

CHAPTER-IITHE BRIEF REVIEW OF DEVELOPMENT OF SMALL SCALE  
INDUSTRIES2.1 Introduction :

Small Scale Industries are an integral part of our economy. The importance of Small Scale Industries in India was acknowledged from the days of Dadabhoy Naoroji. He emphasised that village industries could provide employment opportunities to people in rural India.

In the industrial Policy Resolutions of 1948, the S.S.Sector has been given a special role for creating additional employment opportunities with low capital investment. It was accepted that the S.S.I. was suitable for self sufficiency in respect of the production of consumer goods and also stressed the need for provision of technical advice, raw materials, cheap and sufficient power and organised marketing.<sup>1</sup>

While retaining a mildly sympathetic attitude towards the development of S.S.I., the planning commission embarked upon a strategy of development of S.S.I. in the various five year plans.

The outlay provided for the development of S.S.I. in various plans has given the desired fillip to its growth.

The First Five Year Plan outlined specific measures for assisting Small Scale Industries. The All India Khadi and Village Industries Board was set up in 1953, with adequate executive and administrative powers. During the first plan period the planning commission appointed a Committee under the Chairmanship of Prof. D.G.Karve. On the advice of the Karve Committee on village and small scale industries, some effort was made to bring about a degree of decentralised sector with the development plan of the country as a whole.

Prof. Karve Committee recommended certain measures such as improvement in techniques of production, marketing through co-operatives and promotional support rather than protection or reservation.<sup>2</sup>

As per the recommendations of the Ford Foundation Team the Govt. of India. Set up National Small Industries Corporation (NSIC) in 1955. NSIC operates the Scheme of Procuring Machinery for S.S.I. on a hire purchase basis on concessional terms. It also assist the S.S.Sector in processing order from Government Departments & Offices.

Small Industrial Development Organisation (SIDO) were set up for to provide specific support to the Small Scale Sector. SIDO Provides a consultancy services and technical, managerial and marketing assistance to the Small Scale Units through the net work of 25 SISIs, 20 Branch SISIs, 41 Extension Centres, 4 Regional Testing Centres, 1 Product & Process Development Centre.

Small Industry Extension Training (SIET) institute at Hyderabad set up for training personal connected with the development of S.S.I.

The Govt. had established various Boards or Organisations with large powers of initiative and each of them with its own sphere of work.

The Central Silk Board, The All India Handloom Board, The All India Handicrafts Board, The Khadi & Village Industries Board, The Coir Board etc.

The Second Industrial Policy Resolution of Government of India dated 30th April, 1956. This policy was declared on the eve of launching the Second Five Year Plan. It was accepted that disparities in the development of different regions should be progressively reduced.

The third five year Plan emphasised diversification of the Production in S.S.Sector and develop S.S.I. by liberal

assistance in technical know how, import of plant and machinery and emphasis on progress of rural industries. This sector received special attention to meet another national goal, namely reduction of regional imbalance.

During the Fourth Five Year Plan 14 major commercial banks were nationalised and this has helped to accelerate the flow of funds from the large scale industry to the Small Scale Industry.<sup>3</sup>

In 1970 , the Govt. of India has declared a new licencing policy which reiterated the policy of reservation of certain items (47 items as per the Industrial Policy Resolution of 1956) and eight more items have been reserved for S.S.I.<sup>4</sup>

During the fifth five year plan The Industrial Policy of 1977 has laid stress on the effective promotion of S.S.I. and their dispersal in backward rural areas.

Industrial Policy Resolution, 1977; add emphasis on promotion of S.S.I. widely dispersed in rural areas and small towns in the line with the priority for employment generation. The focal point of development of S.S.I. was to be shifted from big cities and capitals to the district headquarters. In each district, a district Industrial Centre was to be set up under the single roof of which all the services and support required by S.S.I. would be provided.

With a view to providing the Package assistance through the programme of D.I.C. indicates the most latest effort of the Government for development of S.S. Sector. D.I.C. was envisaged to create linkage between the Government and other allied agencies and small entrepreneurs. 4

The sixth five year plan was more ambitious on the achievement of the above goals and in creating opportunities for full employment. Since the beginning of the 6th five year plan increasing attention has been given to traditional and non-traditional small scale industries and raising the income of rural enterprises and reduction of regional imbalance.

The seventh five year plan reinforced the support by such measures as the following :

Special incentive for setting up S.S. entrepreneurs in backward areas, encouragement for export, growth of ancillaries.

## 2.2 Reservation of Items :

The Government policy of reserving industries for exclusive development in the small Scale Sector was first introduced in 1956 with 47 items and since then the list has been expanded.

The number of items for exclusive manufacture in small scale sector has been raised upto 807 in 1977.

The total number of items reserved for exclusive deve-

lopment in the S.S.Sector now stands at 872 out of which engineering items number 430. (This fact is depicted in Table No. 2.1).

There has been changes in regard to the items reserved for S.S.I. and thus change in from traditional items to Modern sophisticated items including electronics.

TABLE No.2.1

NUMBER OF ITEMS RESERVED FOR S.S. SECTOR

Year	No. of items		Cumulative Reserved
	Reserved	Deserved	
1967-68	126	-	126
1969-70	6	-	132
1970-71	84	-	216
1973-74	117	-	333
1976-77	4	-	337
1977-78	470	-	807
1978-79	-	1	806
1980-81	28	1	833
1981-82	11	13	831
1982-83	9	3	837
1983-84	35	-	872
1984-85	-	-	872

Source : Hand Book of Reserved Small Cottage and Tiny Industries S.B.P. Board of Consultants & Engineers, 8th Edn., 1986.

### 2.3 DEFINITION OF SSI IN INDIA :

In India, we find a number of definitions given from time to time by various commissions, Economists and the Govt. of India. In India the S.S.I. have been classified into following groups. The following chart No.1 gives the organisation of the structure of the industrial economy.

#### The Definition for Administrative Purposes :

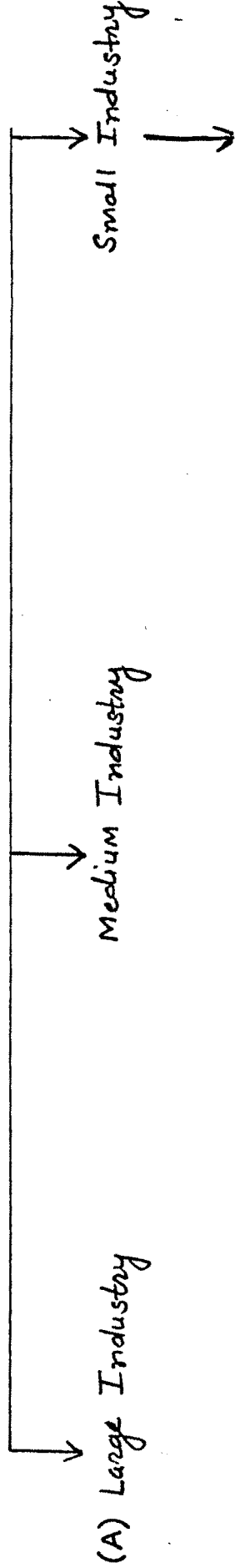
Government of State and Central have prepared various schemes offering various benefits, rebates, exemptions etc. to the S.S.I. So that proper definition of S.S.I. is essential.

The definition of S.S.I. has been changing periodically (from 1955 to 1985). The upper limit of capital investment has been raised, so that the increased cost of plant and machinery does not hit S.S.I.

A) In 1955 the S.S.I. Board adopted the definition of a S.S.I. unit as 'a unit employing less than 50 persons of using power and less than 100 persons without the use of power and with capital assets not exceeding Rs. 5 lakhs.'<sup>5</sup>

B) In 1960, there is modification of the definition of S.S.I. by withdraw<sup>①</sup> the ceiling on labour and defined a S.S.I. as an undertaking with a capital investment of not more than Rs.5 lakhs irrespective of the number of persons employed.<sup>6</sup>

# Indian Industry



(A) Modern S.I. (B) Handloom (C) Handicraft (D) Coir (E) Natural silk (F) Power (G) KVI (H) Other

Essentially urban Modern & small entrepreneurs

Largely urban traditional coop fold household

Largely urban entrepreneurs - new but rural & household export orientation

Largely urban silk

Largely urban entrepreneurs co.op, traditional & household for Modern Market Internal Market

Largely rural household + traditional & household for Modern Market Internal Market

Non specified

**Tiny**  
 ( Investment on plant & Machinery less than Rs 2 lakhs in Population less than 50,000 )

**Non-Tiny**  
 ( Investment on plant & Machinery more than Rs 2 lakhs )



C) In 1966, In the evolution of the concept of S.S.I. was adoption of new definition for ancillary and non-ancillary S.S.I.<sup>7</sup>

The ceiling on capital investment was raised to Rs.7.5 lakhs for S.S.I. and for ancillary unit the investment in plant and machinery was fixed at Rs.10 lakhs.<sup>8</sup>

In 1st May, 1975 -

The S.S.I. Board recommended that the Ceiling in Investment in Plant & Machinery should be raised from the level of 7.5 lakhs to Rs.10 lakhs, and in respect of ancillary units from Rs.10 lakhs to 15 lakhs.<sup>9</sup>

In 1977 :

The evolution of the concept of S.S.I. was the creation of tiny sector as per the Industrial Policy of 1977.

Those S.S. Units with investment in Machinery & equipment upto Rs.1 lakhs & situated in towns, with a population of less than 50,000 according to 1971 census are said to belong to tiny sector.<sup>10</sup>

In 1980 :

In evolution of the concept of S.S.I. was redefinition of the tiny, small and ancillary units by the industrial policy statement of 1980.

need of tracing  
the evolution of  
the definition

The Govt. of India has decided to raise the investment limit from rupees One lakh to Rs. two lakhs in the case of tiny units; from Rs.15 lakhs to 20 lakhs in the case of S.S. Units and from Rs.20 lakhs to 25 lakhs in the case of ancillary units.<sup>11</sup>

In 1986, the latest budget has further decided to raise the Investment limit from 25 lakhs to 35 lakhs in the case of Small Scale units and (ancillary units Rs.45 lakhs) irrespective of the number of persons employed.

The definition of S.S.I. with particular reference to the ceiling of investment has undergone change from time to time and with every upward revision.

#### 2.4 Role of S.S.I. in the Indian Economy :

Small Scale and cottage industries have traditionally played a dominant role in the manufacturing Sector of India. The S.S. Sector occupies a position of unique importance in the economy of the country. The S.S.Sector has made significant contribution to the Indian Economy in terms of growth and employment.

Above explanation signifies the prominence and past glory of the products of the S.S.I. in India. The following features of the S.S.I. high light their role in the Indian Economy.

Firstly, the S.S. Sector occupies a position of unique importance in the economy of the country. S.S.I. have a capacity to create more employment opportunities. Idle manpower in the rural areas can easily be absorbed in view of their simple technology involved. These industries with their more extensive employment potential can thus play an important role in making a dent on widespread object poverty. S.S.I. and cottage industries provide employment within in terms of magnitude is next to agriculture. The situation is explained in the table No.2.2 and 2.3 below.

If we take into account yearwise employment generation and percentage increase over the previous year. In Rural India whatever skills available are mainly rudimentary in nature i.e. the skills are not sophisticated Small Scale Industrial Units with indigeneous technology will absorb these rudimentary skills available in the country side.

Secondly, the S.S.I. and Cottage industries are generally labour intensive,<sup>12</sup> the capital required per worker employed is much smaller than in the case of large scale industry. Thereby they ideally suit India where capital is scarce while labour is abundant. Thus S.S.I. are most feasible in India and that is why these are becoming important in the country.

Thirdly, Village and S.S.I. offer make use of local resources which, otherwise may go waste. These industries can

TABLE 2.2

SELECTED GROWTH INDICATORS OF S.S.I.

(During 1978-79 to 1984-85)

Year	:No. of :Units :Regi :(Lakhs)	:No.of :Unit :Unregd. :(Lakhs)	:Total :No.of :Units :(Lakhs)	:Produc- :tion Rs. :Crores :at curre- :nt Pric- :es	:Employ- :ment :(Lakhs :Nos.)	:Invest- :ment :(Rs. :crores)	:Exports :(Rs. :Crores)
1978-79	3.34	4.00	7.34	15,790	63.8	4.431	1,069
1979-80	3.92	4.13	8.05	21,635	67.0	5,540	1,226
1980-81	4.48	4.20	8.64	28,060	71.0	5,850	1,643
1981-82	5.23	4.39	9.62	32,600	75.0	3,280	2,070
1982-83	6.03	4.52	10.55	35,000	79.0	6,800	2,094
1983-84	6.79	4.71	11.50	41,620	84.15	7,360	2,350
1984-85	7.89	4.91	12.80	50,520	90.0	N.A.	N.A.

Source : Development Commissioner, S.S.I.

N.A. : Not Available.

TABLE 2.3SHARE OF S.S.I. IN ALL INDUSTRYSELECTED CHARACTERISTICS

Sr. No.	Item	1975-76 (Percent)	1981-82 (Percent)
1)	Registered factories	75.8	71.7
2)	Fixed Capital	6.5	6.8
3)	Employees	31.9	32.9
4)	Value of output	22.8	25.1
5)	Value added	16.1	18.0

Source : DCSSI.

make the best possible use of the utilized or under utilized local resources.

Fourthly, in the case of S.S.I., the producer is also required to market the goods as well as make the brand popular. Therefore, he must develop a sense of confidence in himself that he has capacity to sell the goods which will be produced by his industry and also he had confidence that he can deal with his consumers politely and in a position to convince the market about superiority of his goods. In this way S.S.I. help in developing a sense of confidence among the people.

Fifthly, so far as the production and investments are concerned, S.S.I. play a significant role in India.

The number of S.S.I. units has increased from 1.64 lakhs in 1973-74 to 7.89 lakhs in 1984-85. Signifying an increase of 15.4% compound. Similarly the contribution made by S.S.I. in the value of production has aggregated Rs.50,520 crores in 1984-85 as against Rs.7,200 crores in 1973-74 regarding a growth of 19.4% of annum. (See table No.2.2).

Sixthly, S.S.I. are favoured as a means of Balanced Regional Development. Being widely dispersed S.S.I. are capable of remedying the regional disparities in industrial development. Similarly S.S.I. being under the ownership and control of the producers themselves dispersed throughout the country can ensure the balanced regional development.

Seventhly, large industries take a long time and planning before any results can come out. In the case of S.S.I. there is no indefinite waiting and results can immediately be obtained.

In the project formulation and implementation terminology, small units have got shorter gestation period and hence they generate the flow of income quite earlier. Due to this shorter gestation period, small units are preferred in the strategy of self employment.

Eighthly, in India is a land of agriculture and 2/3 of our total population is directly or indirectly depend on agriculture for livelihood. S.S.I. provide part-time and full-time employment to the agricultural labourers. These industries may provide supplementary source of income to the agriculture sector during the slack seasons.

Ninethly, the Small Scale Sector has made substantial contribution in exports from the country. The exports of the S.S.Sector have appreciated from Rs.305.79 crores in 1972-73 to Rs.2,159.22 crores in 1983-84 showing a growth of 17.7% compound per annum over all 11 years period.

With the growth of exports, the share of S.S.I. in total exports has also recorded an impressive upward trends from 15.5% in 1972-73 to 21.8% in 1983-84. (This fact can shown Table No.2.4).

TABLE 2.4

EXPORT OF S.S.I. PRODUCTS

Sr.:q No.:	Year	: Total value: : of all : exports	: Value of : exports of : S.S.I.	: Share of S.S.I. : for in all : exports percen- : tage
1.	1972-83	1970.83	305.79	15.5
2.	1973-74	2523.4	393.16	15.6
3.	1974-75	3328.8	540.71	16.2
4.	1975-76	4042.8	615.0	15.2
5.	1976-77	5142.3	857.4	16.7
6.	1977-78	5407.9	844.82	15.6
7.	1978-79	5726.1	953.6	16.7
8.	1979-80	6418.4	1043.6	16.3
9.	1980-81	6710.7	1643.2	24.5
10.	1981-82	7796.2	2070.6	26.6
11.	1982-83	8834.2	2096.9	23.7
12.	1983-84	9865.3	2159.22	21.9
	Rate of growth % compound	15.8	17.7	

Source : DCSSI



Tenthly, in India, in the industrial set-up and system S.S.I. are working in close co-operation with <sup>large</sup> scale industries. This co-operation is in many ways. These provide basic material for big industries. In some cases Small Scale Industries provide half-finished goods for large scale industries.

The major factor which goes in favour of small scale industrial unit is that; it can establish very strong backward and forward linkages. If small units are resource based, they can absorb the chunk of local resources with products to be sold out at local market. In any strategy for Industrial Development ultimately the "spill over" effect is more important. This effect can be ensured with small industrial units due to their strong backward and forward linkages.

## 2.5 S.S.I. IN INDIA :

Small Scale Industry in India : The S.S. Sector occupies a position of unique importance in the economy of the country. The number, the volume and range of products manufactured, investment employment and value added by manufacture have grown substantially during the last decade.

In the recent past, considerable attention has been focussed on this Sector. The D.I.C. Programme continued to make impact on the development of S.S.I. and Artisans in the country. The achievements made during the year do reflect

increasing impact of the scheme on the development of S.S.I. in country.

A Summary of the Progress achieved during the 6th Plan Period through implementation of the D.I.C. Programme is given as below. (Table No.2.5).

Share in all Industry :

The relative importance of S.S.I. in the national economy can be gauged from its share under several characteristics. Given its growth record, its volume of production, employment and value added, its wide spectrum and its varried interaction with Key Sector, it is the S.S.I., which is a major instrument of growth.

Statistics reveal that in the organised sector the share of the Small Scale Sector in the value added, 72% in registered factories and only 6.6% in fixed capital, thereby suggesting high output capital ratio (7.7). This sector has offered employment opportunities to 25.39 lakh numbers as against 77.15 lakh by all industry. Table No.2.3 gives share of S.S.I. in all Industry.

2.6 INDUSTRIAL DEVELOPMENT OF MAHARASHTRA :

Maharashtra is an advanced industrial State in our country. According to the latest available data for the year

DISTRICT INDUSTRIES CENTRE PROGRAMME  
PHYSICAL ACHIEVEMENTS  
(1978-79 to 1984-85)

Sr. No.:	Item	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
1.	D.I.C.'s Sanctioned (Nos.)	372	382	382	385	393	397	397
2.	D.I.C.'s reported (Nos.)	260	320	325	333	379	396	396
3.	New Units established (Nos.) :							
	A) Artisans	61,998	1,49,920	1,77,236	2,38,241	2,91,466	2,74,000	2,85,838
	B) S.S.I.	25,966	46,852	60,328	69,980	73,777	75,300	91,551
	Total :	87,964	1,96,772	2,37,564	3,08,221	3,65,243	3,49,300	3,77,389
	Average Per DIC							
	(A) Artisans	272	545	547	716	769	692	722
	(B) S.S.I.	114	170	186	210	195	190	231
	Total	386	715	733	926	964	882	955
4.	Credit Assistance							
	Rs.in Million	866	1,834	2,868	4,243	5,603	6,103	6,021
	Average per DIC	4	7	9	12.7	14.8	15.4	15.2
5.	Add.employment generated (Nos.)	2,73,985	6,65,488	8,07,145	9,57,215	11,82,260	11,15,133	11,40,243
	Average Per DIC	1,202	2,420	2,491	2,875	3,119	2,816	2,879

Source : (1) Ram K.Vepa, Small Industry : The challenge of the Eighties, VIKAS Publishing House Pvt.Ltd., Sahibad (U.P.), 1983. Page 48-48.  
(2) Udyog Samachar - April, 1986.

1980-81, the State shared 16.14% of the number of factories, 22.11% of employment, 23.57% of output by manufacture in the country. The table (No.2.6) makes this explicit.

## 2.7 REGIONAL IMBALANCE CAUSED BY INDUSTRIAL PROGRESS :

Maharashtra, an industrial State is a myth, because of the existence of Bombay-Pune-Thane. Maharashtra give impression of great and rapid progress. If Bombay metropolitan is declared as a Union Territory like Delhi, the State of Maharashtra will obviously loose its first position. The rest of Maharashtra is as backward, as any other parts of the country.

The State has uneven distribution of industrial activities. There is a lot of concentration of industrial power within Maharashtra. There is a fear-inspiring locational concentration of industries in Pune-Thane-Nasik-Bombay conglomerate belt, causing virtually the problems of back-wash and drain effects which are visible by the extremely imbalanced regional growth of the State.

Bombay, Thane and Pune lying on a 120 mile corridor account for 25 percent of total population of the State, they account for about 70% of the factories. These districts account for 72 percent of employment, 69% of productive capital, 31% of output and 84% of value added by factories located in these three districts has been estimated at Rs.1651 as

TABLE NO.2.6

## POSITION OF MAHARASHTRA IN INDIA IN FACTORY SECTOR (1961 to 1980-81)

Year	INDIA			MAHARASHTRA								
	No. of Units	Employment	Investment: Out-put	No. of Units	Employment	Investment: Out-put						
1961	50,095	39,18,000	5,77,530	17,36,032	8,233	7,87,379	61,272	2,85,313	(16.43)	(20.10)	(10.61)	(16.43)
1966	64,872	47,02,000	7,96,797*	22,48,124	9,043	8,79,341	67,300*	3,13,383*	(13.94)	(18.70)	( 8.45)	(13.94)
1971	81,078	54,88,000	9,95,850	21,07,307	10,241	9,97,675	1,44,000	3,54,900	(12.63)	(19.61)	(14.46)	(16.84)
1979-80	95,126	76,78,271	26,82,963	52,25,785	14,808	13,39,562	4,04,921	12,38,540	(15.56)	(17.43)	(15.09)	(23.69)
1980-81	96,503	60,46,592	29,90,038	61,08,403	15,576	13,37,718	4,77,668	14,40,587	(16.14)	(22.11)	(15.97)	(23.57)

\* Estimated.

Figures in the brackets indicate percentage share of Maharashtra to India.

Source : Annual Survey of Industries. Industrial development of Maharashtra. Maratha Chambers of Commerce, Pune; p.297.

compared with Rs.82 for the rest of State and Rs.475 for the State as a whole.<sup>13</sup>

In terms of urban population, these three areas account for half of the total urban populations in the State and 3/4th of the total population of the cities having more than 1 lakh population in 1971.<sup>14</sup>

In plain economic language there are two Maharashtra. One is prosperous urban Maharashtra and the other poor rural Maharashtra.

The pattern of industrial production in some parts of urban Maharashtra (Bombay-Pune-Thane) can be well compared with those in highly advanced countries like U.S.A., Japan.

It will be necessary to find out the most under developed areas in Africa to compare the mode and the standard of living and pattern of production in many rural in Maharashtra.

The industrial progress of the State has not been beneficial to the majority of the State populations.

Hence, the need for dispersal of Industries in backward areas. This dispersal through S.S.I. is justified from the stand point of economic theory and also growth theories.



## 2.8 S.S.I. UNITS IN EACH DISTRICT OF MAHARASHTRA :

The impressive growth of small industries in Maharashtra is the dynamic role played by the State Government. Maharashtra State had a lead over all the other States in promoting industrialisation. The number of S.S.I. in Maharashtra rose from 4860 in 1961 to 29739 in 1970 and 80659 in 1982 and 112744 in 1985. The S.S.I. have played a significant role in the dispersal of industrial activity in Maharashtra. This can be shown Table No.2.7.

The share of Bombay declined from 71% in 1961 to 32% in 1970 and further to 16.9% in 1985. Nagpur showed a spectacular growth with number of units increasing from 120 in 1961 to 843 in 1970 and 7008 in 1982 and 8924 in 1985. Pune improved its share between 1970 to 1982 and 1985.

Pune district occupies second place after greater Bombay with a share of 10.7% in the number of Regi factories in the State in 1979-80.

The number of S.S.I. units showed a tremendous growth during 1961 to 1985. There were in all 4860 S.S.I. units registered as on 31.3.1961 in the State which only 29.7 percent were located outside greater Bombay. But the share of Bombay declined from 71.3% in 1961 to 32% in 1970 and further to 16.9% in 1985.

TABLE No.2.7

## REGISTRATION OF S.S.I. IN EACH DISTRICT OF MAHARASHTRA

Sr. No.:	District	Numbers				Per cent shares				% of increase from 1961 to 1985
		1961	1970	1982	1985	1961	1970	1982	1985	
1.	Great Bombay	3,463	9,641	16,411	19,142	71.3	32.4	20.3	16.9	452.75
2.	Thane	227	7,186	6,768	10,213	4.7	24.1	8.4	9.0	4,399.11
3.	Pune	353	1,926	8,288	11,728	7.3	6.5	10.3	10.4	3,222.37
4.	Raigad	33	209	1,658	2,193	0.7	0.7	2.1	1.9	6,545.45
5.	Ratnagiri	11	220	1,780	2,813*	0.2	0.7	2.2	2.5	20,700.00
6.	Nashik	54	2,165	5,044	6,433	1.1	7.3	6.3	5.7	11,812.96
7.	Dhule	10	164	1,133	1,622	0.2	0.6	1.4	1.4	16,120.00
8.	Jalgaon	61	445	1,741	3,433	1.3	1.5	2.2	3.0	5,527.86
9.	A.Nagar	34	747	1,973	2,746	0.7	2.5	2.4	2.4	7,676.47
10.	Satara	17	326	1,624	2,377	0.3	1.1	2.0	2.1	13,882.35
11.	Solapur	104	652	4,230	6,570	2.1	2.2	5.2	5.8	6,217.30
12.	Sangali	48	915	2,352	3,363	1.0	3.1	2.9	3.0	6,906.25
13.	Kolhapur	96	1,456	3,890	6,747	2.0	4.9	4.8	6.0	6,928.12
14.	Aurangabad	44	447	2,780	4,355*	0.9	1.5	3.4	3.8	9,040.90
15.	Parbhani	8	153	866	1,296	0.2	0.5	1.1	1.2	16,100.00



Sr. No.:	District	Numbers					Per cent shares					% of increase from 1961 to 1985
		1961	1970	1982	1985	1961	1970	1982	1985			
16.	Beed	5	122	1,711	2,138	0.1	0.4	2.1	1.9	1.9	42,660.00	
17.	Nanded	4	254	1,497	2,096	0.1	0.9	1.9	1.9	1.9	52,300.00	
18.	Osmanabad	18	278	1,595	2,441*	0.3	0.9	2.0	1.8	1.8	10,861.00	
19.	Buldhana	5	144	1,135	1,624	0.1	0.5	1.4	1.4	1.4	32,380.00	
20.	Akola	20	297	1,597	2,194	0.4	1.0	2.0	1.9	1.9	10,870.00	
21.	Amravati	27	320	1,409	1,973	0.6	1.1	1.7	1.7	1.7	7,207.40	
22.	Yavatmal	2	243	978	1,536	0.0	0.8	1.2	1.4	1.4	76,700.00	
23.	Wardha	9	234	933	1,295	0.2	0.8	1.2	1.1	1.1	14,288.88	
24.	Nagpur	120	843	7,008	8,924	2.4	2.8	8.7	8.0	8.0	7,336.66	
25.	Bhandara	50	207	807	1,245	1.0	0.7	1.0	1.0	1.0	2,390.00	
26.	Chandrapur	37	195	1,451	2,247*	0.8	0.7	1.8	2.0	2.0	5,570.27	
Maharashtra		4,860	29,789	80,659	1,12,744	100	100	100	100	100	2,219.83	

\* Included Sindhudurga, Jalana, Latur and Gadchiroli.

Source : (1) Directorate of Industries, Bombay; (2) Industrial Development of Maharashtra, Maratha Chambers, Pune; page 292-293.

Thus clearly since 1961, there is a considerable shift away from Greater Bombay.

Evidently, the policy to control (restrict) further industrial development in Greater Bombay has been effective to some extent but the policy of incentives has not been effective to disperse the industry much beyond Pune.

The policy to restrict further industrial development in BMR has been effective to some extent, but the policy of incentives has not been much effective to disperse industry much beyond the reach of Bombay-Pune.<sup>15</sup>

## 2.9 S.S.I. in Poona District :

Pune Districts industrial growth barely spans three decades. Large scale industries came into production in Pune in early fifties. There were also a few S.S.I. producing a variety of articles. The setting up of these S.S.I. encouraged considerable industrial development on both side of the Bombay Poona Road in Pimpri-Chanchwad area. This growth was further accelerated mainly because of the proximity of Bombay. Pune is not industrially as satuated as Bombay is. There is suitable scope for the growth of industries. Land is available for setting up industries on Pune-Nagar Road.

Locationally industries in Pune are well distributed over the around the city, creating some well demarcated pockets

of industries. To the north west of the city are situated the well-known industrial areas of Pimpri-Chinchwad, to its east are Hadapsar and Loni, to North-east is Yeravada, Vadgaon Sheri, To its South Parvati, Poona Satara Road and within the city itself industries have concentrated along Shankarshet Road, Karve Road, Gultekadi area.

Thus Pune district is characterised by concentration of industrial development around Pune city and Pimpri-Chinchwad industrial belt. Except Lonavala, Baramati, Talegaon Dabhade no dispersal to the large extent has occurred in rural areas. <sup>16</sup> *Shankarshet*

During the period 1961 to 1985, there has been a phenomenal growth of S.S.I. in Poona District. The total number of S.S. registered units was a mere 353 in 1961, the number grew to 1926 in 1970 and now in 1985 this number grown to 11,728. Though PUNE District has been in the vanguard in the industrial progress of the State, industrial activity has remained concentrated in Pune Metropolitan Region only.

Though these area together account for 30 percent of total population of the district, they account for about 88 percent of the permanent S.S.I. registered units and 59.2 percent provisional S.S.I. registered units.\* These fact can be also supported from the table No.2.8.

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\* Annual Administration Report, D.I.C. Pune, 1987.

TABLE No.2.8

## TALUKAWISE DISTRIBUTION OF S.S.I. UNITS IN POONA DIST.

Name of Taluka	: 1980-81	: 1981-82	: 1982-83	: 1983-84
1. Ambegaon	3	-	-	1
2. Bhor	2	3	6	10
3. Dound	1	3	3	1
4. Indapur	-	1	-	-
5. Junnar	2	5	6	5
6. Baramati	-	3	3	5
7. Maval	14	10	13	7
8. Mulshi	2	-	-	8
9. Pune City and Haveli	369	335	293	391
10. Purandar	1	-	1	3
11. Shirur	1	1	1	8
12. Khed	2	2	7	13
13. Velhe	1	1	-	-
Total	398	364	333	452

Source : D.I.C., Pune.

## 2.10 NATURE OF INDUSTRIAL STRUCTURE OF PUNE DISTRICT :

The district had a diversified industrial structure Engineering industry occupying a predominant place, Electrical machinery, non-electrical machinery and transport equipment accounted for 48% of total employment and 57% of value added by the industrial sector in 1977-79 and 49% and 60% respectively in 1979-81.

Chemicals and chemical products contributed 11% to value added in 1979-81, but in employment the share was only 7%. On the other hand food products had a share of 8.7% in 1977-79 and 8% in 1979-81, but the share in value added was small at 2.7% in 1977-79 and 1.7% in 1979-81.

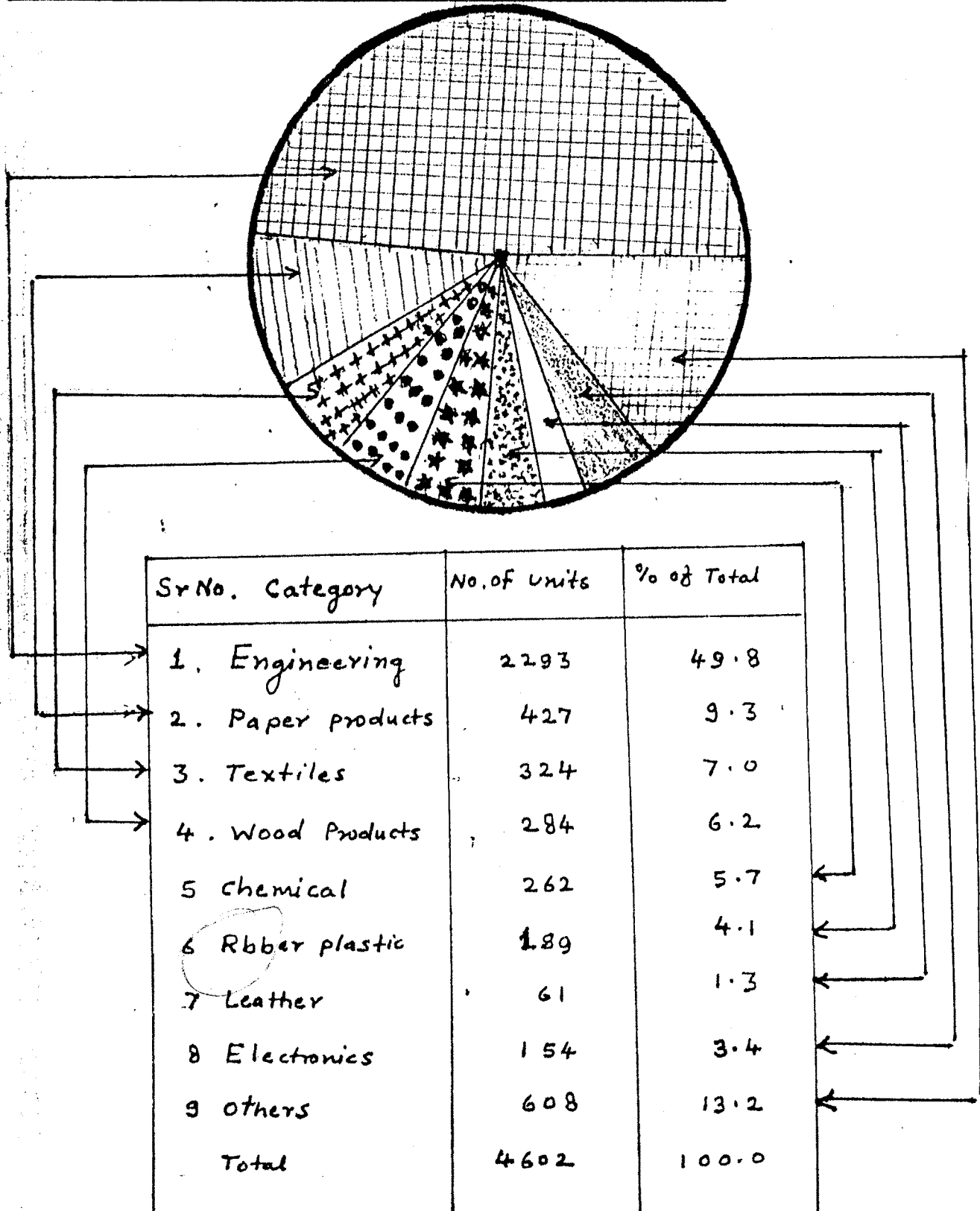
Electronic industries, transport equipment industries and chemical industries have a bright future and the Government has plans to encourage them within the district.

These facts can be seen from Diagram No.1.

Existing Industries status regarding S.S.I. with the number of persons employed is given in the Table No.2.9.& 2.10.

In order to achieve dispersal of industries outside the Bombay-Pune belt and to attract them to the under-developed area, the Government of Maharashtra pursues a policy of giving

DIAGRAM SHOWING CATEGORYWISE DISTRIBUTION  
OF EXISTING S.S.I UNITS IN PUNE DIST. BASED ON  
PMT S.S.I REGI. AS ON 31-3-1983.



SOURCE → ACTION PLAN DIC, PUNE

DIAGRAM NO 1

TABLE No.2.9

Existing Industries Status

Pune has emerged as a big industrial township in last 20 years. It has got about 180 large and medium scale industries and about 4,500 small scale units functioning.

Large scale and medium scale units in engineering line like TELCO, Kirloskar, Ruston, Bajaj are located at Pune. Because of these units there has been large amount of ancillary development of SSI Units. Out of total S.S.I. Units about 50% units are from Engineering line.

Position of Small Scale Industries existing as on 31.3.83

Sr. No.	Category of S.S.I.	No.of Units existing	Projected employment	Main Raw Material required
1.	Food Products	89	445	Agril.Produce and eatable raw material.
2.	Cotton and other Textile Products	324	1620	Cotton, Cotton Yarn Cloth.
3.	Wood Products	284	1420	Wood.
4.	Paper Products and Printing	427	2135	Paper, Ink, etc.
5.	Leather Products	61	305	Leather, Leather Chemicals.
6.	Rubber, Plastic and Coal Products	189	945	Rubber Solution, PVC Granuals, Powder.
7.	Chemical Products	262	1310	Chemicals.
8.	Foundries	70	350	Scraps, Pig Iron Ingots.
9.	Electronic	154	770	Electronic Components.
10.	Glass	52	260	Glass.
11.	Cement	53	265	Cement, Sand.
12.	Engineering	2223	11115	Iron Steel, other metallic parts.
13.	Others	414	2070	-
TOTAL		4602	23010	

TABLE 2.10

SHARES OF SELECTED INDUSTRIES IN EMPLOYMENT AND  
VALUE ADDED IN POONA DISTRICT ( 1977 - 1981 )

	<u>1977-1979</u>		<u>1979-1981</u>	
	<u>Emplo- yment</u>	<u>Value Added</u>	<u>Emplo- yment</u>	<u>Value Added</u>
1) Food Products	8.7	2.7	8.0	1.7
2) Textile Products	1.8	0.8	1.8	0.9
3) Cotton Textiles	3.8	1.6	3.2	1.1
4) Wool Silk & Synthetic fibre textiles	0.5	1.4	0.1	0.1
5) Paper & Paper Products	4.0	3.0	3.8	2.5
6) Rubber, Plastic, Petroleum and Coal Products	3.3	1.6	3.1	2.1
7) Chemicals & Chemical products	6.8	11.3	7.0	11.1
8) Non-Metallic Minerals product	4.6	1.8	4.2	1.5
9) Basic Metals & alloys	4.7	5.6	4.8	6.8
10) Metal Products	4.0	3.8	4.1	3.1
11) Non-Electrical Machinery	23.5	31.7	21.8	32.2
12) Electrical Machinery	8.4	9.1	8.7	9.4
13) Transport equipment	16.0	16.6	19.1	19.1
14) Electricity, Gas	4.0	5.3	5.0	5.6
15) Repair Services	2.1	0.9	1.7	0.8
16) Other industries	3.8	2.8	3.6	1.7
All Industries	9	9	9	9

Source : Maharashtra Economic Development Council  
Industrial opportunity in Maharashtra,  
December, 1984 and December, 1985.



a package of incentives to those units who want to locate industrial activities in backward area.

The incentives are not available in Pune Pimpri-Chinchwad complex. The backward areas of Maharashtra are classified in four group on the basis of their backwardness and the incentives are graded on accordance with the degree of backwardness.<sup>17</sup>

The another measures for to restrict further industrial development in PMR Plan was adopted and became effective from 1976. This plan put a bar on new large and medium scale industries to come up within the P.M.R. limits. But Small Scale and Services industries were allowed in a few functional estates to be set up by the corporation itself. Unfortunately this P.M.R. plan contributed negligible effect in dispersal of industries outside the P.M.R.<sup>18</sup>

The industrial dispersal policy of the Govt. of Maharashtra did not have significant impact on the Spatial distribution of industries in Poona district.

While the main objective of the planning for regional dispersal of industries should be the creation of employment opportunities in the backward regions, due attention should be given to the viability of the Projects. But All Govt. agencies did not give sufficient weightage for regional balance growth in rural area.

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