

CHAPTER - II

"ROLE OF SMALL SCALE INDUSTRIES IN INDIAN ECONOMY"

1. Definitions and legal frame work of small scale industries in India.
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ROLE OF SMALL SCALE INDUSTRIES IN INDIAN ECONOMY

DEFINITIONS AND LEGAL FRAMEWORK OF SMALL SCALE INDUSTRIES IN INDIA

Industrial enterprises may broadly be grouped into three categories namely :

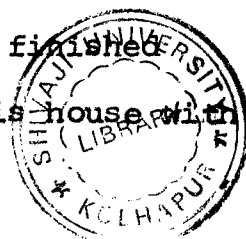
- i) Front line industries or large scale industries,
- ii) Medium scale industrial units, and
- iii) Small scale industrial enterprises.

The term small scale industry covers a wide range of its activities. Its definition differs from one country to another. The definition of small scale industry generally depends upon the socio economic conditions of the country. The industries which are considered as small in highly developed countries might be considered as medium or even large in a developing country.

THE FIRST ATTEMPT 1938 :

The first attempt to define a small scale industry in India was made in 1938. A study of the problems and prospects of village and small scale industries at the national level was made by national planning committee in 1938 by Prof. K.T.Shah, general Secretary N.P.C. for the first time. The study defined the small scale or cottage industry as :

An enterprise or series of operations carried on by a workman skilled in the craft, on his own responsibility, the finished products of which he markets himself. He works in his house with



his own tools and materials and provides his own labour or at most the labour of such members of his family as are able to assist these workers, who work mostly by hand labour, and personal skill, with little or no aid from modern power driven machinery and in accordance with traditional techniques. Such supplementary energy as is provided by animal power may be added to economy and efficiency of industry. He works finally for a market in the immediate neighbourhood that is to say, in response to known demand with reference to quality as well as quantity."¹

DEFINITION 1940 :

Pandit Jawaharlal Nehru in a note to the National Planning Committee in 1940, adopted a more pragmatic approach. He defined cottage industries as those units which have, :

- i) no mechanical power and no hired labour.
- ii) no mechanical power and hired labour under ten persons;
- iii) ^{There may possibly also be} no mechanical power but hired labour of ten persons;
- iv) mechanical power under 10 BHP but no hired labour. Small scale industry may be 3 and 4 as in cottage industries; and also,
- v) mechanical power under ten (10) BHP and hired labour large scale industries will generally be
- vi) mechanical power over 10 BHP and hired labour.²

DEFINITION 1948 :

According to the Industrial policy Resolution of 1948 "All industries in hand looms, handicrafts silk and Khadi and village industries are grouped into the small scale sector."

DEFINITION 1955 :

The small scale industries Board at its first meeting held in January 1955 adopted the first working definition of small scale industrial unit as follows :

"A unit employing less than 100 persons without the use of power and with capital assets not exceeding Rs. 5 lakhs."

DEFINITION 1959 :

The Ministry of Commerce and Industry modified the definition on March 18th 1959. So as to include the undertakings which employed less than 50 persons when using power and less than 100 persons when not using power per shift.

DEFINITION 1960 :

The new definition as per the letter of the Ministry of Commerce and Industry on January 4th, 1960, was as follows :

"Small scale industries will include all industrial units with a capital investment of not more than Rs. 5 lakhs, irrespective

of the number of persons employed."

DEFINITION 1962 :

The sub committee of small scale industries Board recommended the enlargement of the definition to cover the small units with capital assests ranging from Rs. 5 lakhs to Rs. 10 lakhs for the following reasons :

- i) The differentiation between ancillary and non ancillary industries presented considerable administrative problems.
- ii) Units with capital investment upto Rs. 10 lakhs had already been exempted from obtaining licences under the industries development and regulation Act, and
- iii) While quality requirements for export markets required the adoption of modern technical processes, there had been a steady increase in the cost of machinery and other capital assests.

DEFINITION 1966 :

According to the recommendation of the small scale industries Board at its 24th meeting held on July 8th, 1966 and as per the letter of the Ministry of Industry dated 31st October, 1966, the new definition of small industries was as follows :

"The small scale industries will include all industrial units with a capital investment of not more than 7.5 lakhs irrespective

of the number of persons employed. Capital investment for this purpose will mean investment in plant and machinery only."

DEFINITION 1977 :

The small scale industries Board at its 32nd meeting held in November 1974 revised the definition as follows :

i) Small scale Industries :

"Undertakings having investment in fixed assets in plant and machinery not exceeding Rs. 10 lakhs"

ii) Ancillary Industries :

Undertakings having investments in fixed assets in plant and machinery not exceeding Rs. 15 lakhs engaged in

- a) The manufacture of parts, components, sub assemblies, toolings or intermediaries, or
- b) The rendering of services, and supplying or rendering or proposing to supply or render 50 percent of their production or the total services, as the case may be :

to other units for the production of other articles;

" Provided that no such undertaking shall be a subsidiary of, or owned or controlled by any other undertaking."

The Government of India has accepted the revised definition recommended by the Board and gave effect to its decision from May 1, 1974.

DEFINITION 1980 :

The Government raised the level of investment in tiny units, small scale industries and ancillary industries as under :

1. The limit of investment in tiny units has been increased from Rs. 1 lakhs to Rs. 2 lakhs,
2. The limit of investment in the ancillary units has been raised from Rs. 15 lakhs to Rs. 25 lakhs.

This new definition is broad based. The present study covers the units coming under this definition.

DEFINITION 1982 :

In 1982, the definition has been further extended to include service oriented enterprises/establishments which are not engaged in purely trading or commercial activities.³

DEFINITIONS OF SMALL SCALE INDUSTRIES IN FOREIGN COUNTRIES :

The definitions of small scale industries in some selected countries are mentioned below :

U.S.A.

The manufacturing firm is officially a small business for Government procurement purposes, if it is not dominant in its field of operations and if it has fewer than 500 employees or if it is certified as small by the small Business Administration.

For purposes of financial and other assistance, it is classified as small if it employs fewer than 250 employees, depending on the size and the standard set for different industries.

U.K.

In books and treatises on industrial subject, units employing less than 500 workers are generally referred to as small units.

JAPAN :

The Government applies the term to those industries which employ less than 300 persons in the manufacturing sector with a capital of less than 50 million yens (¥ 133,000) and in the commercial and professional service sector, with a capital of less than 10 million yens (¥ 26000) employing less than 50 persons.

ITALY :

Units having a capital investment of not more than 1,500 million lire and employing not more than 500 workers are considered to be small industries.

GERMANY : SWEDEN, NORWAY AND DENMARK :

In these countries there is no official definition of a small industry, units employing upto 300 workers are considered to be small. In scandinavian countries, however, such units as employ 10 to 100 workers are taken to be small scale units.

EGYPT, ISRAEL AND TURKEY :

The United Nations Report (1958) on the development of the manufacturing industry in Egypt, Israel and Turkey refers to all manufacturing establishments employing less than 10 persons as small industries.

NETHERRLANDS :

The entrepreneur has to fulfill all the managerial tasks himself in a small scale industry which generally employs 10 to 100 workers.

SHRI LANKA :

Small scale industries have been defined as those industries which are mainly run by power and have a capital investment not exceeding Rs. 200,000.⁴

PROBLEMS OF SMALL SCALE INDUSTRIES :

The planning commission has summarised some of the problems and enterprises in India. They are :

1. RAW MATERIALS, IMPORTED COMPONENTS AND EQUIPMENT :

The second international perspective planning Team 1953-54 studied the problem of availability of raw materials imported components for the production and selected imported equipment to the small enterprises and emphasized that the small scale industry sector has not shared proportionately in the growing

supplies of scarce raw materials. Even in the case of indigenous raw materials, the larger units get preference over the smaller units as they are the bulk purchasers and as they assure the sellers a steady market.

In pursuance of the recommendations of the study Team the Government started giving priority in raw materials allocation to small scale sector. In order to implement various programmes and policies of the Government of India relating to the development of small scale industries, an organisation at the national level, with development commissioner of small scale industries at its head, has been setup under the Ministry of Industrial development and company Affairs, Government of India. An important function of the DCSSIO is to assess the requirements of indigenous and imported raw materials and components for the small scale sector and to arrange their supplies. The directorate General of Technical Development makes allocations of scarce raw materials. The system of user's license enables the small scale producers to secure imports of components and machinery. Another central organisation, the National Small Industries corporation (NSIC), a Government of India undertaking was setup in 1955, with the objective of supplying machinery and equipment to small enterprises on a hire purchase basis and assisting them in procuring government orders for various items of stores. Since its inception upto the end of March 1982 the NSIC has supplied machinery worth Rs. 135 crores to 14,661 units.⁵

ii) TECHNICAL ASSISTANCE :

In competitive and constantly changing marketing conditions, the production of quality goods at a minimum cost depends solely on the availability of technical know how from time to time. Modernisation for higher productivity also depends upon technical know how, which is essential for the healthy growth of the small scale industry. There are at present two arrangements for providing technical advice and assistance to small units. The central small scale industries organisation (CSIO), through its service institutes. Extension centres, provides a staff of technically qualified people who guide small entrepreneurs in respect of technical problems. Common facility workshops undertake difficult production operation on behalf of small firms at reasonable cost. In order to make this service as complete and comprehensive as possible. Industrial design cell has been setup in each of the four Regional Institute at Calcutta, Delhi, Bombay and Madras.

iii) MARKETING ASSISTANCE :

Small scale enterprises experience marketing difficulties as their products are of ten unstandardised and are of variable quality. Further, they cannot afford to have a dynamic marketing organisation of their own. In order to provide guarantee for sale, the government gives preference upto 15% on the products

of the small scale units. The NSIC assists small firms in obtaining a greater share of government and defence purchase. The NSIC has helped the establishment of 21,384 small scale units. In 1979-80 it secured orders worth Rs. 70 crores for small industries. In order to help the small scale units a number of products have been reserved exclusively for the government purchase from small scale sector through the Director General of supplies and Disposals. In 1972-73, the number of items was 192, which increased to 257 in 1980. The total value of contracts secured since its inception upto March 1982 came to Rs. 824 crores. In keeping with the policy to encourage small sector production, the list of items reserved exclusively for production in small scale has been expanded to 534 in 1985.

iv) CREDIT AND FINANCE :

The small scale industries internal resources are so small that they have no surplus to live on during the period of strain. As the second Report of the international perspective planning Team observed "Considering the vital role of small industries within the Indian industrial economy, the total amount of loans granted to small industries forms a small part of the total loans to Indian industry."⁶ The problems of small industries form a vast complex and the various issues regarding raw materials, quality control, finance, marketing etc. can not be tackled separately. The credit and finance problems have to be tackled

as a part of the whole small scale industry Assistance programme.

FINANCIAL NEEDS :

The financial requirements of small scale sector can be studied under two heads :

- a) Equity or risk capital, and
- b) Borrowings or loan capital. Loan capital can further be distinguished between
 - i) long term loans and (ii) short term loans, Risk capital is the prime requirement for the proper equipment and management of small units. A reasonable amount of venture or equity capital is primary condition before requesting for credit. However, mentioning the financial position of small industry in India, the International Team of Experts(1955) observed that in most of the work shops visited, real finance did not exist at all. There was a severe lack of capital as well as credits. The low productivity and over population in many small industries account for the scarcity and absence of capital.⁷

In addition to the risk capital, long term and short terms loans are required by small industries. Long term loans are taken to finance the expansion and modernization schemes or/ and for the creation of the fixed assets while short term loans are required for keeping the enterprise in operation, or meeting current

expenses, and for replenishing and re equipment of machinery and inventories. The borrowed capital should not ordinarily exceed 50 percent of the total capital requirement of the enterprise. In a developing country like India, however, the principles of development finance would warrant a more liberal financing of small enterprises.

★) INDUSTRIAL ESTATES :

A major impediment to the development of small scale units is their inability to command, on their own, facilities and services of land power, transport etc. The absence of such facilities affects the location and development of small scale industries.

The industrial Estates programme was launched in India in 1955, following the recommendations of the International planning Team (Ford Foundation Team) to promote a rapid development of small industries and to promote the decentralisation and dispersal of industries in order to relieve cities of congestion and to promote industries in rural, semi urban and backward areas. By March 1979 there were 662 completed industrial estates with 13511 functioning small scale units providing employment to 219000 persons and accounting for an annual production of Rs. 636 crores. The experiment of industrial estates in India, however, has proved to be a partial success. Wrong location, unsuitability of sheds

and space to needs, absence of complementary facilities and procedural delays are the major factors accounting for the poor output and employment performance of many industrial estates.⁸

vi) HEAVY TAXATION :

Cottage and small scale industries have also to bear a heavy burden of taxation. Their raw materials are subject to octroi duties and their finished products to sales tax, when in all fairness, they should be exempt from sales tax on all purchases whether capital or otherwise. Concessions to all those who plough back their earnings, tax holiday revision of excise duties and revision of the rules pertaining to development rebate are some of the areas where small industries could be helped.

vii) FILLING OF CUMBERSOME STATISTICAL RETURNS :

Apart from the normal work that production in the unit involves, the small scale industrialist has to comply with a spate of dictates from municipal, state and central government departments to submit a number of returns. Employment of additional staff becomes a burden on the small units, resulting in higher costs.

POLICIES GOVERNING SMALL SCALE INDUSTRIES :

Policies constitute the framework or guidelines for appropriate decisions at various levels. The working of small scale industries is moulded by a number of policies, which are the base

for effective plan development. The need for the development of small scale, village and cottage industries has been the objective of the Government since independence.

INDUSTRIAL POLICY RESOLUTION 1948 :

The importance of small scale industries was specifically defined in the industrial policy resolution dated 6th April 1948. It was stated "Cottage and small industries have a very important role in the national economy, offering as they do scope for individual, village or cooperative enterprises and means for rehabilitation of displaced persons. These industries are particularly suited for the better utilisation of local resources and for the achievement of local self sufficiency in respect of certain types of essential consumer goods."⁹

The Resolution added :

"The healthy expansion of cottage and small scale industries depends on a number of factors, such as the provision of raw materials, cheap power, technical advice, organised marketing of their products and, where necessary, safeguards against intensive competition by large scale manufacturers, it also depends on the education of the workers in the use of the best available techniques."¹⁰

KARVE COMMITTEE :

Soon after the formulation of the First Five Year Plan, a committee was appointed by the planning commission with professor D.G.Karve as chairman, the committee recommended that any development programme for small industry should be decentralised aim at gradual improvement in technique without reducing job opportunities assure marketing through cooperatives, and at positive promotional support rather than enforce protection or reservation.

- The International Perspective Planning Team (IPPTTEAM)

An important land mark in the development of the small scale industry in the country was the visit of the international perspective planning team in 1953-54 jointly sponsored by the Government of India and the Ford Foundation. The team set the following objectives for small scale and village industries.¹¹

- i) To meet a substantial part of the increased demand for consumer goods and simple producer goods;
- ii) To create large scale employment at relatively small capital cost.
- iii) To mobilise unused resources of capital and skills.
- iv) To ensure a more equitable distribution of national income including the spread of industry over different regions of the country and

v) To counteract tendencies towards concentration of economic power by a widening of opportunities for new entrants and for medium and small sized units.

INDUSTRIAL POLICY RESOLUTION, 1956 :

This policy Resolution reiterated the desirable features, of the small industries. In this policy resolution an attempt was made to rephrase industrial policy in the light of the changes that had taken place in the intermediate period of eight years. The objective of the economic policy now was to establish a socialistic pattern of society. The role of small scale and village industries in the development of Indian Economy was stressed once again. The resolution recognised the importance of locational factors like availability of raw materials, cheap power, water supply, transport facilities etc.

ADMINISTRATIVE REFORMS COMMISSION REPORT ON SMALL SCALE SECTOR, 1969:

The ARC report recommended the setting up of an autonomous commission, known as the small scale industries commission, which would guide the development of the small industries including handloom and handicrafts, but not village industries which would be looked after by the Khadi and village industries commission. It further recommended a greater emphasis on technical guidance and consultancy services to be provided by the Small Industries services Institutes and suggested the establishment of well

equipped laboratories for testing raw materials, components and for quality inspection. This report also dealt in detail regarding marketing and management training of small entrepreneurs.

The Industrial policy Resolution of 1970 reiterated the importance of small scale industries and emphasised the importance of the development and expansion of cottage, small scale and village industries as an essential step towards economic self-reliance.

INDUSTRIAL POLICY, 1977 :

This policy was primarily directed towards removing the distortions of the past, so that the goals of faster economic development could be achieved within a time bound programme.

The salient features of this policy were :

i) SMALL SCALE INDUSTRIES :

The main thrust of the industrial policy was on an effective promotion of cottage and small industries widely dispersed in rural areas and small towns.

ii) TINY SECTOR :

Special attention was to be paid to units in 'Tiny sector' namely, those with the investment in machinery and equipment upto Rs. 1 lakh and situated in towns and villages with a population

of less than 50,000 according to the 1971 census.

INDUSTRIAL POLICY RESOLUTION, 1980 :

This Industrial Policy statement made on 23rd July, 1980 primarily seeks to harmonise the growth in the small scale sector with that in the large and medium sectors.

The objectives of the new policy are :

- i) Optimum utilisation of installed capacity.
- ii) Maximising production and achieving higher productivity.
- iii) Higher employment generation.
- iv) Correction of regional imbalances through a preferential development of industrially backward areas.
- v) Strengthening of the agricultural base by according a preferential treatment to agro-based, industries, and promoting optimum inter sectoral relationship.
- vi) Faster promotion of export oriented and import substitution industries.
- vii) Promoting economic federalism with an equitable spread of investment and the dispersal of returns amongst widely spread small but growing units in rural as well as urban areas.
- viii) Consumer protection against high prices and bad quality.

An important element of this policy is the raising of the investment limits of the tiny and small sectors. For the tiny sector from Rs. 1 lakh to Rs. 2 lakhs, for the small scale from Rs. 10 lakhs to Rs. 20 lakhs and for the ancillary from Rs. 15 lakhs to Rs. 25 lakhs.

NEW TWENTY POINT PROGRAMME, 1982 :

The importance of small scale sector has been further illustrated by its inclusion in the new 20 point programme presented to the nation by late Prime Minister Mrs. Indira Gandhi on January 14th 1982. The eighteenth point lays emphasis on giving handicrafts, handlooms, small and village industries all facilities to grow and update their technology.

SIXTH PLAN PROJECTIONS :

The overall requirements of cloth in the country, including the requirements for export, up to the end of sixth Five Year Plan period (1984-85) have been assessed at 13,600 million metres.

POLICY FOR DEVELOPMENT OF HANDLOOM INDUSTRY :

The High power study Team in 1974, which was headed by member of the planning commission, the policy for development of the handloom industry in India was embodied in the Government of India Resolution of October, 1975.

The major objectives of this policy were :

- i) To expand the cooperative coverage of handlooms to 60% by the end of the Fifth Plan (1978-79).
- ii) To start intensive development projects in compact geographical areas having sizable concentrations of handlooms.
- iii) To set up a number of export oriented production centres with a view to improving the quality and design of the cloth manufactured for exports.
- iv) To introduce measures to ensure an adequate supply of inputs at reasonable prices and make alternative arrangements for the provision of credit to primary weavers and cooperative societies in areas where central cooperative banks were weak and unable to provide credit.
- v) And to reserve yarn dyed 'dhoties' low priced pik cloth, all coloured sarées.

The Textile Policy, 1981 has stressed that special efforts would be made to ensure the availability of adequate yarn, so that the handloom sector is enabled to achieve the production targets allotted it. The National Handloom Development Corporation will be assigned a key role in the procurement and distribution yarn for the handloom sector at reasonable prices. The existing infrastructure of the Indian Institute of Handloom Technology and of the weavers service centres will be strengthened

to provide the necessary technical support to this sector.¹²

POWER LOOMS :

During the Sixth Plan, the production of power looms cloth was expected to increase by 850 million metres from 3450 million metres in 1979-80 to 4300 million metres in 1984-85 including cotton, art silk and blended fabrics. The plan has made an outlay of Rs. 4.15 crores as against Rs. 3.25 crores in the Fifth Plan.

SMALL INDUSTRIES IN THE INDIAN PLANS :

The development of small scale industries has been given priority in successive Five Year Plans in India in view of its merits in terms of low investment, high potential for employment generation and dispersal of industries in rural and semi urban areas.

FIRST FIVE YEAR PLAN (1951- 56) :

In the First Five Year Plan, a major step taken for the development of village and small industries was the establishment of All India Boards to advise and assist in the formulation of a programme of development of small scale Industries.

During the first plan Rs. 43.7 crores were allotted to village and small industries.

SECOND FIVE YEAR PLAN (1956-61) :

In June 1955, the planning commission setup the village and small scale Industries committee, commonly known as the Karve Committee. The committee in making its recommendations kept the following principal aims in view :

- a) To avoid, as far as possible, further technological unemployment.
- b) To provide as far as possible, large measures of increased employment and,
- c) To provide the basis for the structure of an essentially decentralised society, and also for the progressive economic development at a fairly rapid rate. During this plan steps were taken to strengthen the state departments of industries. Rs. 187 crores were allotted to small industries during the second plan.

THIRD FIVE YEAR PLAN 1961-66 :

The third plan had the following objectives for promotion of village and small scale industries.

- a) To improve the productivity of the workers and reduce production costs by placing relatively greater emphasis on positive forms of assistance, such as improvement of skill, supply of technical advice, better equipment and credit.
- b) Reduce progressively the role of subsidies, sales rebates and sheltered markets.

- c) Promote the growth of industries in rural areas and small towns.
- d) Promote the development of small scale industries as ancillaries to large industries, and
- e) Organise artisans and craftsmen on cooperative lines.

An outlay of Rs. 264 crores was proposed for programmes of cottage and small scale industries during this plan.

ANNUAL PLANS (1966-69) :

Actual expenditure on village and small scale industries during the annual plans was estimated at Rs. 132 crores.

FOURTH FIVE YEAR PLAN (1969-74) :

During the Fourth Five Year Plan, it was proposed to :

- a) Promote decentralised growth of industries.
- b) Raise the earnings of those engaged in small scale industries by providing positive forms of assistance for improving their skills and productivity, and
- c) Organise artisans and crafts men on cooperative lines, so that over a period the entire sector becomes economically viable.

As against the provision of Rs. 293 crores, in the fourth plan, the estimated outlay in the public sector for village and small

scale industries worked out to be Rs. 251 crores. The total amount of investment in the private sector exceeded the target of Rs. 560 crores, envisaged in the fourth plan.

FIFTH FIVE YEAR PLAN (1974-79) :

In the Fifth Plan the broad strategy of the programmes for the development of the small scale industries will be :

- i) Develop and promote entrepreneurship and provide a 'package of consultancy services' so as to generate maximum opportunities for employment particularly self employment.
- ii) Facilitate fuller utilisation of the skills and equipment of the persons already engaged in different small industries.
- iii) Progressively improve the production techniques of these industries so as to bring them to a viable level, and
- iv) Promote these, industries in selected 'growth' centres in semi urban and rural areas including backward areas.

This strategy would entail a considerable enlargement of the development programmes for providing assistance and facilities in various forms to these industries. For this purpose a total outlay of about Rs. 610 crores in the public sector is envisaged. In addition to this, about Rs. 1050 crores are expected to be invested from private sources including banking and financial institutions.

Thus, for the Fifth plan, a total outlay of about Rs. 1660 crores would be available for the development of small industries.

SIXTH FIVE YEAR PLAN (1978-83) :

The Sixth plan prepared by the Government when Janata Party was in power at centre laid down the following components of the strategy for the development of village and small industries.

- a) To generate opportunities for fuller and full time employment by
 - i) developing the existing traditional and other small scale industries, and
 - ii) promoting intensive development of new viable small industries,
- b) to raise the level of earnings of rural artisans, hand looms weavers, craftsmen, and others employed in these industries.
- c) to promote the growth of these industries in rural areas and small towns, and
- d) to reduce progressively the role of subsidies by providing these selectively for credit and development of skills designs and marketing.

NEW SIXTH FIVE YEAR PLAN (1980-85) :

The 1978-83 plan was scrapped and the 1980-85 sixth plan was introduced. The sixth Five year plan (1980-85) mentions in the following ways :

" Promotion of village and small scale industries will continue to be an important element in the national development strategy because of its very favourable capital output ratio and high employment intensity."¹³

The following are the objectives of the new sixth plan :

- a) improvement in the levels of production and earnings, particularly to artisans, through measures like upgradation of skills and technologies and producer oriented marketing etc.
- b) creation of additional employment opportunities on a dispersed basis.
- c) Establishment of a wider entrepreneurial base through appropriate training and package of incentives,
- d) creation of viable structure of village and industries sector so as to progressively reduce the role of subsidies, and
- e) expanded efforts in export promotion.

The Sixth Plan (1980-85) has allocated a sum of Rs. 1780 crores for village and small industries.

TABLE NO. 2.1

SIXTH PLAN (1980-1985) S.S.I.

Industries	Output		Employment		Exports	
	1979-80	1984-85	1979-80	1984-85	1979-80	1984-85
	(Rs. in crores)		(lakh persons)		(Rs. crores)	
A. <u>Traditional Industries</u>						
1. Khadi & handloom.	1838	2660	72.7	102.4	261	370
2. Village Industries	314	1000	18.2	35.1	-	-
3. Sericulture	131	245	16.0	21.5	49	100
4. Handicrafts	2050	3200	20.3	28.0	835	1315
5. Coir	86	122	5.6	8.0	30	50
Sub Total	4419	7227	132.8	195.0	1175	1835
Percentage	(13.2)	(14.7)	(56.3)	(59.8)	(52.8)	(49.8)
B. <u>Modern Small Industries Output.</u>						
1. Small scale Industries	21635	32873	67.0	89.0	1050	1850
2. Power looms	3250	4100	11.0	14.0	-	-
Sub Total	24885	36973	78.0	103.0	1050	1850
Percentage	(72.2)	(75.1)	(33.1)	(31.6)	(47.2)	(50.2)
C. <u>Others</u>						
(Sub total)	4206	5053	25.0	28.0	-	-
Percentage	(12.6)	(10.2)	(10.6)	(8.5)	-	-
Total (A + B + C)	33510	49235	235.8	326.0	2225	3685
Percentage	(100)	(146.9)	(100)	(138.2)	(100)	(165.6)
Compound Annual growth rate. & %	-	8.2	-	6.7	-	10.6

Source : Compiled from the Sixth Plan (1980-85)

PROSPECTS OF SMALL SCALE INDUSTRIES IN THE SEVENTH FIVE YEAR PLAN

(1985- 86 to 1990-91)

The seminar on seventh Five year plan and small scale industries¹⁴ has stressed the following points :

The last census of small scale industries was taken in 1972 and fourteen years have since elapsed. The census covered only registered units. Since then the definition of small units has also changed, service industries have also now been included in the definition of small scale industries. Federation of Associations of Small Scale Industries (FASSI) strongly feels that a second comprehensive census of small scale industries should be planned immediately so that, data should be available before the start of the seventh plan. The census should also attempt to collect data about unregistered units.

The planning commission has recently setup a working group on small scale industries for suggesting policies and programmes for the promotion and development of small industries for the seventh plan with a perspective for ten years.

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