

DIC-Network

A small step to a Big Revolution

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Preamble

District Industries Center [DIC] has been in existence since the late seventies to facilitate the development of industries in the district. Transformation of the society from agricultural base into industrial society was considered a basic step towards development. In the regulated system there were many aspects of industrialization that were addressed to by the DIC. With shift towards the deregulated era, the demise of the licensing systems, the emergence of the service sector as the predominant segment of the economy, the emergence of the WTO and free trade, the functions and relevance of the DIC is likely to undergo a paradigm shift. This aspect came up for discussion with the Industries Commissioner Dr Amarjeet Singh IAS. He suggested a study be made to understand the role and relevance of the DIC in the service sector dominated, post-WTO economy; the study must explore the contours of the structure and organization of the DIC in such an era. This study is an attempt in this direction.

Section-1: The Present

Services Offered by DIC:

In order to understand the role and relevance of the DIC we looked at the DIC, Ahmedabad. Annexure-1 depicts the structure of the organization and the activities engaged in by the DIC Ahmedabad. Broadly the activities can be classified as

- a. Registration of SSI Units: Temporary & Permanent Registration
- b. Due Diligence, sanctions and Disbursement of the Capital Investment Subsidy and other subsidy schemes of the Govt.
- c. Due Diligence, sanction and disbursal of the various special schemes of the Govt [like PM,s Rozgar Yojana, etc.]
- d. Due Diligence and sanction of Bankable projects under the Govt scheme where funding is done by specified banks.
- e. Updating and Maintaining the statistics about the industries in the district.

In summary it can be seen that the activities of the DIC can be classified as

- i. Management of Registration of the SSI units [Statistics/Data Management]
- ii. Due Diligence and sanction of funds under the various schemes of the Govt. [Evaluation/Due Diligence of Projects]
- iii. Handling of Disbursement of Funds under specified schemes of the Govt. [Disbursement of Cash]

- iv. Providing information and guidance to any entrepreneur that approaches DIC. The Guidance can be about the policies of the Govt or about the facilities offered by Govt or about facilities available in the District.

Drivers of Change:

What are the major factors affecting the relevance of the DIC in the new era? These can be summarized as:

- a. **End of the License Raj:** To start an SSI or for that matter, most of the non-SSI units also, an entrepreneur does not need any license/permit from the Govt. There is no canalization of raw materials either. All that the DIC is required to do is to keep a record of the units coming up in its area of jurisdiction.
- b. **Enter Information Technology:** With the emergence of Information Technology, it is feasible to handle many of the hitherto cumbersome tasks more easily, more methodically and more speedily. Record-keeping, searching, editing, updating etc can be managed much more effectively and quickly. As a result reliability of the information will be enhanced significantly.
- c. **Competitive Environment:** The environment will be far more competitive than ever. The focus of business will be more on customer friendliness, quality, speed of transaction etc. All these will transform the culture of business in the environment. DIC will have to keep pace with and must be able to contribute to this environment.
- d. **Emergence of the Service Sector:** Traditionally manufacturing enterprises were dominant in the industrial era. Large number of service enterprises [Transport operators, Tourist operators, Hotels, Restaurants, Healthcare centers, pathology Labs, Automation services, Creches, Other service providers etc] are expected to emerge in the new era. All these enterprises will be subject to very high competitive forces. DIC need to be a friend, guide and facilitator to all such enterprises too.

Section-2: Expectations of the Customers in the post-WTO scenario

2.1. Customers:

Who are the customers of a DIC? In the current scenario it is primarily the entrepreneurs in the small scale sector. In the New era this profile is likely to broaden. DIC will be a source of information for all the entrepreneurs in the District. If the system of SSI registration continues, then SSI entrepreneurs will be coming to the DIC definitely.

Besides any entrepreneur planning to operate in the district could approach DIC for information. In the pre-IT era the DIC has not been able to handle real-time information exchange with segments of the industry requiring information on the facilities and capacities of the industrial resources in the District. With the advent of IT this is a very strong possibility. For instance if a major industrial project is coming up in the district

and if the company is looking for possible vendors in the district, it should be possible now for the DIC to give authentic information.

As a result all entrepreneurs can be customers of DIC. Similarly all businesses, all executives can also be customers of DIC. DIC has the potential of emerging as the nodal agency for any information pertaining to industrial resources of a District. Today DIC is not in a position to fulfill this role. The DIC will need to reorient and equip itself for this purpose.

2.2. What do the Customers seek from DIC?

2.2.1. Basic Expectations

The emerging expectations of the customers role can be listed under two broad areas: [a] Statutory and [b] Information and Facilitation

[a] Statutory

- Registration of SSI units
- Facilitating SIA Registration
- Due diligence and sanction of Subsidy and similar other grants from State and Central Govts

[b] Information and Facilitation

Information relating to

a. Policies and Procedures of the Govt.

- Licensing of Industries
- Locational Policy
- Incentives: Subsidy, Sales Tax, Tax exemptions etc
- Environmental Policies and guidelines
- Procedures in each of the areas for seeking Govt Clearance/decision

b. Infrastructure

- Power
- Land
- Water,
- Utilities
- Labour
- Roads, Transport
- Hotels, Tourism
- Hospitals/Health Infrastructure
- Vendors. Ancillaries, markets
- Consultants, Expert Services

c. Macroeconomic

- Other Industries

- Educational Institutions
- GDP, Income etc.

2.2.2. Guidance and Query facility

Many entrepreneurs would need expert guidance in locating or identifying the relevant information. DIC has to cater to this need by incorporating a Query facility wherein the information seeker poses his question and the system provides a ready answer or directs him toward the answer.

2.2.3. Convergence/Single Window

- The emerging scenario is one of convergence. The entrepreneurs' queries or problems are not related to one Dept or one functional area alone. The queries could be related to a variety of Depts and functional areas simultaneously. DIC will have to function as nodal agency for all information that the entrepreneur would need
- For instance an entrepreneur planning a medium sized industrial project would like to know the educational infrastructure, the housing infrastructure available in the vicinity. It would not be prudent to direct the entrepreneur to another window. Another entrepreneur planning to operate a transport facility would like to know the tourism potential, the tourist spots, the hotel infrastructure etc in the district. All such information should be available from the same window
- With the advent of Info Technology it is not difficult to offer these at a single window. The information at any DIC need not be restricted to one district alone; an information seeker should be able to access information on any district from any of the terminals of DIC located any where.

2.2.4. Dynamism

Most of the information are dynamic in nature; hence there is need to update the information on a continuous basis. Today DIC is not able to offer up to date information on all aspects on a continuous basis. The emergence of the IT would enable the DIC to take on this role effectively. In fact, creation of an effective string of DICs across the country would strengthen the database contained in CSO, NCAER etc to a tremendous extent. Given this role and potential it would be pertinent to rename District Industries Centers as **District Information Centers.**

Section-3: Blue-print for Tomorrow

Given the emerging scenario described above let us examine how the DIC must be reorganized.

3.1. Role of DIC

The predominant role of the DIC will be that of a facilitator. This could be in the form of information and guidance to the entrepreneurs; it could be in the form of due diligence for sanction of various types of subsidies/grants/aids from the various agencies of govt.

a. Facilitation in terms of information:

Certain information are policy related. They originate from the state capital or from the Govt of India. These are same for all the districts of the state and hence can be updated and managed from a single point in the state. Generally the frequency of updation required in this category of information is relatively smaller.

Certain information are specific to the district. For instance the number of Jewellery-units or steel-foundry-units in a district. These need to be updated very frequently also. Hence the nodal agency for compiling and updating this category of information has to be within the district. This agency needs to be alert to the dynamism of this information.

b. Due Diligence

So long as subsidy/grant/aid etc continue to be available from the Govt or any of its agencies, there is need to have an agency to carry out the due diligence. DIC is perhaps best suited for this role. This calls for certain technical capabilities with respect to the schemes and projects; and this skill will have to be heavily backed by the information availability. Currently DIC is handling cash transactions also. In the new era the cash transactions must be shifted to designated banks as they are professionally equipped, capable and better suited for such a role.

3.2. Structure

Each DIC will have two cells. One cell will carry out the Due Diligence activity while the other will carry out the information gathering, updation and guidance to the entrepreneurs.

All information can be given through the website and hence the need for the entrepreneur to come to the office of the DIC will be minimized. The Guidance also can be offered through the website. Apart from the DIC, Information Kiosks can be established at vantage points in the district to enable easy access to the entrepreneur. Industries Associations at every Industrial estate can be given permission to establish a Kiosk. Similary PCOs or any entrepreneur also can be given permission to establish Kiosks. All such Kiosks will be subscribers to the database of the DIC.

The team at the DIC will concentrate on updating and collating the District-specific information on a variety of aspects that go into the DIC website. The skill and background of the team should be oriented towards this job.

The Due Diligence team can also operate through website to certain extent. But in all probability they may have to interact with the entrepreneurs and their business units on a face to face basis. This team would need training and orientation to handle the technical nature of the jobs at hand.

3.3. Infrastructure.

By virtue of the structure suggested in the earlier paragraph the DIC does not need elaborate infrastructure: a small office, IT hardware, connectivity and not more than half-dozen persons to man the office. Information Kiosks will be given out on franchise basis

and there must be a team to interact with the franchisees. Maintenance of the IT infrastructure [covering the hardware at the DIC office, the network of Kiosks, and the soft-wares used] can be outsourced. This will usher in true e-Governance and reach the people most effectively.

3.4. Ownership.

Option-1: At present DICs are part of the Industries Dept of the state Govt. This arrangement can continue.

Option-2: To bring in more autonomy, transparency, professionalism, responsibility accounting we may think of the network of DICs being owned by a non-profit organization registered as a society. The Board of the society will consist of nominees of the Govt, nominees of industrial associations/chambers of commerce/CII/ FICCI, eminent industrialists, and other persons of eminence in the society etc.

3.5. Funding Pattern, Revenue Model

The non-profit organization may be initiated by Govt funding; but gradually it must develop its own revenue model and must become self-sustaining in reasonable period of time.

Considering the prospect of taking premises on hire, the main initial investments will be in furnishing the offices, procuring the IT hardware and development of software. The total investment in setting up state-wide DIC network is expected to be within Rs 500 lacs.

While all services to the small scale sector can be given free of cost, information packages to the other sectors can be priced moderately. Besides DIC-Network will emerge as the information backbone of the state and it will be possible to handle consultancy assignments and queries of a variety of nature; it can cater to the needs of organizations like CMIE, NCAER, ORG-MARG etc and establish networking arrangements with them. Such tie-up will result in a variety of assignments and these can be priced suitably to generate revenue for the DIC-Network

The DIC-Network will have to emerge as a service organization capable of a variety of tasks and special assignments. That will enhance its dynamism, and hence its ability to serve the people.

3.6. Strategy for Implementation

- Formation of a Non-profit organization as a society with appropriate name and a corpus fund of Rs 5 crores
- Create a Board of Directors
- Select a CEO and a core team.

Primary tasks:

- [a] develop/outsourcing the software
- [b] Identify the hardware configuration

- [c] Identify people to man select DICs
- [d] Identify the Districts where the pilot project will be run

- Organise Franchise and launch the network in the select Districts; the existing DIC to be wound up by transferring the personnel to their parent departments
- After six months launch in every District; that will be the DIC Network

IBS Ahmedabad
Questionnaire on DIC

1	<p>What services are expected from a facilitator like DIC in the post-WTO era? Information and guidance relating the to the following</p> <p>[a] Govt Policy [] [i] Others</p> <p>[b] Infrastructure []</p> <p>[c] Business Opportunities []</p> <p>[d] Product-Market []</p> <p>[e] Technology, Equipment []</p> <p>[f] Project Profiles []</p> <p>[g] Experts/consultants in specific areas []</p> <p>[h] Manpower/skill supply []</p>
2	<p>What type of ownership pattern would you suggest? Please explain why?</p> <p>[a] Govt. Dept []</p> <p>[b] Society or Trust (Non-profit organization) []</p> <p>[c] Section 25 Company with Govt holding 51 % shares []</p> <p>[d] Section 25 Company without any restriction on holding pattern []</p> <p>[e] Association of persons []</p> <p>[f] Any other. Specify []</p>
3	<p>What type of hierarchy would you recommend?</p> <p>[a] 3-layer set up with a Corporate HQ, Regional Offices for 2 or 3 Districts and a number of terminals/kiosks []</p> <p>[b] 2-layer set with a Corporate HQ and a large number of terminals/kiosks all over the state and outside []</p> <p>[c] Any other. Specify.</p>

4	<p>What type of organization would you recommend?</p> <p>[a] a set of experts in every DIC</p> <p>[b] A set of experts at Corporate Office accessible through the net at all Offices of the DIC []</p> <p>[c] All information available thro the Net; no experts in DIC; all special queries answered through a panel of external experts on chargeable basis. []</p> <p>[d] All information through the Net. Terminal/Kiosk operators trained to search and analyse information to certain extent. Special queries will be referred to specialists at extra charge. []</p> <p>[e] Any other. Specify []</p>
5	<p>What are your views on charging for the services?</p> <p>[a] The services of DIC should not be charged at all []</p> <p>[b] Basic access, without any guidance, to be charged least; Guidance from the Kiosk/terminal operator to be charged a little extra. Special queries to be charged special rates. []</p> <p>[c] Any other. Specify []</p>
6	<p>How should we finance the DIC Network?</p> <p>If it is a Govt. Dept. the entire funding will be done by the Govt. When it is not a Govt. Dept</p> <p>[a] By Govt grants and Budgetory support. []</p> <p>[b] By creating a Corpus Fund from Govt. []</p> <p>[c] By creating a Corpus Fund from Govt, Voluntary agencies []</p> <p>[d] by creating a Corpus Fund from Voluntary agencies []</p> <p>[e] Any other. Specify. []</p>
7	<p>What can be the Revenue Model for the DIC Network?</p> <p>[a] All expenses to be met by Govt. No charges from customers. []</p> <p>[b] Services to be priced from customers []</p> <p>[c] The Terminals/Kiosks can be franchised to private entrepreneurs by tendering []</p> <p>[d] The Terminals can be operated on the same principle as the STD booths []</p> <p>[e] Any other. Specify []</p>

8	DIC in the present context is catering to the needs of the customers on the INDUSTRY aspect. Do you think that, in future, the services of DIC can be combined with those of other Depts. like Health, Education, Power/Energy, Environment, Water Resources, Science & Technology etc? Is there a possibility of convergence? Yes/ No
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