of the net value of the assets as initial share capital subscribed by the Government.

4. The Director is also requested to submit proposals in regard to the staff to be sent along with the three Raw Material Depots and also from the Central office of the Directorate. The terms and conditions of their transfer to the Corporation may also be furnished.

5. This order issues with the concurrence of the Finance Department - vide its U.O.No.Nil dated 10.3.1970.

(BY ORDER OF THE GOVERNOR)

V. KARTHIKEYAN
Secretary to Government.