FINANCING OF SMALL SCALE INDUSTRIES IN ASSAM- A CASE STUDY OF KAMRUP DISTRICT

ABSTRACT

THESIS

SUBMITTED FOR THE AWARD OF THE DEGREE OF

Doctor of Philosophy
IN
ECONOMICS

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ABSTRACT

Small Scale Sector with a total strength of about 30-40 lakh units is the backbone of the Indian economy. It plays a key role in the industrialisation of the country. The SSIs provide immediate large-scale employment, offer a method of ensuring a more equitable distribution of the national income and facilitate an effective mobilisation of resources of capital and skill, which might otherwise remain unutilised.

The small-scale industries are not only creating employment opportunities but also their capabilities and acceptibilities have been proved in the World Economy being a major contributor of export earnings of our country. By taking advantage of liberalisation of the economy, small-scale industries have achieved more than 40 percent of the total exports and if non-traditional village and cottage industries products and indirect exports are taken into account, it will cross the figure of 65 percent of the total exports in the country.

One of the unique features of Indian economic development during the past four and a half decades has been the phenomenal growth of small scale industries, since the inception of the planning process, has stimulated enormous economic activity across the country and to a large extent it has been successful in ensuring utilisation of local resources both human and material locally and thereby bridging inter regional gaps in industrial growth. The other significant aspect associated with small scale industries development is the possibility of indigenous technology development on the one hand and on the other speedy diffusion and adoption of modern
technology apart from providing breeding ground for successful entrepreneurs which is urgently required in the present move of privatisation.

Despite its crucial importance in the Indian economy small-scale sector has been facing numerous problems like marketing, finance, raw materials, infrastructure, etc. Of these the problem of finance is the most acute one. Finance is considered as life-blood of industry and is a pre-requisite for accelerating the process of industrial development. In the absence of proper credit flow to this sector the overall production, export and employment performance is bound to suffer. The Government has initiated various policies from time to time in view of the recommendations made by various committees but the flow of credit to the small-scale sector has been found to be inadequate. Therefore, a proper study in this area is very much necessary in order to find out the causes underlying it and suggest suitable measures which will help in the overall industrial development of Assam in general and Kamrup district in particular.

Hence, the present study was undertaken as a modest attempt to highlight this crucial aspect of economic development.

**Objectives of the Study:**

The main objectives of the study were as follows:

(1) To identify the different sources of financing Small Scale Industries from institutional sources.

(2) To assess the problems of Small Scale Industries in availing term loan from financial institutions.
(3) To examine the problems faced by Small Scale Industries in getting working capital from financial institutions.

(4) To seek remedies and give pragmatic solutions having policy implications.

**Hypotheses:**

The following hypotheses were formed for the purpose of the present research work.

1. Lack of finance act as a major constraint in the growth of small-scale industries in Assam.

2. The problem of finance is the same in every type of small-scale industries.

**Methodology:**

The study is based on primary and secondary data. The primary data has been collected by visiting various SSI units. But before that names and addresses of the SSI units were collected from the records of District Industries and Commerce Centre (DICC), Kamrup. Thereafter, a pilot survey was conducted of 15 SSI units to know the reactions of the respondents and later on some questions were incorporated and a few were deleted. Then the required information was collected through well-structured questionnaire. The questionnaires were distributed among the Managing Director, Manager or the Chief Executive Officer of the units or Proprietor. Moreover, the investigator himself undertook personal interviews and discussions with Proprietors, Managing Directors of the SSI units. Comments and suggestions were also invited from them. Though the
questionnaire was in English but regional languages were also used while asking questions to entrepreneurs.

**Sample:** Total number of registered SSI units in the Kamrup district was 12,260 in the year 2001. They are engaged in various activities out of which only 90 units of the Kamrup district were selected for the study. More units could not be covered due to the unwillingness or non-cooperative attitude of the SSI entrepreneurs as well as time and financial constraint on the part of the researcher. Only those units that are registered with the District Industries and Commerce Centre (DICC), Kamrup are taken into account and those units that are not registered are not covered under study.

The secondary data were collected from journals, newspapers, annual reports of the financial institutions, published and unpublished documents, newsletters, etc.

**Limitations:**

(1) The main limitations is that the entrepreneurs are not co-operative enough and don't want to disclose information especially related to finance. It is after a lot of persuasion that they get convinced and provide the information.

(2) The majority of the SSI units never maintained proper records viz. cash book, ledger, stock statement, profit and loss, balance sheet etc. In spite of this, the investigator left no stone unturned to get the correct information from these SSI units.

(3) Although the general conclusions of the study would help in developing insights and understanding of the problems faced by the small scale sector in the field of finance, the conclusions of the
study may not be applied to all the districts in Assam as well as other parts of the country. This is because different districts and area may have different problems and may need different solutions.

Outline of Chapters:

Chapter-I primarily deals with a brief introduction on small-scale industries and the importance of the study, significance in the context of Assam. Moreover, it describes a brief review of literature on small-scale industries scenario with special reference to financial and institutional support and also some review of enquiry committee reports. Apart from these, objective, hypothesis, methodology and limitations of the study are taken into account as well as chapter scheme.

Chapter-II deals with the role of small-scale industries in economic development and includes definitions, its role in regional development of backward areas, growth of small-scale sector in national context and industrially backward state. Moreover, general and major constraints of small-scale industries are covered. Institutional and supportive infrastructure for the promotion of small-scale sector are also taken into consideration.

Chapter-III includes socio-economic profile of Assam and Kamrup district i.e. a general background, geography, natural resources and economic scenario, economic indicators, infrastructural development and inter-district or inter-regional variation.

Chapter-IV deals with industrial sector in Assam and Kamrup district as well as problems and future prospects.
Chapter-V is the core chapter under study and it includes the major sources of financing small-scale industries (SSIs) in Assam and their credit to the SSI sector in Assam. Moreover, it shows the analysis of the survey undertaken in the Kamrup district.

Chapter-VI presents summary, conclusions and recommendations.

**Conclusion and Recommendations:**

The study of Kamrup district was undertaken where major sources of financing SSIs from institutional sources are highlighted and the problems faced by the SSIs in availing loan from these institutions are shown.

The study found that SSIs in the Kamrup district are engaged in various activities. The major types of industries exist are printing, publishing and allied (30%) followed by steel fabrication (22.22%), but units of food processing, plastics, chemicals, engineering are also found in the district.

The family background of the entrepreneurs shows that majority of them were from service background (53.34%), followed by business background (42.22%).

It was found that majority of the entrepreneurs were graduates (37.79%), followed by matriculation (23.33%), post-graduates (14.44%) technical and higher secondary (12.22%) each.

The survey showed that majority of the SSI units were proprietorship (64.44%) concern followed by partnership (15.67%), companies (17.78%) and only 1.11% were cooperatives.
The analysis of the data revealed that majority of the SSI units (44.44%) were established between 1991-2000 followed by 1981-1990 (26.67%), before 1980 (16.67%). About 12.22% units were established after 2001.

Out of the 90 SSI units covered during survey, 34.44% of units have investment within the range of less than Rs.1 lakh (investment on plant and machinery) followed by 17.78% in the investment range of Rs.20 lakh and above and Rs.2 lakh to Rs.4 lakh (12.22%) and so on.

The study revealed that a large number of SSI units didn’t avail any financial assistance from banks or financial institutions. Majority (3.33%) in case of term loan and (58.89%) in case of working capital have contributed from own funds. 36.67% and 30.00% units approached financial institutions for term loan and 36.67% and 4.44% in case of working capital availed loan from commercial banks and other financial institutions.

The employment pattern of SSI units in Kamrup district shows that majority of the units (37.78%) have employment size of less than 5 persons followed by 6-10 persons i.e. 35.56%. It is found that employment is very less in most of the SSI units.

The major financial problem faced by the SSI units in the Kamrup district shows that both in case of term loan and working capital the entrepreneurs found the procedures of taking loan cumbersome, delay, too many formalities, penal interest are heavy, inadequate finance is provided to them and finally corruption involved at the time of sanctioning the loan.
The study found that various types of credit facilities are not provided by banks or other financial institutions. Only cash credit-hypothecation and overdraft facilities are provided by banks.

Though term loan is provided by the financial institutions and banks delay in the sanction of working capital severely affects the production and therefore entrepreneurs cost overruns and he has to incur losses. Moreover, he has to pay a higher rate of interest and that affects his profitability.

The banks and financial institutions do not show interest in financing new entrepreneurs. In most of the cases they finance the second-generation entrepreneurs. This is due to low risk involved in lending to those who are already financially sound.

The procedure of taking both term loan and working capital is so cumbersome that people take the help of relatives, friends and moneylenders in times of need or they use funds from their own sources.

There is lack of proper business culture among the people of the region. People are still unwilling to take business as their profession.

No proper project reports are prepared before starting any venture. Project reports are also not available so that the aspiring entrepreneurs can know the pros and cons of any business.

People only become entrepreneur if they don’t get a government job. So, there is a lack of previous experience in the chosen field which led to the problem in the later stage and thus it leads to units become sick or closed.
Though it should have been a routine affair for the DICC officials and bank officials to inspect the working of the SSI units. But they never visit the concerned SSI unit whether they are working properly or not.

The Bank officials who are posted in the region show escapist attitude and they do not want to take risk in their tenure which used to be very short at most three years. So, they do not take unnecessary risk which may hamper their professional profile.

There is lack of awareness among the entrepreneurs of the new machinery and technology, which have come in other region.

No R&D (Research and Development) facilities in the SSI units and this retards the growth and innovation among the entrepreneurs.

Some entrepreneurs do not purchase the new machines because they have to hire the technicians from outside the state. If they do so production costs will increase.

There is no specialised SSI bank branches in the state which can look after the working of the SSIs.

The study makes the following recommendations having policy implications.

(1) The banks and financial institutions should provide both the term loan and working capital without delay to the SSIs.

(2) The government should take the help of mass media in order to improve the business culture among the people of the region. It would also enhance the business prospects of the funding agencies.
(3) There must be accountability on the part of District Industries and Commerce Centre (DICC) and bank officials and a special tribunal should be established so that stringent action can be taken against the erring officials.

(4) All the institutions and organisations which are related with the working of SSIs should set up a separate department of customer care for the benefit of entrepreneurs.

(5) The Government with the help of Directorate of Industries should form database wherein latest information on SSIs as well as new machinery and technology available in other parts of the country can be stored and known.

(6) The procedure of taking loan from banks and financial institutions should be simplified and more power should be delegated to the branch manager so that unnecessary delays may be avoided.

(7) A specialised institution should be set up which can provide project reports to the prospective entrepreneurs easily and at affordable cost.

(8) The Government should ensure that all the facilities related to finance, marketing etc needed by SSIs should be made available at one place so that entrepreneurs do not have to go in different parts of the city for a single work. This will save a lot of time and delay on the part of entrepreneurs.

(9) Cross border trade should be promoted so that the entrepreneurs can come out of the shackles of geographical
barriers. This will improve competitiveness and minimise cost.

(10) Consortium approach should be adopted by the SSI entrepreneurs in the purchase of raw materials so that cost of production may decrease.

(11) The Government should promote the SSI units to develop R&D facilities and concessions should be given to those units which have R&D facilities.

(12) Efforts should be made by the Government to revive the sick units in the Industrial Estates and Industrial Areas.

(13) Marketing Research Companies should be established so that entrepreneurs can be benefited from these companies.

(14) Specialised SSI bank branches should be set up in the state to cater to the special financial needs of the SSI units.
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Dedicated
To
My Parents
Certificate

This is to certify that Mr. Ashrafuzzaman Chowdhury has completed his thesis entitled “Financing of Small Scale Industries in Assam- A Case Study of Kamrup District” under my supervision. This study is in my opinion suitable for submission for the award of the Degree of Doctor of Philosophy in Economics of the Aligarh Muslim University.

(Dr. S. Noman Ahmad)
Supervisor
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(Ashrafuzzaman Chowdhury)
ABBREVIATIONS

AFC : Assam Financial Corporation
AIDC : Assam Industrial Development Corporation
C : Centigrade
CII : Confederation of Indian Industry
DICC : District Industries and Commerce Centre
e.g. : For example
EDII : Entrepreneurship Development Institute of India
EOUs : Export Oriented Units
EPZs : Export Processing Zones
FICCI : Federation of Indian Chamber of Commerce and Industry
GDP : Gross Domestic Product
HRD : Human Resources Development
i.e. : That is
IDBI : Industrial Development Bank of India
IE : Industrial Estate
IIIE : Indian Institute of Entrepreneurship
Kg : Kilogram
Km : Kilometre
KVIC : Khadi and Village Industries Commission
MW : Megawatt
NABARD : National Bank for Agricultural and Rural Development
NEDFi : North Eastern Development Finance Corporation
NEF : National Equity Fund
NER : North Eastern Region
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<tr>
<td>NGOs</td>
<td>Non-Government Organisation</td>
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<td>NISIET</td>
<td>National Institute of Small Industry Extension and Training</td>
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<td>NSDP</td>
<td>Net State Domestic Product</td>
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<td>NSIC</td>
<td>National Small Industries Corporation</td>
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<td>R &amp; D</td>
<td>Research &amp; Development</td>
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<td>RBI</td>
<td>Reserve Bank of India</td>
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<td>RRBs</td>
<td>Regional Rural Banks</td>
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<td>SAARC</td>
<td>South Asian Association for Regional Cooperation</td>
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<td>SC</td>
<td>Scheduled Caste</td>
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<td>SCBs</td>
<td>Scheduled Commercial Banks</td>
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<td>SCX</td>
<td>Sub-Contracting Exchanges</td>
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<td>SFCs</td>
<td>State Financial Corporations</td>
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<td>SIDBI</td>
<td>Small Industries Development Bank of India</td>
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<td>SIDC</td>
<td>Small Industries Development Corporation</td>
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<td>SIDO</td>
<td>Small Industries Development Organisation</td>
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<td>Small Industries Services Institute</td>
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<td>SSEs</td>
<td>Small Scale Enterprises</td>
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<td>SSI</td>
<td>Small Scale Industries</td>
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<td>SSIB</td>
<td>Small Scale Industries Board</td>
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<td>ST</td>
<td>Scheduled Tribe</td>
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<td>STP</td>
<td>Software Technology Park</td>
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<td>TBSE</td>
<td>Technology Bureau for Small Entrepreneurs</td>
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<td>TDMF</td>
<td>Technology Development and Modernisation Fund</td>
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<td>UCO</td>
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CHAPTER – I

1. INTRODUCTION:

1.1 Importance of Study:

Small Scale Sector with a total strength of about 30-40 lakh units is the backbone of the Indian economy. It plays a key role in the industrialisation of the country. The SSIs provide immediate large-scale employment, offer a method of ensuring a more equitable distribution of the national income and facilitate an effective mobilisation of resources of capital and skill which might otherwise remain unutilised.¹

The small-scale industries are not only creating employment opportunities but also their capabilities and acceptibilities have been proved in the international market being a major contributor of export earnings of our country. By taking advantage of liberalisation of the economy, small-scale industries have achieved more than 40 percent of the total exports and if non-traditional village and cottage industries products and indirect exports are taken into account, it will cross the figure of 65 percent of the total exports in the country.

“One of the unique features of Indian economic development during the past four and a half decades has been the phenomenal growth
of small scale industries, since the inception of the planning process, has stimulated enormous economic activity across the country and to a large extent it has been successful in ensuring utilisation of local resources both human and material locally and thereby bridging inter regional gaps in industrial growth. The other significant aspect associated with small scale industries development is the possibility of indigenous technology development on the one hand and on the other speedy diffusion and adoption of modern technology apart from providing breeding ground for successful entrepreneurs which is urgently required in the present move of privatisation.”²

Despite its crucial importance in the Indian economy small-scale sector has been facing numerous problems like marketing, finance, raw materials, infrastructure, etc. Of these the problem of finance is the most acute one. Finance is considered as life-blood of industry and is a prerequisite for accelerating the process of industrial development. In the absence of proper credit flow to this sector the overall production, export and employment performance is bound to suffer. The Government has initiated various policies from time to time in view of the recommendations made by various committees but the flow of credit to the small-scale sector has been found inadequate. Therefore, a proper
study in this area is very much necessary in order to find out the causes underlying it and suggest suitable measures which will help in the overall industrial development of Assam in general and Kamrup district in particular.

1.2 General Significance of Small Scale Industries in the Context of Assam:

The industrial development process of Assam started more than a century ago with the establishment of tea plantation and oil refinery in the Upper Assam area. But even after five decades of independence, Assam is lagging far behind than many other states in the industrial development. The industrial sector in the state had been centralised around some particular sectors like tea, petroleum, coal, jute and forest products. In recent times State Government has adopted various policies to create a strong industrial base and push up industrial growth. The small-scale industries are also encouraged as it has an important role to play in the backward state of Assam. There is ample scope for its development on the basis of factor endowments in the state. Moreover, its development will lead to local resource mobilisation and increased employment opportunities in the state. The number of small-scale industries in the state is steadily on the rise. The major sources of financing the industrial
sector in the state are commercial banks, term lending institutions and all leading financial institutions. However, the flow of funds from these institutions is far from satisfactory in view of the requirements of the state’s economy. The position of the small-scale sector is worse as the large-scale sector takes away the buttered side of the bread.

1.3 Select Review of literature:

Review of literature forms an important part of research because it deals with the critical examination of various published and unpublished works related to the study undertaken. Here, I highlight the review of various works of authors as well as several committee reports related to the financial aspect of small-scale industries.

Nayak Committee (1992) set up by the Reserve Bank of India to examine the adequacy of institutional credit to the SSI sector and related aspects there to. The committee found that banks have insufficiently serviced the working capital needs of the SSI sector particularly that of village and tiny enterprises. Moreover, there is need for the setting up of specialised bank branches for small-scale industries, the absence of which has led to serious bottlenecks. Further, the system of providing term credit and working capital by two kinds of institutions, viz. Banks and State Financial Corporations (SFCs) has given rise to a host of problems of co-ordination among them.
J. Chandra Prashad and V. Narayana Rao (1996)\(^4\) in their study have observed that finance stands as a major bottleneck in the way of export activity of SSI sector. Some units, though produce exports potential items, could not tap the market due to lack of finance and the consequent export promotion handicap.

A. Ramkrishna Rao, K. Rajagopal and V.V. Muniswamy (1997)\(^5\) studied the effect of project delay on project productivity in the small-scale units. They concluded that the difference of actual cash flow and planned cash flow is one of the reasons for delay of project. So, banks and financial institutions should have regular interaction with the entrepreneurs in order to reduce delay in disbursements of loan. Technically qualified staff should be associated in project appraisal during the implementation stage. Sickness of SSI units during the project stage is due to the shortage of funds at right time. That is why the small units require timely credit rather than cheap credit. The schedule of higher investment activities at the end is a better schedule than the schedule of project with higher investment at the beginning.

V. Harikumar and K. Sasikumar (1997)\(^6\) in their study of pre-operational problems of SSI units in Kerala observed that the financial background of the entrepreneurs of the SSI units in Kerala are not very
sound and so from the very outset they depend on external sources for funds. This also leads to sickness in due course. Moreover, the entrepreneurs make faulty product selection, project report preparation etc. The service of technical agencies is also not up to the mark. Further, there is delay in implementing the projects due to the non-availability of funds at the right time from the funding agencies. Apart from these, lack of proper system in appraising the projects of SSI units, security-oriented approach of banks also does not auger well for them. This helps the entry of unviable projects into the industrial area, which in due course becomes sick.

Abid Hussain Committee (1997)\(^7\) on small enterprises examined and suggested institutional arrangements and policies and programmes for meeting long term and short term requirements of the small enterprises. The committee found that the reservation policy of specific products for exclusive manufacture by small-scale industries had not served much purpose as most industrialisation had occurred in items not reserved for small-scale industries. Moreover, it had resulted in low efficiency and productivity and restricted the expansion and exports potential of important industries, viz. light engineering, food processing, textiles and others. Credit to small-scale industries had become more
expensive after interest rate deregulation. Institutions and regulatory policies responsible for technical assistance, human resources development, industrial standardization, etc. expected to play a proactive role in halting technological obsolescence (particularly among tiny units) did not prove effective.

V.S. Kaveri (1998) in his study made an attempt to discuss issues related to bank finance to small-scale industries. He concluded that due to economic liberalisation and financial sector reforms small scale industries have a bright future provided they remain economically viable. Modernisation is the need of the hour for which they will require increasing credit from the banking sector. Therefore, there should be cordial relationship between banks and borrowers. Moreover, there is need for educating both, for timely and adequate flow of institutional credit to SSI sector.

S.S. Khanka (1998) in his study observed that development of small-scale industries in Assam is at low level because of inadequate infrastructural facilities, problems of finance, marketing and insurgency. Therefore, for industrial development, Government should create infrastructural facilities like transport, communication, power, energy, etc. Moreover, state level techno-economic survey should be carried out
to explore possibilities for developing specific industries successfully. Local people should be motivated to become entrepreneur. Finally, Government should curb insurgency in the state to make the industrial climate congenial.

D.D. Mali (1998)\textsuperscript{10} in his study has observed that small and medium enterprises (SMEs) and micro enterprises have to face increasing competition in the current scenario “quality will hold the key” and along with it they have to specifically improve in the areas of management capability, marketing, product diversification, technological upgradation, infrastructure development, attitudinal changes among officers of banks and financial institutions for smooth credit flow to the small and medium enterprises (SMEs) and micro enterprises. Moreover, new small and medium enterprises (SMEs) may have to move from slow growth area to the high growth area and they have to form strategic alliance with entrepreneurs of neighbouring countries. Data bank on industries to guide the prospective entrepreneurs including investors abroad is also needed.

S.K. Mitra (1998)\textsuperscript{11} observed that the main factors affecting flow of credit to the SSI sector could be broadly categorised into two segments. One set of reasons indicate shortcomings inherent in SSI sector like a weak financial base, which eventually prompts the entrepreneurs to bring
in funds by way of loan rather than capital, improper maintenance of book of accounts, inability to provide collateral security, delay in payments by the larger units, lack of appreciation of financial data required by banks or financial institutions etc. The second set of reasons are attributed to be operational restraints and perceptions of banks and financial institutions like the administrative cost of lending to small borrowers are relatively high thereby resulting in a disincentive to lend to SSI units. High mortality rate, sickness exists amongst the SSI units. The concessional interest rate does not motivate the financial institutions intrinsically to invest in SSI units etc.

S.L. Kapur Committee (1998)\(^\text{12}\) studied the various problems germane to the credit flow to SSI sector and to suggest appropriate measures for their redressal. The committee found the performance of Commercial Banks unsatisfactory in respect of small-scale industries financing persisted with regard to non-adherence of working capital norms as suggested by Nayak Committee and poor flow of credit to tiny units. The loan application forms prescribed by banks for small loans were complicated. No separate earmarking of funds by banks for working capital loan existed. Banking staff management was not well trained in the task of appraising small-scale industries projects.
N. Rajendran (1999)<sup>13</sup> made a study to examine the various kinds of assistance given by the institutions with the prime objective of identifying institutional assistance for the development of small-scale industries and the problems faced by small-scale industries of Tiruchirapalli district. He concluded that the greatest problem faced by the small entrepreneurs was non-availability of adequate financial assistance. Moreover, the small enterprises also faces raw material, marketing, technological and administrative problem. There were complicated procedures in availing loans from financial institutions and no coordination exists between the promotional institutions and government agencies.

K. Ramesha (1994)<sup>14</sup> examined the trends in credit supplied to small scale industries by Scheduled Commercial Banks (SCBs) and State Financial Corporations (SFCs) and their inter-state disparity. The study found that commercial banks continue to play an important role in financing SSI sector. However, the growth rate of bank credit has been low as compared to the growth rate of production from the SSI sector. Therefore, we can say that banking sector has in a way failed to meet the increasing credit requirements of SSI sector. The inter-state disparities in the distribution of credit have also widened between 1989-90 and
1995-96. Moreover, the credit from SFCs term credit has shown relatively higher growth rate as compared to banks credit (short term) but still inter-state disparity in SFCs credit has also widened during the reference period. Further, there seems to be a sort of complementary relationship between Banks and SFCs in financing small-scale sector. Majority of the states that had low bank credit happened to be relatively strong in SFCs credit and vice-versa and this is in a waypoint to the above observation.

C. Sivarami Reddy, Harinatha Reddy and P. Mohan Reddy (1999)\textsuperscript{15} made an analysis of various sources of working capital financing in different small-scale industries groups so as to ascertain the significance and dependability of each of these sources. They concluded that in majority of small-scale industries excessive long term financing of working capital was resorted to. Such a situation deprives funds for long-term purposes on the one hand and adversely affects their profitability on the other. The long-term funds are excessively used to finance working capital needs of small-scale industries, as these units were not able to tap required funds for working capital from commercial banks.

Vikram Chadha (1999)\textsuperscript{16} studied the current state of institutional finance especially for technological upgradation and the problems faced
by the financial institutions in offering credit and the small enterprises in absorbing such credit flows for this purpose. In his study he concluded that the industrial sector in India is dominated by SSI but this sector suffers from technological backwardness. Therefore, for technological upgradation small enterprises require ample financial and technical support from the Government agencies and other financial institutions.

Suni George, J. (2000) in his study of small-scale industries and economic liberalisation concluded that all is not well with small-scale industries even today. Protection policy has lead small-scale industries to remain small, to become more inefficient with poor product quality. It is not protection but competition should be the rule of the day. Efficient management, strong marketing strategy to cope with international marketing standards, production of world-class products with top quality, alone can infuse a greater degree of competition in the SSI sector. The government should provide infrastructure at reasonable cost, and in small scale sector where we have traditional skills in finishing and manufacturing, government must liberally allow import of raw materials to attract foreign investors who can set up comparatively low cost production base in India.
Moli P. Koshy and Mary Joseph T. (2000) in their study of growth pattern of small scale units of women entrepreneurs concluded that the small scale units exhibited a satisfactory growth rate in most of the cases even though there was much more potential to grow. Most of the entrepreneurs limited their growth due to fear of managerial problems, loss of tax incentives for SSI units, marketing problems, scarcity of finance and other related units. Promotional measures to alleviate the fears and change the mindset of entrepreneurs are necessary to make the units grow into medium or large enterprises. Most of the women entrepreneurs faced problems related to marketing and finance. Training and development in imparting professional management skills will be a boon to women entrepreneurs most of whom were first generation entrepreneurs.

J. Revathy and K.V. Rao (2001) in their study found that lack of access to credit represents a strong restriction or acts as a hindrance on the expansion of small-scale industrial establishments. The proprietors themselves thought financing as their most pressing input constraint. It was found that borrowed funds occupied a dominant position in the total sample units. Share capital, reserves and surplus have contributed to the extent of around one-fifth only. Viewed from the point of view of
structure of liabilities, current liabilities and provisions have occupied 50.3 percent. The relationship between short term and long term liabilities revealed that short-term liabilities had occupied a place of prominence. Short-term liabilities were found to be four times more than the long-term liabilities in the sample units. This clearly shows the dependence of Small Business Units (SBUs) on temporary sources of funds than permanent ones.

Indian Institute of Entrepreneurship, Guwahati (2001)\(^{20}\) conducted a study of the performance of the small enterprises in Greater Guwahati area. The study revealed that large number of SSI units (30 percent) in the greater Guwahati area did not avail any financial assistance from banks or any other financial institutions. In Guwahati State Bank of India was the major moneylender to the small scale sector followed by United Bank of India, Assam Financial Corporation, etc. All other firms played more or less the same role i.e. providing loan to only 1 percent to 3 percent of units by each bank.

Valsamma Anthony (2002)\(^{21}\) in his study of the prospects and growth of small-scale industries in India highlighted that adequate and timely availability of working capital and marketing avenues for small-scale industries products should be ensured for improving their competitive strength in the domestic and global markets. There is need
for providing better information and excellent networking for the small-scale industries besides development of quality infrastructural facilities. The small scale sector can go on wings with the sincere efforts of the entrepreneurs, the dedicated functioning of the promotional agencies without red tape or bureaucratic delays and pragmatic approach by the government.

Anil Kumar (2002)^22 in his study analysed the trends in loan sanctioned and disbursed by State Financial Corporation from 1991-92 to 1998-99 as well as purpose-wise, size-wise and industry-wise loan sanctioned by State Financial Corporations (SFCs) should make efforts to sanction the loan in balanced manner for different purposes. More emphasis should be given on small size category of loan, because it will help in promoting entrepreneurship development in the country, which is the need of the hour. Greater amount of loans should be sanctioned and disbursed to small-scale sector as well as service sector. Moreover, they should diversify their activities along with reduction in rate of interest, which will help SFCs to increase the amount of loan sanctioned and disbursed during recession phase of the economy.

K. Sundar, R. Kumar Gandhi and G. Gangatharan (2002)^23 studied the role of SIDBI in meeting financial requirements of small-
scale industries through its various loan programmes. They concluded that the role of SIDBI in providing financial assistance is generally commendable both in terms of number of schemes sanctioned and the quantum of loan disbursed over a period of 8 years. The Bank is mainly financing to small-scale industries through ‘Refinance’ and ‘Bills Financing’ scheme. But bank’s performance is not so impressive in case of promotional and development assistance, project financing and equity financing.

P.R. Kulkarni (2002) in his study made an attempt to analyse the issues concerning low credit off-take to the small scale sector. He concluded in his study that the small scale sector deserves liberal institutional credit because of its unique potential to contribute in terms of employment creation, foreign exchange earnings, reduction in regional disparities etc. In reality such supply of institutional credit is too meagre and often delayed. There are many factors internal and external, responsible for the same. Therefore, much is required to be done by banks during the second phase of reforms to revive the low credit off-take situation.

1.4 Objectives of the Study:

The main objectives of the study were as follows:-
(1) To identify the different sources of financing Small Scale Industries from institutional sources.

(2) To assess the problems of Small Scale Industries in availing term loan from financial institutions.

(3) To examine the problems faced by Small Scale Industries in getting working capital from financial institutions.

(4) To seek remedies and give pragmatic solutions having policy implications.

1.5 Hypotheses:

The following hypotheses were formed for the purpose of the present research work.

1. Lack of finance act as a major constraint in the growth of small scale industries in Assam.

2. The problem of finance is the same in every type of small-scale industries.

1.6 Methodology:

The study is based on primary and secondary data. The primary data has been collected by visiting various SSI units. But before that names and addresses of the SSI units were collected from the records of District Industries and Commerce Centre (DICC), Kamrup. Thereafter, a
pilot survey was conducted of 15 SSI units to know the reactions of the respondents and later on some questions were incorporated and a few were deleted. Then the required information was collected through well-structured questionnaire. The questionnaires were distributed among the Managing Director, Manager or the Chief Executive Officer of the units or Proprietor. Moreover, the investigator himself undertook personal interviews and discussions with Proprietors, Managing Directors of the SSI units. Comments and suggestions were also invited from them. Though the questionnaire was in English but regional languages were also used while asking questions to entrepreneurs.

Sample: Total number of registered SSI units in the Kamrup district was 12,260 in the year 2001. They are engaged in various activities out of which only 90 units of the Kamrup district were selected for the study. More units could not be covered due to the unwillingness or non-cooperative attitude of the SSI entrepreneurs as well as time and financial constraint on the part of the researcher. Only those units that are registered with the District Industries and Commerce Centre (DICC), Kamrup are taken into account and those units that are not registered are not covered under study.
The secondary data were collected from journals, newspapers, annual reports of the financial institutions, published and unpublished documents, newsletters, etc.

1.7 Limitations:

(1) The main limitations is that the entrepreneurs are not cooperative enough and don’t want to disclose information. It is after a lot of persuasion that they get convinced and provide the information.

(2) Majority of the SSI units never maintained proper records viz. cash book, ledger, stock statement, profit and loss, balance sheet etc. In spite of this, the investigator left no stone unturned to get the correct information from these SSI units.

(3) Although the general conclusions of the study would help in developing insights and understanding of the problems faced by the small scale sector in the field of finance, the conclusions of the study may not be applied to all the districts in Assam as well as other parts of the country. This is because different districts and area may have different problems and may need different solutions.
1.8 Outline of Chapters:

Chapter-I primarily deals with a brief introduction on small-scale industries and the importance of the study, significance in the context of Assam. Moreover, it describes a brief review of literature on small-scale industries scenario with special reference to financial and institutional support and also some review of enquiry committee reports. Apart from these, objective, hypothesis, methodology and limitations of the study are taken into account as well as chapter scheme.

Chapter-II deals with the role of small-scale industries in economic development and includes definitions, its role in regional development of backward areas, growth of small-scale sector in national context and industrially backward state. Moreover, general and major constraints of small-scale industries are covered. Institutional and supportive infrastructure for the promotion of small-scale sector are also taken into consideration.

Chapter-III includes socio-economic profile of Assam and Kamrup district i.e. a general background, geography, natural resources and economic scenario, economic indicators, infrastructural development and inter-district or inter-regional variation.
Chapter-IV deals with industrial sector in Assam and Kamrup district as well as problems and future prospects.

Chapter-V is the core chapter under study and it includes the major sources of financing small-scale industries (SSIs) in Assam and their credit to the SSI sector in Assam. Moreover, it shows the analysis of the survey undertaken in the Kamrup district.

Chapter-VI presents summary, conclusions and recommendations.
REFERENCES:


CHAPTER – II

2. ROLE OF SMALL SCALE INDUSTRIES IN ECONOMIC DEVELOPMENT:

2.1 Meaning and Concept of Small Scale Industries:

Small Scale Industries are defined in terms of investment in plant and machinery under section II B of Industries (Development and Regulation) Act 1951. The limit is revised from time to time to offset the impact of inflation and to meet technological needs.

In India, the first official criterion for small-scale industry dates back to the Second Five Year Plan when it was in terms of gross investments in land, building, plant and machinery and the strength of the labour force. Subsequently, it was changed and only the investment in fixed assets in plant and machinery, whether held in ownership terms or by lease or by hire purchase, instead of fixing the limit on overall investment was considered for granting the status of a SSI unit. From time to time, there have been many changes in ceiling limit of investment in plant and machinery.

Small Scale Industries Board defined it as “A unit employing less than 50 persons, if using power and less than 100 persons without the use of power and with capital assets not exceeding Rs.5 lakh.”

After a short period at the recommendations of the Small Scale Industries Board, the Ministry of Commerce and Industries modified the above definition [vide its letter No.12 SSI(A) 136/57 dated 4\textsuperscript{th} January, 1960] so as to cover units employing less than 50 persons when using power and less than 100 persons when not using power per shift.

Though this revision enlarged the scope of employment opportunities in small-scale sector yet the investment ceiling remained unchanged.

The Ministry of Commerce and Industries [vide its letter No.12 SSI(A) 136/57 dated 4\textsuperscript{th} January, 1960] defined small-scale industries separately in which the employment criterion was completely given up. According to it, “Small Scale Industries will include all industrial units with a capital investment of not more than Rs.5 lakh, irrespective of the number of persons employed.”\textsuperscript{2}

According to the Small Scale Industries Board, “Small-scale Industries will include all industrial units with a capital investment of not more than 7.5 lakh irrespective of the number of persons employed. Capital investment for this purpose will mean investment in plant and machinery only.”\textsuperscript{4}
As per intentions of Small Scale Industries Board regarding the definition of SSI, the original price paid by the owner for plant and machinery was to be considered irrespective of whether it was new or second hand. In capital investment land and building were ignored as its value differed widely from place to place.

In 1972, the Government of India constituted a committee for drafting legislation for small-scale industries, which suggested that the small-scale industries might be classified into the following three categories.

(a) *Tiny Industry*:

Tiny units are those in which the investment in fixed assets is less than Rs.1 lakh or Rs.4,000/- per worker and the turnover does not exceed Rs.5 lakh per annum.

(b) *Small Industry*:

An industry is small where capital investment in fixed assets does not exceed Rs.7.5 lakh irrespective of the number of persons employed.

(c) *Ancillary Industry*:

An ancillary unit is the one rendering services and supplying or rendering or proposing to supply or render 50 percent of its production
or the total services, as the case may be, to other units for production of other articles. Moreover, such a unit should not be a subsidiary or should not be owned or controlled by any other undertaking. The limit for investment in such a unit was fixed at Rs.10 lakh.

A new industrial policy of Indian Government was declared on July 23, 1980, the ceiling of investment in plant and machinery was again revised. Now, a small-scale industrial unit was defined as a unit engaged in industrial activity and having an original investment in plant and machinery up to Rs.20 lakh.

Again, the government announced industrial policy in July 1991, and its policy towards the small-scale sector on 6th August 1991. Under this policy, investment limit for tiny units have been increased from Rs.2.00 lakh to Rs.5.00 lakh, irrespective of location of the unit. The Government again extended this limit to Rs.25.00 lakh accepting the recommendations of Abid Hussain Committee.

The Government also announced increase in the investment limit in plant and machinery of small scale industries, ancillary units and export oriented units to Rs.60 lakh, Rs.75 lakh and Rs.75 lakh respectively. Again, on February 7, 1997 this limit was extended to
Rs.3 crore for all such industrial units. Any rebate to ancillary units and export-oriented units was abolished.

On February 17, 1999 the Union Government has reduced the investment limit in plant and machinery of small-scale units from Rs.3 crore to Rs.1 crore. The investment ceiling for tiny units remained unchanged at Rs.25 lakh.

In India, presently, small-scale industry is defined as an industrial undertaking in which the investment in fixed assets in plant and machinery whether held on ownership terms, on lease or on hire purchase does not exceed Rs.1 crore (subject to the condition that the unit is not owned, controlled or subsidiary of any other industrial undertaking).

Ancillary industrial undertakings are those which are engaged or proposed to be engaged in the manufacture or production of parts, components, sub-assemblies, tooling or intermediates, or the rendering of services and undertaking supplies or renders or proposes to supply or render not less than 50 percent of it’s production or services, as the case may be, to one or more other industrial undertakings and whose investment in fixed assets in plant and
machinery whether held on ownership terms or on lease or on hire purchase, does not exceed Rs.1 crore.

Tiny enterprises are those units with investment limit in plant and machinery of Rs.25 lakh irrespective of location of the unit.

Small Scale Service and Business (Industry related) Enterprises (SSSBEs) are those, which are industry related service / business enterprises with investment up to Rs.10 lakh in fixed assets, excluding land and building.

2.2 Distinction between Small-scale and Cottage industry:

The main difference between small-scale and cottage industries are:

1. While small-scale industries are mainly located in urban centres as separate establishments, the cottage industries are generally associated with agriculture and provide subsidiary employment in rural areas.

2. While small scale industries produce goods with partially or wholly mechanized equipment employing outside labour, the cottage industries involve operations mostly by hand which are carried on primarily with the help of the members of the family.

3. While a small scale industrial units employ a wage earning labour and production is done by the use of modern techniques. Capital
investment is also there. A few cottage industries, which are export oriented, have been included in the category of small-scale sector so that facilities provided to small units may also be given to export oriented cottage industries.

Cottage industry is run by family members on full or part time basis. It possesses negligible capital investment. There is hand made production and no wage earning person is employed in cottage industry.

2.3 Specific Role in Regional Development of Backward Areas:

“The concept of regional development was originated from the ideas of Stalin. The Barlow Commission in 1937 and the Political and Economic Planning Group in 1939 had mentioned about the need of regional development and thereby stressed the need for dispersal of some relevant industries in backward areas. By the term regional economic development we mean the attainment of economic development of a particular region of the country. Thus, it also includes the process and the strategy to be adopted for the economic development of particular region along with other regions of the country.”
Backward area development is necessary for the overall development of the country. In the absence of regional development of backward areas the industrial activities will be confined to a few selected pockets of the country. Moreover, the main aim of regional development to secure maximum efficiency in the utilisation of available resources would remain unfulfilled. Regional development helps in the empowerment of common people. It leads to an equitable distribution of employment opportunities and helps in reducing per capita income among different regions. It also helps in reducing rural-urban migration and checks the concentration of population and industry in few big industrial centres of metropolis and the growth of agglomeration.

Industrialisation is the need of the hour and the speedy development of industries in backward areas can be achieved only through promotion of small-scale industries. Small-scale industries can have tremendous impact on our economy by diversification of production through ancillaryisation, diffusion of ownership through the promotion of local entrepreneurship and geographical dispersal of industrial activity by basing industries on local resources. One of the main aims of Small Scale Industries (SSIs) development during
successive five-year plans is through locational dispersal of industries for balanced regional development. “The second plan while elaborating on this strategy stated, ‘Industrial expansion on the periphery of large towns could scarcely be said to reduce the concentration of industry’ what was needed therefore, was a pattern of industrial activity in which a group of villages converging on their natural industrial and urban centre forms a unit or to use the Karve Committee’s expression, a pyramid of industry based on a progressive rural economy.”

The main reason behind SSI development is to initiate regional industrial balance by counteracting or neutralising as far as possible polarization of industrial activities within developed regions. With the development of SSI in backward areas maximum utilisation of local resources both human and material is possible and it helps to minimise inter-regional gaps.

The government has provided various incentives and concessions from time to time for promoting industrialisation of backward areas. “The programme of industrial estates, rural industries projects, provision of capital and transport subsidies to units in the identified backward districts or regions, fiscal concessions to industries located in backward areas, and District Industries Centre (DIC) programmes were
formulated and designed to promote and foster dispersed and
decentralised industrial growth and thereby reduce regional
disparities.” Moreover, the government has set up various financial
institutions for relieving and alleviating backwardness.

Institutions like “National Small Industries Corporation (NSIC),
Khadi and Village Industries Commission (KVIC), National Bank for
Agricultural and Rural Development (NABARD), and Small Industries
Development Bank of India (SIDBI) were set up to promote and assist
small scale industries in backward or rural areas of the country. The
Government of India has created the Rural Infrastructure Development
Fund in NABARD to create infrastructure such as irrigation, roads,
bridges, market yards, in rural areas.” But the government should
divert funds towards industry related infrastructure such as mini-
industrial estates, common service facilities, market centres, etc. to
boost utilisation and processing of agricultural resources.

The Khadi and Village Industries Commission is also helping the
rural people in the village and cottage industries by providing various
incentives and thereby increasing employment avenues in rural areas.
The Regional Rural Banks (RRBs) was also set up in 1975, which
increased the scope of village and cottage industries. It used to provide
various types of loans to the people in concessional terms. “The SIDBI and Commercial Banks are also playing a crucial role in the development and promotion of small scale sector in backward areas. The SIDBI is also operating schemes such as Micro-credit, Mahila Vikas Nidhi, Rural Industries Programme, Adoption of Clusters for Technology upgradation, National Equity Fund (NEF) and Single Window Scheme and has undertaken extension Human Resource Development (HRD) programme in backward areas.”

In spite of all these efforts, the distribution of small scale industries in our country is highly uneven. More than 50 percent of Indian districts do not have significant number of SSI units. In reality SSI faces a lopsided regional growth. This is because of lack of development of proper infrastructure for SSI in the states.

But still we can be proud that we have achieved a high degree of self-reliance and have created a strong and diverse industrial base for meeting the domestic requirements of the economy by introducing a wide variety of products. Many new medium and small-scale industries have emerged and entrepreneurial base has also been widened. Above all, industry has spread in those areas where it did not exist earlier which became possible only due to government policy measures.
Now, the government should also play an important role in the liberalised set up in order to grow the industries in a balanced manner and infrastructure development should be initiated on a widespread basis so that entrepreneurs find it profitable to invest in areas that still remain unindustrialised.

Finally, we cannot deny that with “obsession over industrial liberalisation, the crucial matter of employment creation in the small scale sector has taken a backseat. This is not at all good for the country. If the small scale sector is to act as an agent of decentralisation in rural and semi-urban areas, the government should come forward by strengthening the infrastructure in the rural and semi-urban areas and improving the transport facilities, raw materials facilities, providing more financial help in the form of loan by establishing more co-operative banks and also opening the branches of various other nationalised banks which could meet both the short term and long term credit needs of the existing and also the potential industries.”
2.4 Growth of Small Scale Industries in National Context and Indursively Backward State:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total SSIs in India (in lakh)</th>
<th>Total SSIs in Assam (in thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990–91</td>
<td>19.48</td>
<td>12,429</td>
</tr>
<tr>
<td>1991–92</td>
<td>20.82</td>
<td>12,805</td>
</tr>
<tr>
<td>1992–93</td>
<td>22.46</td>
<td>14,354</td>
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<td>1993–94</td>
<td>23.81</td>
<td>15,814</td>
</tr>
<tr>
<td>1994–95</td>
<td>25.71</td>
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<tr>
<td>1995–96</td>
<td>27.24</td>
<td>28,375</td>
</tr>
<tr>
<td>1996–97</td>
<td>28.57</td>
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<tr>
<td>1999–2000</td>
<td>32.25</td>
<td>39,068</td>
</tr>
<tr>
<td>2000–2001</td>
<td>33.70</td>
<td>41,875</td>
</tr>
</tbody>
</table>

Sources:

The growth of Small Scale Industries in India shows that from 19.48 lakh units in 1990-91 it increased to 27.24 lakh units in 1995-96 and further it increased to 32.25 lakh units in 1999-2000. In 2000-01 it increased to 33.70 lakh whereas in the industrially backward state of Assam it increased from 12,429 thousand in 1990-91 to 28,375 thousand units in 1995-96. In 1999-2000 it increased to 39,068 thousand units and it subsequently increased to 41,875 thousand units in 2000-01.
2.5 General Constraints for Proper Growth of Small Scale Industries:

(1) Lack of access to credit because of their inability to provide collateral security.

(2) High interest charged by financial institutions.

(3) Lack of specialised managers in Small Scale Industries.

(4) Unable to provide quality products due to increasing input cost.

(5) Poor database.

(6) Low level of technology.

(7) Absence of R& D (Research and development) facilities in Small Scale Industries.

(8) Unable to incur advertising cost due to low finance or capital.

(9) Red Tapism.

(10) Absence of consortium leading to increasing cost of raw materials.

(11) Unable to hire consultancy for poor financial structure.

(12) Poor infrastructural base for Small Scale Industries.

(13) Lack of training for the personnel in keeping updated with the changing times.

(14) Lack of sub-contract exchange facilities at national, regional and international levels.
(15) Lack of design development centres.

(16) Delayed payment by the large-scale industries to small-scale industries.

(17) No proper support from financial institutions to revive the loss making units.

(18) Poor marketing skills among small-scale industries personnel.

(19) Faulty project preparation and evaluation.

(20) Under utilisation of capacity.

(21) Unable to participate in trade fairs due to lack of capital or finance.

(22) Slow adoption to information technology due to large capital investment requirement.

(23) Insufficient export credit.

2.6 Major Constraints of Small Scale Industries:

2.6.1 Problem of Finance:

Finance is the life-blood of industry as it is a key input of production, distribution and development. But considering the vital role finance plays in accelerating the process of Small Scale Industries development, the total amount of loan sanctioned to it forms a very insignificant part of the total loan to Indian industry. Because of
inadequate credit the viability of the unit is affected greatly and it results in their sickness and ultimate closure. The flow of credit to the small scale sector is affected because of “a weak financial base, which eventually prompts the entrepreneurs to bring in funds by way of loan rather than capital, improper maintenance of books of account, inability to provide collateral security, delay in payments by the larger units, lack of appreciation of financial data required by banks or financial institutions etc., the administrative cost of lending to small borrowers, high mortality rate or sickness amongst the SSI units, the concessional interest rate does not motivate the financial institutions intrinsically to invest in SSI units etc.” Moreover, many established small units hesitate to approach institutional financial agencies (including government agencies) because of their traditional tie-ups with non-institutional bodies and also because of their lack of training, especially in financial matters. Therefore, to increase the credit flow to the small scale sector the Thimmaiah Committee (1997) of the Planning Commission suggested that “The Reserve Bank of India may examine the feasibility of fixing the share of small scale industries, tiny and village industries in the total bank credit and term loan provided to SSI units in proportion to the gross output of SSI units in the total GDP. RBI viewed that the increase in allocation would necessarily lead to curtailment of
share enjoyed by some other sector. The Nayak Committee recommended, ‘if the genuine need based demand of the SSI sector as reflected in the budget requires diversion of a part of the resources flowing to the medium and large industries at present, the same should be mandated’. It should be admitted that given a decent step up in the credit flow to the sector the overall production, export and employment performance could go up very substantially.”

In addition to these, the government has appointed a high level committee, S.L. Kapur Committee (1998), which has made in all 126 recommendations of which the RBI has decided to accept 40 recommendations which include “enhancement in limit of composite loan from Rs.2 lakh to Rs.5 lakh, delegation of more powers to Branch Managers for granting ad-hoc facilities (to the extent of 20 percent of sanctioned limit) strengthening of recovery mechanism, opening of more specialised bank branches for small scale industries etc.”

Moreover, SIDBI has recently decided to try out a whole new approach to financing, by teaming up with commercial banks, which will ease finance to this sector.
2.6.2 Problem of Marketing:

Marketing is a vital factor for the survival and growth of a firm. It is a place where goods and services are bought and sold. In India, in spite of the vast domestic market, marketing remains a problem area for the small-scale sector. Marketing has been identified as an important aspect affecting small-scale industries performance. Besides finance, marketing is the key element which, if not pragmatically assessed leads to the closure of units.

"According to the second census of small scale industrial units in 1997-98 about 1.48 lakh or one half of the total units were closed because of finance and marketing problems." The main problem of marketing in the Indian small scale sector are "product quality, service to customers, cost effectiveness, consistency and reliability, adherence to delivery schedules, lack of proper market information and the mindset of entrepreneurs".

Moreover, entrepreneurs are facing critical problems at the time of planning for an investment due to the unawareness of proper planning, lack of knowledge of market survey, selection of appropriate type of plant and machinery, etc. Also some units in the small-scale sector are totally dependent on government purchase.
The government from time to time has adopted various schemes through institutional sources by providing marketing assistance to lessen these problems. In spite of these, the situation with respect to marketing problems does not seem to have improved.

“Since individual promoters being the main stay of SSI units they have to be imaginative and must have access to modern market information if he has to stay in the market, which are gradually being opened up generating competition. The entrepreneurs have to rise to the occasion. With growing competition the SSI units would need to strengthen their marketing system or use marketing companies to survive and grow.”

“The marketing companies will be useful to SSEs in a number of ways. Many SSEs finding it difficult to market their products because of financial constraints and inadequate marketing skills will be better-off with the help of marketing companies. These marketing companies will market goods on behalf of several SSEs and will also ensure minimum quality standards to maintain a good image for their brands. To further benefit the small entrepreneurs, credibility and performance rating should be given to the marketing companies, based upon their credit worthiness, sales volume, area of sales and other important indicators. Those marketing companies that have good ratings
would be able to attract better tie-ups with SSEs.” Apart from all these, marketing research should be undertaken because producers cannot sell what they like. Today’s market has become highly customer oriented and it is only through marketing research customers psyche can be known. It also helps in planning the future requirements of the enterprise and coping with the fast changing environment. But market research requires specialised knowledge and experience. Small Scale Industries lack these because they do not possess technical personnel of their own and it becomes difficult for them to employ the professional experts to accomplish this task due to paucity of funds.

2.6.3 Problem of Technology:

Technology is also an area of challenge for small sector units. Inadequate attention to technology upgradation has acted as a hindrance on the way of modernisation of SSI sector. Majority of the units are still carrying on with outdated technology. Although technology upgradation is being stressed since sixties and several programmes have been launched by the government the achievement there to have not been satisfactory. Therefore, there is need for modernisation and upgradation of technology with a view to reduce costs and prices and increase competitive power of the products of this sector. This has become
necessary because the comparative advantage of this sector is being eroded with the advent of new technology, liberalisation, which has opened the doors to unrestricted competition.

The present barriers for technological upgradation are:  

- There is little motivation among small-scale units or entrepreneurs to create in-house research development cells.
- Unwillingness to change product lines or bring changes in product dimensions with the help of technical support and faster technological growth to meet changing market demand.
- Aspiring entrepreneurs often do not pay attention to improving levels of communication through faster technological growth.
- Funding institutions often fail to provide credit support to technological innovation.
- Technological innovation are often offered without a proper cost-benefit study with the result that they fail to earn the entrepreneurs confidence.
- There is at present, no effective mechanism for helping the small-scale sector to forecast technological change which is vital for economising the use of productive resources like the raw materials, man-power and core technological applications.
But the main factor, which restricts and inhibits upgradation of technology and modernisation, is that of finance. Recently, SIDBI has set up Technology Development and Modernisation Fund, which assist small entrepreneurs, as well as Technological Bureau for Small Entrepreneurs, which gives information about the advanced technology to SSI units of different countries. The government has also set up Technology Trust Funds with contributions from State Governments and Industry Associations for transfer and acquisitions of latest technologies. Moreover, to provide technological support and training to SSI sector, tool rooms have been set up in different parts of the country. Apart from these the government should do the following:22

- Establish design or process development centre so that application of design, research for alternative raw materials, improved packaging, applied HRD and changed technology can take place with full vigour.

- Cheap and affordable technical consultancy exclusively for the small sector should be made available to entrepreneur.

- Establishment of in-house research and development wings should be made compulsory and they should be funded by the available credit package.
An effective technology data base with responsive servicing wings should be set up to cater to the various needs of small entrepreneurs.

Promotional process with faster developmental strategies should be put in place like regular technological fair should be conducted for the promotion of technology and information.

Finally, there should be a mechanism for evaluating whether

(a) The best technology is being adopted and

(b) The project is viable and has good potential.

2.7 Institutional and Supportive Infrastructure for Promotion of Small Scale Sector:

There are various institutions and organizations, which are promoted by the Central Government and State Government as well as industry associations for the promotion of SSI sector in the country. They are as under:

The main Central Government Organizations are:

2.7.1 Small Industries Development Bank of India (SIDBI):

The SIDBI was established under the ‘Small Industries Development Bank of India Act 1989, as a wholly owned subsidiary of IDBI. It commenced its operations from April 2, 1990 by taking over the
outstanding portfolio and activities of IDBI pertaining to the small-scale sector. SIDBI is operating through its head office at Lucknow, with a network of five regional and twenty-seven branch offices in the country. Since its inception, SIDBI is doing well in the area of financing small-scale industries. The main objective of SIDBI is to serve as a principal financial institution for promotion, financing, development of industries in the small-scale sector. It also co-ordinates the functions of institutions engaged in promoting, financing or developing industry in the small-scale sector. The SIDBI, which was initially functioning as a refinancing institution has now diversified its activities and introduced several new schemes to meet the varying needs of the small-scale sector. The SIDBI now offers a wide range of financial assistance through its direct finance, refinance, bills finance, equity finance and other schemes of assistance besides support services.

2.7.2 Small Scale Industries Board (SSIB):

SSI Board was set up in 1954. It is an apex advisory body formed to give advice to the Government on all issues concerned to SSI sector. The Board facilitates the co-ordination and inter-institutional linkage for the development of SSI sector.
The Chairman of the SSI board is the Union Minister of Industries. It also includes State Industry Ministers, selected Members of Parliament, Secretaries of various departments of the Central Government, Financial Institutions, Public Sector undertakings (PSUs), Industry Associations and eminent experts in the SSI sector as the member.

2.7.3 Small Industries Development Organization (SIDO):

SIDO was established in 1954 upon the recommendations of the Ford Foundation team of the Government of India, which also suggested the creation of a support network for the development of SSIs. It is headed by the Development Commissioner (SSI), who is an ex-officio Additional Secretary to the Government of India. That is the reason, the office of Development Commissioner (Small Scale Industries) is commonly known as the SIDO.

SIDO is the nodal organisation, which implements Central Government policies. It plays a constructive role in strengthening the SSI sector. SIDO has been working under the Department of Agro and Rural Industries since 1991. It operates through a network of 28 Small Industries Services Institutes (SISIs), 30 branch SISIs, and a host of other centres. These centres includes, 4 Regional Testing Centres, 8 Field Testing Stations, 10 Tool Rooms, 2 Central Footwear Training Institutes,
1 Production Centre, 6 Product-cum-Process Development centres and 3 Training Institutes.

The major activities of SIDO are as follows:

- Evolving an all India policy and programme for the development of SSIs.
- Coordinating the policies and programmes of various State Governments.
- Maintaining liaison with different State and Central Ministers, Planning Commission, Reserve Bank of India and Financial Institutions.
- Dissemination of economic information.
- Providing a comprehensive range of extension services through allied institutions.
- Providing facilities for technological upgradation, modernisation, quality improvement, etc.
- Monitoring the Prime Minister’s Rojgar Yojana (PMRY) Scheme.
- Offering services such as consultancy in technical and managerial aspects, training, common facility assistance, testing and tool room facilities and marketing assistance for SSIs.
SIDO and its associate institutions mainly provide the following support services:

1) Entrepreneurship Development and Management Training.
2) Extension and Training Services.
3) Skill Development.
4) Entrepreneurship Development Institutes (EDIs).
5) Preparation of Project Profiles.
6) Plant Modernisation Studies.
7) Testing Centres.
8) Sub-contract Exchanges (SCXs) at SISIs.
9) Tool Rooms.
10) Marketing Support.
11) Collection of Data.
12) Prime Minister’s Rojgar Yojana (PMRY).
13) National Awards.

2.7.4 Small Industries Services Institutes (SISIs):

The SISIs were set up in state capitals and other industrial cities all over the country and their performances are overseen by the office of the DC(SSI). There are altogether 28 SISIs and 30 branch SISIs in India.
SISIs performs the following functions:

- Interface between Central and State Governments.
- Technical support services and consultancy services.
- Entrepreneurship Development Programme.
- Developmental Efforts.
- Promotional Programmes.
- Export promotion and liaison activities.
- Ancillary Development.

The reports, which are prepared by SISI, used to give importance in the implementation of programmes on modernisation, energy conservation, quality control upgradation and pollution control for the benefit of entrepreneurs.

2.7.5 Product-cum-Process Development Centre (PPDCs):

PPDCs have been set up at six places to provide services to SSIs. These are at the following places.

- Ferozabad (for glass industry)
- Kannauj (for essential oils)
- Meerut (for sports goods)
- Ramnagar (for electronic industry)
Mumbai (for electrical measuring instrument)
Agra (for foundry and forging)

The main functions of PPDCs are:

- To serve as Research and Development Institutions in areas of dense industry clusters.
- To look into the specific problems of industry.
- Product design and innovation.
- To develop new process and upgrade the existing level of technology.
- To act as centres of excellence in the concerned field.
- To render technical support services.
- Manpower development and training.

2.7.6 Regional Testing Centres (RTCs):

RTCs are established at Chennai, New Delhi, Mumbai and Calcutta. They spread quality awareness amongst industrial units through systematic testing and by providing technical consultancy services. All these centres are equipped with modern sophisticated machinery and equipment for testing mechanical, chemical, meteorological and electrical products. They are accredited to the Bureau of Indian Standards (BIS), Pollution Control Boards, etc. RTCs have been assisting eight Field
Testing stations that provide testing services to SSI units in different product lines. These are located in different parts of the country viz., Dehradun, Jaipur, Bhopal, Kolhapur, Hyderabad, Bangalore, Pondicherry and Changanacherry.

2.7.7 Central Footwear Training Institutes (CFTIs):

CFTIs were earlier known as Central Footwear Training Centres. It support SSI units in the leather and footwear industries at Agra, Chennai, Calcutta and Mumbai. Modernisation of existing CFTIs is underway at Chennai and Agra with UNDP funds of 90 million.

The main of objectives of CFTIs are:

- Training of manpower for the footwear industry.
- Developing of design and new types of footwear to promote export.

2.7.8 National Small Industries Corporation (NSIC):

NSIC was established in 1955 by the Government of India. It plays a very important role in the promotion of SSIs. The main aim of NSIC is to promote, aid and foster the growth of SSIs in the country. NSIC helps the SSI sector in the country through its various programmes and projects. Thus, NSIC continues to remain at the forefront of industrial development.
During the last four decades when there is transition and growth in the SSI sector, NSIC has played a significant role through modernisation, upgradation of technology, quality consciousness, strengthening linkages with large and medium scale enterprises and boosting exports of products from small enterprises. Moreover, NSIC has been able to provide leasing and hire purchase facilities and other services to SSIs extensively.

Some of the main services provided by NSIC are:

1. **Machinery and Equipment (Hire purchase Scheme):**
   - Supply of indigenous and imported machinery (the value of which would not exceed Rs.30 million inclusive of the value of machinery and equipment already installed) on easy financial terms, mainly targeted at first generation entrepreneurs, women entrepreneurs, weaker sections, the handicapped and ex-serviceman.

2. **Machinery and Equipment (Lease Scheme):**
   - 100 percent finance to facilitate SSIs in diversification and technology upgradation.
   - Tax rebate on full year rentals.

3. **Financial Assistance Scheme:**
There are five financial centres, which are in operation in New Delhi, Mumbai, Ahmedabad, Bangalore, Goa. They provide finance to SSIs for the following activities:

- Marketing.
- Bills discounting.
- Raw material purchases.
- Exports.

4. **Assistance for procurement of raw material:**

- Supply under the off the shelf basis scheme.
- Import of raw materials.
- Providing scarce materials on priority basis.
- Supplies through NSIC depots godowns.

5. **Marketing Assistance:**

The objectives of the marketing programme of NSIC are the following:

- Ensure fair margin to producer of goods.
- Standardisation and quality control with testing facilities.
- Market products under a common brand name.
- Provide publicity to SSI products.
➢ Upgrade technology for supplying sophisticated machinery and equipment.

6. Government Store Purchase Programme:

Eligible SSIs (those competent to execute government orders) are registered under the Single Point Registration Scheme of the NSIC. Bonafide SSI units registered with the Directorate of Industries or District Industries Centre are enlisted under this Scheme and become an important source of supplies to Central and State Governments, Public Sector Undertakings, etc.

The units registered under the Single Point Registration Scheme with the NSIC are given following facilities.

➢ Issue of tender forms / sets free of cost.

➢ Advance intimation of tenders issued by DGS&D.

➢ Exemption from payment of earnest money.

➢ Waiver of security deposit up to the monetary limit for which the unit is registered.

➢ Issue of competency certificate in case the value of an order exceeds the monetary limit after due verification.
In addition, these units also get other facilities such as the consideration of price preference up to 15 percent on merit over the price quoted by large units and the procurement as per the reserved list.

7. Technology Transfer Centre (TTC):

NSIC has set up a TTC at Okhla (Delhi). This was established in order to upgrade technology in the changed economic scenario under economic reforms. At the enterprise level the main aim of TTC is to help Small Scale Enterprises in technology acquisition, adoption and upgradation through its technology information and promotion services.

TTC offer the following services to industries:

- Matching of business partners and search for technology worldwide.
- Training, consultancy and technology evaluation.
- Technology transfer programmes such as technology missions or delegations and expositions.
- Facility for a reference library publications (periodicals) catalogues.
- Setting up a network to access database.
2.7.9 National Productivity Council (NPC):

NPC is an autonomous institution. It functions under the overall supervision of the Ministry of Industry, Government of India. The main aim of NPC is to help all sectors of the economy including agriculture and industry in increasing its productivity. A tripartite Government Council (GC) administers NPC. It consists of equal representation from the Government, the Industry and the Trade Unions. The Minister of Industry, Government of India is the ex-officio President of the Council. The Chairman is the Secretary, Industrial Development. The Chief Executive Officer is the Director General of the NPC. He deals with the day-to-day management of the council.

NPC provides consultancy and training services. It has number of specialised divisions, which used to give tailor-made solutions to the agriculture and industry. Trained consultants manned these divisions. The issues, which these divisions deal with, are related to Industrial Engineering, Plant Engineering, Energy Management, Human Resource Development, Informal Sector agriculture, etc.

The head office of NPC is in New Delhi. Its Regional Directorate is found in almost all the State Capitals. Due to the existence of this type of structure, the Council can take up assignments, which have all-India
coverage. Since NPC has tripartite constitution, it is called in to take up sensitive assignments like manpower assessment, wage fixation, time and motion studies etc. NPC also co-ordinates the Annual Productivity Awards which have been instituted by the Ministry of Industry and the Ministry of Agriculture for various sub-sectors of the economy.

NPC is also a member of the Asian Productivity Organisation (APO), Tokyo. It is an umbrella body of all Productivity Councils in the Asian Region. NPC organise number of conferences, seminars and workshops of APO. Moreover, it also nominates suitable or eligible persons from different organisations in India for APO training courses abroad.

SIDBI has entered into collaboration with the Council in order to channelise the expertise of NPC to the small scale and informal sector. The agreement was made mainly to promote the concept of productivity in small industry clusters and for technological upgradation in small units.

The main State Government agencies are:

The Commissioner / Director of Industries implements the policies for the promotion and development of small scale, cottage, medium and large-scale industries. The SSI policy of the Central Government act as
guidelines but each state bring forth its own policy and package of incentives. The Commissioner or Director of Industries in all States or Union Territories looks after the activities of field officers viz., District Industries Centre (DIC) at the district level.

2.7.10 District Industries Centre (DICs):

DIC programme was initiated in May 1978 for the promotion of small scale and cottage industries beyond big cities and state capitals to the district headquarters. It was started as a centrally sponsored scheme with the main aim of developing, small, tiny and cottage sector industries in the country. DICs were also set up because it can generate greater employment avenues especially in rural and backward areas of the country. These centres extend support facilities or concessions or services in widely dispersed rural areas and other small towns. The Central Government withdrew the sponsorship in 1993-94 and at that time there were 430 Centrally approved DICs, which covered almost all the districts of the country (leaving aside the metropolitan cities). Now, at present DICs are functioning under respective state budgetary provisions.

DICs extend services of the following nature:

- Economic investigation of local resources.
- Supply of machinery and equipment.
- Provision of raw material.
- Arrangement for credit facilities.
- Marketing.
- Quality inputs.
- Consultancy and extension services.

2.7.11 State Financial Corporations (SFCs):

SFCs were set up in 1951 under the SFCs Act. It plays an important role in the development of small and medium enterprises. The main aims of SFCs are to finance and promote small and medium enterprises in their respective states. This is done for achieving balanced regional growth, increase in investment, generate employment and widen the ownership base of industry. There are at present 18 SFCs in the country of which 17 were established under SFCs Act, while Tamil Nadu Industrial and Investment Corporation (TICC) Ltd. was established under the Companies Act.

SFCs provide financial assistance to small and medium enterprises through

- Term loan
- Direct subscription to equity / debentures.
- Guarantees.
- Discounting of bills of exchange.
- Seed capital assistance.

Moreover, SFCs operate a number of schemes of refinance of IDBI/SIDBI and also extend equity type assistance. SFCs have tailor-made schemes for artisans and special target groups such as S.C./S.T., women, ex-servicemen, physically handicapped and also provide financial assistance for small road transport operators, hotels, tourism related activities, hospitals, nursing homes, etc. Under the Single Window Scheme of SIDBI, SFCs have also been extending working capital along with term loan to mitigate the difficulties faced by SSIs in obtaining working capital limits on time.

2.7.12 State Industrial Development / Investment Corporations (SIDCs / SIICs):

The State Industrial Development Corporations are in the forefront of industrialisation in the states. SIDCs / SIICs were established under the Companies Act 1956 as wholly owned undertakings of the State Governments. They act as a catalyst for industrial development in their respective States.

SIDCs provide land, infrastructure facilities like factory sheds and / or developed plots, roads, power, water supply, drainage and other amenities.
SIDCs were set up mainly to cater to the financial requirements of medium and large-scale industries. But they also provide assistance to small-scale sector by way of term loan, subscription to equity and promotional services. There is at present 28 SIDCs in the country of which 11 also functions as SFCs. Therefore, these 11 that undertakes the functions of both SFCs and SIDCs are termed as Twin-function IDCs.

2.7.13 State Small Industrial Development Corporations (SSIDCs):

SSIDCs were set up under the Companies Act 1956 as State Government undertakings. They are mainly concerned with the needs of small, tiny and village industries in the State / Union Territories. SSIDCs are operationally flexible and can undertake a variety of activities for the overall development of the SSI sector. There is at present 22 SSIDCs in the country. They provide assistance to small-scale sector and act as promotional agencies. The activities of SSIDCs are both assistance oriented and promotional.

Some of the important activities undertaken by SSIDCs include

- Procurement and distribution of scarce raw materials.
- Supply of machinery to SSI units on hire-purchase basis.
- Providing assistance for marketing of products.
- Construction of industrial estates, provision of allied infrastructure facilities and their maintenance.
- Extending seed capital assistance on behalf of State Governments.
- Providing management assistance to production units.

Other State level agencies that extend facilities for SSI promotion include:

- State Infrastructure Development Corporations.
- State Co-operative Banks.
- Regional Rural Banks.
- State Export Corporations.
- Agro Industries Corporations.
- Handloom and Handicrafts Corporation.

The other agencies are as follows:

2.7.14 Housing and Urban Development Corporation Ltd. (HUDCO):

HUDCO is a wholly owned company of the Government of India. It was started as a private limited company in April 1970 but later it became a public limited company in 1986. The main aim of HUDCO is
to extend assistance for urban, social sector infrastructure and the creation of housing facility but recently the corporation has also undertaken activities to create infrastructure for the SSI sector. Assistance is also provided by HUDCO for the promotion of building material industries, besides imparting consultancy, training and technical assistance in related matters.

2.7.15 Technical Consultancy Organisations (TCOs):

TCOs were established during the seventies and eighties by all India financial institutions in association with State level financial development institutions and commercial banks in order to meet the consultancy needs of small and medium industries and new entrepreneurs.

TCOs extend consultancy services to small and medium scale enterprises, individual entrepreneurs, government departments and agencies, various state level institutions, commercial banks and other institutions for activities relating to industrial development and financing. The main focus of TCOs were on pre-investment studies but over the years they have diversified their services to include:

- Preparation of project profiles and feasibility studies.
- Undertaking industrial potential surveys.
- Identification of potential entrepreneurs and provision of technical and management assistance to them.
- Undertaking market research and surveys for specific products.
- Carrying out energy audit and energy conservation assignments.
- Project supervision and wherever necessary rendering technical and administrative assistance.
- Taking up assignments on a twin-key basis.
- Undertaking export consultancy for export-oriented projects based on modern technology.
- Offering management consultancy services especially for diagnostic study of sick units or for improvement in the existing units and their rehabilitation programmes.
- Conducting entrepreneurship development programmes, and skill up gradation programmes.

2.7.16 Non-Governmental Organisations (NGOs):

Apart from the Central, State Governments and autonomous bodies, NGOs are playing an important role in different states by providing financial assistance, information, training, marketing support,
legal advice etc. to small scale industries. The 1991 SSI policy of the Government of India favoured assistance to SSIs through NGOs. Some of the NGOs have been assigned by the State Government to impart training to unemployed youths to set up industries under the PMRY. The role of the NGOs in the present scenario is assuming importance for assistance to entrepreneurs, particularly under micro-financing activities. Moreover, the following things are set up by NGOs. They are:

(i) **Sub-contract Exchange set up by NGOs:**

A one-time grant up to Rs.0.50 million is extended to NGOs Associations since 1995 under the scheme of the Establishment of SCXs for Ancillary Development to set up exchanges. SIDO organises the training programme of SCX staff. The number of Exchanges, which were provided financial assistance during 1995-96, was 15 out of which 12 have started functioning. Seven more exchanges were in the process of being established during 1997-98. The NGOs / Associations which have established SCXs with the financial assistance from the Government are listed below:

1. Karnataka Small Scale Industries Association, Bangalore.

5. Ambattur Industrial Estate Manufacturing Association, Chennai.


7. Small Industries Development Council.

8. PHD Chamber of Commerce and Industry, New Delhi.


11. All Assam Small Scale Industries Association, Guwahati.


13. Tamil Nadu Small and Tiny Industries Association, Chennai


(ii) Testing Centres set up by NGOs:

In 1994-95 a scheme was started under which a one-time grants-in-aid to industry associations (maximum limit of Rs.2 million) is given on a matching contribution basis by the State Government for the purchase of machinery and equipments needed for the setting up of testing centres. The main aim of the scheme is to establish counseling-
cum-testing facilities for raw materials components and products (as per standards). It is hoped that the scheme will help small-scale industries to obtain ISI certification and improve the quality of standardised products. Lately, the scheme has been modified in order to include the existing quality of marketing centres run by the State Governments for the modernisation of facilities. The Centres, which were provided assistance, are located at Hubli, Gadag, Bangalore, Imphal and Gangyal.

2.7.17 Entrepreneurship Development Institute of India (EDII):

EDII was established in 1983 as an autonomous non-profit institution. It is situated in Ahmedabad. The main sponsors of EDII are Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), Industrial Credit and Investment Corporation of India (ICICI) and State Bank of India (SBI). The Government of Gujarat has also provided assistance for the setting up of EDII.

EDII has a belief that entrepreneurs are not born but they can be made through well-conceived and well-directed activities.

In accordance with this belief, the main objectives of EDII are the following:

- Augment the supply of trained entrepreneurs through training.
➤ Generate a multiplier effect on opportunities for self-employment.

➤ Improve managerial capabilities of Small Scale Industries.

➤ Contribute to the dispersal of business ownership and thus, expand the social base of Indian entrepreneurial class.

➤ Contribute to the creation and dissemination of new knowledge and insight into entrepreneurial theory and practice through research.

➤ Augment the supply of trainer-motivators for entrepreneurship development.

➤ Participate in institution building efforts.

➤ Sensitise the support environment to facilitate potential as well as existing entrepreneurs to establish and manage their enterprises.

➤ Promote micro enterprises at rural level.

➤ Inculcate the spirit of ‘Entrepreneurship’ amongst youth.

➤ Collaborate with similar organisations in India and other developing countries to accomplish the above objectives.

The training programme of the Institute are grouped under 4 heads:

➤ Entrepreneurship in education.
Micro-finance and micro-enterprise development.

Performance and growth of existing entrepreneurs.

Performance improvement of ED institutions and ED programmes.

2.7.18 National Institute for Entrepreneurship and Small Business Development (NIESBUD):

NIESBUD was established by the Ministry of Industry, Government of India in 1983. It is an apex body for coordinating and overseeing the activities of various institutions or agencies engaged in entrepreneurship development especially in the area of small-scale industry.

NIESBUD performs the following activities:

- Conducts training programmes for trainees and entrepreneurs preparing model syllabi for training various target groups.
- Undertaking research or documentation.
- Conducting seminars.
- Developing training as well as teaching aids.

Apart from these, the institute acts as a nodal agency in the field of entrepreneurship for small business. It organises about 29 national and 6
international training programmes every year. Finally, it has given much emphasis on widening the entrepreneurial base by providing training to women entrepreneurs and youth under Entrepreneurship Development Programmes (EDPs).

2.7.19 National Institute of Small Industry Extension and Training (NISIET):

NISIET was set up in the early 1950s at Hyderabad. It has been providing training to entrepreneurs, managers and various development functionaries of State Governments, Financial Institutions and other agencies. NISIET organises about 45 national level and 15 international level programmes every year. Moreover, it also acts as an important resource and information centre for small units and undertakes research and consultancy for small industry development.

2.7.20 Export Promotion Councils:

Small Scale Industries generally face problems in exports and marketing of products in overseas markets. Therefore, to overcome these problems Export Promotion Councils were set up so that consortium approach could be adopted. The export promotion councils for different industries help in the promotion of exports of their member units. This is done through direct marketing, developing vendor relations, opening
respective sales outlets abroad etc. as a collective export marketing strategy. The main aim of different councils is to increase the exports from the sector.

Apart from the Central and State Government agencies, industry associations also used to provide institutional support to the SSI sector. Moreover, they give SSI a common platform to raise industry related issues and to initiate co-operative efforts for promoting SSIs. In recent years Government has given greater emphasis on the role of industry associations in setting up common facilities and other co-operative ventures in the areas of technology, marketing and other support services.

The following are some of the major associations and the services provided by them.

2.7.21 Confederation of Indian Industry (CII):

Five British firms formed the Engineering and Iron Trade Association (EITA) in 1895. This association assumed new name as the Indian Engineering Association (IEA) in 1912. Later in 1942, it was again changed in to the Engineering Association of India (EAI) by a group of indigenous entrepreneurs. But both these associations were merged in 1974 i.e. IEA and EAI and a new Association of Indian Engineering (AIE) came into existence. Thereafter, with the onset of
liberalisation and competitiveness in the eighties AIE was renamed as the Confederation of Engineering Industry (CEI). In 1992, the CEI was again changed and thus the Confederation of Indian Industry (CII) was born. After the CII came into being the coverage of confederation has widened.

The principal objective of CII is to provide information. Moreover, they also give advisory, consultative and representative services to industry and the Government. CII is represented on major policy making bodies concerned with the industry. Trade Fairs and Exhibitions such as India Engineering Trade Fair, specialised sectoral trade fairs and the Industry Exhibitions are organised by CII. Finally, they also play an important role in promoting international industrial co-operation.

2.7.22 Federation of Indian Chamber of Commerce and Industry (FICCI):

FICCI was set up in 1927. It represents India’s industry and trade with a network of over 400 chambers and associations. Moreover, it maintains cordial relations with apex business bodies in 65 countries. FICCI convince the Central and State Governments for business friendly policies.

FICCI is the nodal organisation in India for the International Chamber of Commerce (ICC), Confederation of Asia-Pacific Chamber of
Commerce and Industry (CACCJ and SAARC Chamber of Commerce and Industry. It has established the Indian Ocean Rim Initiative. Apart from these, the Chamber has set up Joint Business Councils for promoting international business activities. These Councils will act as a platform for promoting trade, investment and technology flows.

2.7.23 PHD Chamber of Commerce and Industry (PHDCII):

PHDCCI was established in 1905. It mainly acts as a northern India serving trade and industry. PHDCCI is confined to eight States and the Union Territory of Chandigarh. It used to give a common platform for meetings of representatives of trade, business and industry with senior Government Officials both at the State and Central Government level. It functions through expert committees and task forces. Here members of various interests pool knowledge and experience for the overall benefit of the business community.

PHDCCI has launched SIB (Small Industries and Business) Help line in 1995. This is done with a view to assist and supports the small-scale sector. SIB help line has 289 SSI units and 11 Association members. They provide assistance by way of information to entrepreneurs and acting as a forum for interaction with banks, FIs and other bodies connected with the small-scale sector. PHDCCI in
collaboration with the Konard-Adenauer Foundation (KAF) of Germany organises Commercial Training programmes.

**2.7.24 Associated Chamber of Commerce and Industry of India (ASSOCHAM):**

ASSOCHAM came into being in 1920. It represents the cross section of business, industry, services and professions located in all regions of the country. Among these are constituent Chambers and Associations comprising of their members in different segment of business and industry. Recently ASSOCHAM has given thrust on “Infrastructure for accelerating economic growth”. The main agenda of ASSOCHAM’s professional services are productivity, quality and competitiveness.

**2.7.25 Federation of Indian Exporters Organisation (FIEO):**

FIEO was set up in October 1965, by the Ministry of Commerce, Government of India. It represents the Indian entrepreneurs spirit of enterprise in the global market. FIEO is an apex body of Indian Export Promotion Organisation and it works as a partner in the Indian export promotion process. It has kept pace with the changing economic scenario and helps in India’s expanding international trade.
Members of the FIEO include Export Houses, Trading Houses, Star Trading Houses, Super Star Trading Houses and Consultancy exporting firms. These members together contribute 72 percent of the total exports of India. FIEO members export mainly consultancy services, manufactured products (including those of SSIs) etc. Moreover, its members are involved in manufacturing, international trading, investment and joint ventures abroad.

FIEO has also developed strong links with similar organisations in several countries, which helps in direct communication and interaction between Indian and world businessman. It is registered as NGOs in UNCTAD. FIEO has access to information / data originating from international organisations. Apart from these, it has bilateral arrangements for exchange of information as well as for liaising with several overseas chamber of commerce, trade and industry associations.

2.7.26 World Association for Small and Medium Enterprise (WASME):

WASME is a non-government organisation, which is registered under the societies Act, Delhi. It is an 18-year-old organisation and is managed by a governing body. Representatives from Chambers of Commerce, Banks and Financial Institutions, Small Business
Development Corporations, Government etc. are in the governing body. WASME helps in the business co-operation amongst enterprises of the developing countries by facilitating technology transfer, training and marketing.

**WASME usually provide the following facilities:**

- Information on policies, strategies and support systems for the promotion of SMEs in member countries.
- Providing opportunities for marketing of products.
- Facilitating contacts with sources offering latest technologies, equipment and services for SMEs.
- Identification of facilities for training of entrepreneurs, managers and production personnel.

Moreover, some of WASME’s thrust areas are:

- Technology transfer.
- Training.
- Maintaining a roster of experts / consultants.
- Organising or sponsoring seminars / workshops / conferences.
- Acting as a clearinghouse of information relating to SMEs.
➢ Undertaking special studies and research on areas of relevance to SMEs.

➢ Strengthening or assisting in the setting up of associations of SMEs and of women entrepreneurs.

2.7.27 Federation of Association of Small Industries of India (FASII):

FASII was established in 1959. Individual SSI units and associations of small industries are represented by FASII.

The major objectives of FASII are as follows:

➢ To promote the development of small scale, tiny and cottage industries.

➢ To cooperate with industrial, business, educational and research institutions in collecting and exchanging information related to the small industries sector.

➢ To undertake professional, technical and management consultation services.

➢ To undertake studies, surveys and research assignments.

➢ To further the cause of small industries by interacting with Union and State Governments and other bodies.
➢ To establish and operate trade centres, display centres, sub-contract exchanges and other promotional institutions for the benefit of the small-scale sector.

➢ To establish test centres, laboratories and common facility centres for the SSI sector.

Moreover, FASII offers the services such as:

➢ Organizing meeting / conferences.

➢ Liaisoning with policy makers.

➢ Analysis and interpretation of policies.

➢ Taking up the members difficulties with the concerned departments / organisations for redressal.

2.7.28 Consortium of Women Entrepreneurs of India (CWEI):

CWEI is a common platform to help the women entrepreneurs in finding innovative techniques of production, marketing and finance. This has become necessary with the onset of liberalisation, which has ushered in a new competition and the need for technological upgradation. CWEI consists of NGOs, voluntary organisations, self-help groups, institutions and individual enterprises, both from the rural and urban areas. These groups are highly benefited by the activities undertaken by the consortium.
CWEI takes the following works:

- Product development.
- Manpower training.
- Acts as an intermediary between Indian entrepreneurs and overseas agencies for marketing and exports.

2.7.29 **LaghU Udyog Bharti (LUB):**

LUB was set up in 1995. Its main aim is to promote and safeguard the interest of small-scale industry. Other activities include entrepreneurial training, support for technology, upgradation and marketing. Moreover, LUB has its representation on the national and state level government bodies connected with SSIs.

2.7.30 **Indian Council of Small Industries (ICSI):**

ICSI was formed in 1979. It represents around 1500 associations of the decentralised sector. The main aim of the council is to help the tiny, small and cottage enterprises and artisans. They also try to enhance the contribution of SSI sector in the overall growth of Indian economy. ICSI performs the following functions:

- Consultancy.
- Information dissemination.
- Entrepreneurship development.
Moreover, they act as representatives of its member enterprises by giving suggestions for appropriate policy making. The council follows consortium approach to provide market related services and extends facilities relating to the testing centre and quality control outlets.

The Infrastructural Facilities for SSIs are:

Development of infrastructure is very much necessary for the growth of small-scale industries. So, the Central as well as State Governments has planned various schemes for the development of suitable infrastructure for small-scale industries. The main schemes undertaken by the Government of India are viz., Industrial Estates programme, Integrated Infrastructure Development Scheme and the Growth Centres Schemes.

2.7.31 Industrial Estate Programme:

The Industrial Estate programme started in 1955. The main aim of the programme was to encourage entrepreneurs to set up small industries and to expand existing units. The programme thought of the following facilities for entrepreneurs.

- The acquisition of suitable land and its development.
➢ The contribution of factory sheds.

➢ The provision of infrastructure like water, electricity, transport, banks, canteens, watch and ward, all weather approach roads.

IE Programme had several objectives.

➢ To facilitate the growth of SSIs.

➢ Shift industries from congested areas to Estate premises.

➢ Achieve decentralized development in small towns and villages.

➢ Develop sub-contracting relationship with the large industries.

➢ Establish common facility service centre etc.

The IE Programme was a centrally sponsored programme, but the implementation is done through State /UT Government. In 1979, there were 796 IEs in different parts of the country. They were set up with the aid of the Government of India. But the IE programme was transferred to SIDC after 1979. This encouraged the State Governments to continue with the development of Industrial Estates / Areas through the SIDCs.

Moreover, different States provided additional facilities to entrepreneurs who were setting up new units as well as to those units
which were moving out of sub-standard areas and relocating to the developed IEs/ Areas. These facilities included subsidy on rent for factory accommodation, allotment of sheds on hire purchase as well as on outright sale. Apart from these, other incentives like concessional charges for water and power, exemption from sales tax and octroi duty (building material, transport subsidy, etc.) were also offered.

2.7.32 Development of Export Processing Zones / Industrial Parks:

(i) Export Processing Zones:

EPZs (Export Processing Zones) and EoUs (Export Oriented units) are under the purview of the Ministry of Commerce, Government of India. Though Export Oriented units (EoUs) were set up outside of EPZs but they were set up to provide special incentives to companies for undertaking manufacturing activities for exports.

EPZs are special areas designated for providing export production or the processing of manufactured products at a low cost. They mainly consists of the following:

- Basic infrastructural facilities at reduced rates.
- Developed land sites.
- Standard designed factory buildings.
- Roads.
> Power.
> Water
> Drainage.

Moreover, EPZs also includes
> Banking
> Post offices.
> Custom clearing agents.

The units which are located within EPZs / EoUs are allowed to sell up to 25 percent of the value of production in the Domestic Tariff Area.

There are 7 EPZs in our country, which were set up by the Government of India. They are the Kandla Free Trade Zone (1965), the Santa Cruz Electronics Exports Processing Zone (1974) and the Falta EPZ (1984). Apart from these, new EPZs were established at Chennai, Cochin, Vishakapatnam and Noida.

(ii) Industrial Parks:

The new theme on specialised industrial clusters led to the development of Industrial or Technology Parks. These were aimed at both for the domestic and the export market.

The Government of India launched a scheme for computer hardware development in 1984. Thus, the Electronics Hardware
Technology Parks (EHTPs) came into being. Later in 1986, it shifted its policy towards computer Software development that led to the establishment of STPs. The EHTPs and STPs functioned under the Department of Electronics, Government of India.

Now, India’s one-fifth of the total software exports is from STPs. The success in the software exports through the creation of STPs should be followed by other theme parks such as Bio-Tech Park, Leather Park, etc. with specialised infrastructure technology back-up and escort services.

The consortium approach adopted through public-private partnerships among the Tata group, the Singapore and the Karnataka Government in the success of Information Technology Park in Bangalore are among the good experiences, which can be considered and followed by other states.

**2.7.33 Integrated Infrastructure Development Scheme (IID):**

After the announcement of the Industrial Policy in July 1991, and the policy towards the small scale sector in 6th August 1991, the Scheme of Integrated Infrastructural Development (IID) (including technological backup services) in rural or backward areas was announced by the
Government of India on 7\textsuperscript{th} March 1994. The IID Scheme that was launched during Eighth Plan continues under the Ninth Plan as well.

The main aim of the scheme is to increase infrastructural facilities in the rural and backward areas with a special importance attached on the linkage between agriculture and industry. The areas covered under the scheme are centrally backward districts. The other places have been given coverage under Growth Centres Schemes. The selection criteria of a site are based on a comprehensive industrial potential survey, which sees the potentiality for SSI and tiny units. Moreover, it is determined by the proximity to the railhead and road links, availability of water and telecommunication facilities. Till 1998, 40 IID Centres have been sanctioned under the IID scheme and they are on the verge of completion.

The objectives of the IID schemes are as follows:

- To establish approximately 50 IID Centres in rural areas or backward districts in the country (excluding those districts covered under the scheme of Growth Centres).

- To promote SSI and tiny unit clusters with a view to creation of employment opportunities and to develop exports.

- To promote stronger linkages between agriculture and industry.
➢ To provide Common Service Facilities and technological back up services in selected Centres.

➢ To create or upgrade infrastructure facilities like power, water, telecommunication etc. in new or existing Centres or Industrial Areas.

Apart from the establishment of new IID Centres, the Central Government and SIDBI used to give grant and term loan respectively. This is provided with the aim of upgrading deficient infrastructural facilities in the existing Industrial Areas or Estates. The financing pattern for each project is the same as in the case of new IID Centres and is given below:

➢ If the size of each centre is 15-20 hectares then it can accommodate 450 SSI units.

➢ Financing pattern of each Centre (up to Rs.50 million) : Central Government : Rs.20 million and Loan Component : Rs.30 million. The State / UT Government will meet the cost in excess of Rs.50 million.

➢ Each Centre is expected to promote 450 SSIs.
The project is to invest in components like land development, roads, water supply, drainage, service complexes, effluent facilities, common service facilities etc.

State agencies, public sector undertakings, corporate bodies or non-governmental organisations having a sound financial position to serve as implementing Agencies.

The share of cost component in the northeastern region is in the ratio 4:1 for the Central Government and SIDBI. In the case of upgradation of infrastructural facilities, the financing pattern is the same, i.e. 40 percent by way of grant and 60 percent through a SIDBI loan.

2.7.34 Industrial Growth Centre Scheme:

The schemes of setting up growth centres were aimed at promoting industries in backward areas. This was undertaken in 1988 for the establishment of 100 Growth Centres around the country. The main criteria for the location of Growth Centre are as follows:

- Outside 50 km of cities with a population above 2.5 million.
- Outside 30 km of cities with a population of above 1.5 million but below 2.5 million.
- Outside 15 km of cities with a population of 0.75 million but below 1.5 million.
The main objective of the scheme has been to provide infrastructure facilities in the Growth Centres in the best possible manner. The other criteria to be followed in setting up Growth Centres were:

(i) The proximity to rail heads, National or State Highways.

(ii) Access to adequate and dependable sources of water, power, telecommunication facilities, educational and health facilities and sufficient land for the development of housing and for the promotion of tertiary activities. Growth Centres should not be located in ecologically sensitive areas and the location for such Centres should cover an area of the radius of 20-25 km. The State Governments, Union Territories have been furnishing proposals for the final selection of Growth Centres.

The Government of India gave guidelines on financing pattern for infrastructure development in the selected Growth Centres. The financing pattern for each Growth Centre comprises Central Government equity of Rs.100 million, State Government equity of Rs.50 million, financial
institutions (including 20 million as equity) Rs.40 million, nationalised banks Rs.10 million and market borrowings Rs.100 million. The total outlay for the setting up of one Growth Centre has been estimated at 300 million. The investment required in the State of Arunachal Pradesh, Goa, Himachal Pradesh, Manipur, Meghalaya, Mizoram, Pondichery and Tripura is much less and could be made taking into account special condition in these states.

The necessary condition for the identification of a Growth Centre has been that its sphere of influence should cover an area of about 400 to 800 hectares. A Growth Centre selected under this scheme will be included in category B (unless it is always included in category A) of the list of backward areas and will be entitled to all incentives available from time to time for areas in Category B.

The number of Growth Centres taken up in phase I is 70. The Government of India has so far approved 66 Centres and funds have been released to the State Governments for the implementation of the scheme.

2.7.35 Marketing Infrastructure:

The SSIs faces problem in sales promotion and advertising due to lack of resources. Marketing of SSI products is an important form of
assistance to the sector. The marketing infrastructure which are available for SSIs includes number of incentive schemes such as:

1. **National Small Industry Corporation (NSIC):**

   NSIC registers SSI and tiny units under a single point registration. They secure orders for the supply of various stores, on preferential term tendered by the DGS&D.

2. **Sub-contracting Exchanges:**

   The number of sub-contracting exchanges are 16 and they functions through the Small Industries Service Institutes. They enlist SSI and identify items for ancillarisation from various Public Sector Undertakings. These offices promote contacts between large and medium scale industries on the one hand and SSI ancillary units on the other to secure sub-contacting jobs.

3. **Quality Certification:**

   (a) The Bureau of Indian Standards (BIS) sets the standards for different manufactured products and it registers SSIs for the adoption of quality standards as a measure of marketing support.

   (b) 4 Regional Testing Centres has been established by SIDO. They give training facilities to SSI units as per BIS standards. Moreover,
there are 10 field-testing stations extending testing facilities and assistance to SSIs.

(c) A scheme is under operation of SIDO that reimbursement up to 75 percent is made subject to a maximum of Rs.0.075 million the cost of acquiring ISO 9000 certification.

4. **MDA (Marketing Development Assistance Scheme):**

Under the scheme, SSI delegation, which visits foreign countries, is provided reimbursement of up to 60 percent of the expenditure made by the delegation by the Ministry of Commerce, Government of India. This delegation visits foreign countries for the purpose of exploring marketing possibilities. This incentive is extended to admissible items only.

5. **Training Programmes for Export Packaging:**

SIDO organises training programmes for SSI exporters in collaboration with the Indian Institute of Packaging on packaging for exports. Information is also given to exporters on the latest packaging standards and techniques in order to boost exports.

6. **Organising Exhibitions and International Trade Fairs:**

ITPO (Indian Trade Promotion Organisation) organises trade fairs and exhibitions abroad in order to promote exports. SIDO annually
participate in these scheduled exhibition and trade fairs. Expenditure made on space hiring, display, shipment, insurance, handling and clearance, publicity etc. are borne by SIDO. The participating SSI units meet the expenses made on transportation of SSI products (to and from Mumbai).

7. **Export Promotion Councils:**

Export Promotion Councils for specific industries were set up to provide SSI units a common platform for export marketing. A number of export promotion councils used to provide marketing infrastructure through.

- Procurement of direct orders
- Distribution of items among member units for production and sale.

Moreover, these councils also make arrangements for quality testing of products, pre-shipment inspection, packaging and sales transactions assistance. They also help the SSI units to participate in various exhibitions and trade fairs.

8. **SIDBI’s Marketing Finance and Development Department:**

In January 1996, SIDBI set up its Marketing Finance and Development Department (MFDD). This was created in order to oversee
the market related activities undertaken by the SSI sector. The Bank started a comprehensive scheme to provide financial assistance to small-scale industries so that they undertake various marketing activities. Moreover, assistance is also provided under this scheme to institutions / agencies engaged in strengthening the existing marketing channels and infrastructure for the SSI sector. A special fund named “Marketing Assistance Development Fund” has been established with sub-allocation for women entrepreneurs. Moreover, a number of development and support services have also been undertaken by the department to assist the marketing efforts of the SSI units.

2.7.36 Development of Clusters:

The Government has developed clusters in various parts of the country so that industries grow in concentrated pattern and in specific locations. These industries grow due to the easy availability of raw materials or trained artisans or proximity to the market. Clusters help in reducing costs and suppliers find easy to supply raw materials equipments, machinery, spares, repair and other sources to units to which otherwise wouldn’t have been possible. Moreover, they also encourage specialization in manufacturing process, inter-firm relationships in production activities, division of labour, sharing of information/
experiences. These things led to increase in productivity on a continued basis and it also develops a network of sub-contracting firms.

Some well-known clusters in India are:

1) Pottery cluster at Khurja (Uttar Pradesh)
2) Forging Industry at Ludhiana, Jallandhar (Punjab) and Hyderabad, Vijaywada (Andhra Pradesh).
3) Food Processing Industry Clusters at Pune (Maharashtra) and Chittor (Andhra Pradesh).
4) Neem and Perfumery Industry at Kannauj (Uttar Pradesh).
5) Bulk Drug and Formulation Industry at Kushaiguda (Andhra Pradesh).
6) Auto Component Industry at Pune (Maharashtra) Indore (Madhya Pradesh) and Chennai (Tamil Nadu).
7) Tile Industry along the west coast.
8) Toy Industry at Delhi (NCT) and Noida (Uttar Pradesh).
9) Tannery Industry at Vannaiyaram badi (Tamil Nadu).
10) Hosiery Industry at Kanpur (Uttar Pradesh).
12) Glass Products Industry (Firozabad).
Small Scale Industries are playing a very important role in the overall development of the country. With the development of SSIs maximum utilization of local resources both human and material is possible and it helps to minimize inter-regional gaps. The SSIs units in the country are increasing over the years. The government has also set up various institutions, organizations and supportive infrastructure for the promotion and development of SSIs in the country. The main institutions and organisations are SIDBI, SSI Board, SIDO, NSIC, DICs, SFCs, NISIET, EDII etc. Moreover, the government has also established industrial estates, industrial areas, growth centers, export processing zones, industrial parks etc. Apart from these, the government also set up clusters in various parts of the country. Some well-known clusters are sports goods industry (Meerut), glass products industry (Firozabad), foundry industry (Agra) etc. Inspite of all these efforts the SSIs are facing a lot of problems due to increasing input cost, absence of R&D facilities, under- utilization of capacity, delayed payments by the large scale industries to small industries etc. But the major hindrance the SSIs are getting difficult to tackle are the problem of finance, the problem of marketing and the problem of technology.
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CHAPTER – III

3. SOCIO ECONOMIC PROFILE OF ASSAM AND KAMRUP DISTRICT:

3.1 General Background of Assam:

The word ‘Assam’ is derived from the Sanskrit word Asoma meaning ‘peerless’ or ‘unequalled’. The land whose bewitching picture is conjured by the home ‘Assam’ is in fact peerless, judged by her exquisite natural beauty, cultural richness and human wealth.

Assam was known in the epic age as Pragjayotisha or the place of eastern astronomy. In the classical Sanskrit literature, Pragjayotisha is also called Kamrupa. A graphic account of the geography of Pragjayotisha or Kamrupa is to be found in the Kalika Purana (10th century) and the Jogini Tantra (16th century), both of which dwell upon the religio-geographical history of medieval Assam.

The modern name of the province, Assam is of recent origin. It is connected with the Ahoms who entered the Brahmaputra valley in the beginning of the 13th century. They say that this was the term applied to them by the native tribes at the time of their invasion of the valley, and was an index of the admiration with which the latter regarded the Ahom conqueror that conciliated them.
Some scholars have stated that the word ‘Assam’ denotes the unparallel beauty of the state. Lord Baden Powell in his book ‘Indian Village Community’ states that the Bodo community named this ancient land ‘Sa-Sum’, which with the passage of time to time got translated into the modern world ‘Assam’.

3.2 Geography:

Assam is situated in the northeastern corner of India in the Himalayan foothills. It is known as the land of blue hills and red rivers. The state of Assam is one of the most beautiful and attractive regions of India. It is located in 88.3°E to 96.0°E longitudes and 24.5°N to 28.0°N latitudes. The state is bounded in the east by Arunachal Pradesh, in the West-by-West Bengal, Meghalaya and Bangladesh, in the North by Arunachal Pradesh and Bhutan, and in the South by Nagaland, Manipur, Mizoram, Meghalaya and Tripura. The total geographical area of the state is 78,438 sq. km., which accounts for about 2.4 percent of country’s total land area. The forest area constituted about 34.14 percent of the total geographical area of Assam.

Assam is the oldest state in the northeastern region. The state has two distinct natural regions viz. the Brahmaputra valley and the Barak valley. The Brahmaputra valley comprises eighteen districts of plain areas and two districts of hill areas with a total area of 71,516 sq. km. and the
Barak valley comprising three districts with plain areas of 6,922 sq. km. Moreover, in view of the administrative and revenue purposes the 23 districts of the state are divided into 48 sub-divisions and 149 Revenue Circles.

Guwahati is the capital city of Assam. The major towns in the state are Guwahati, Dhubri, Barpeta, Dibrugarh, Tinsukia, Jorhat, Nagaon, Sibsagar, Silchar and Tezpur. The major crops of the state are Rice, Maize, Wheat, Jute, Cotton, Sugarcane, Areca nut and Coconut. The major plantations are Tea, Rubber and Coffee. Major fruits are Banana, Pineapple, Orange and vegetables are Potato, Sweet Potato, Papaya, Cabbage, Onion and Tapiocas. Major minerals are coal, limestone, petroleum, Granite, Silimanite.

3.3 Natural Resources:

Assam is blessed with vast natural resources. The major natural resources in Assam are mineral resources, forest resources, water resources and power resources.

3.3.1 Mineral resources:

Minerals are one of the most important things for the industrial development of a region as it provides raw materials to heavy industries, engineering, chemical and other industries. The main mineral resources in Assam are coal, crude oil, natural gas and limestone. The major coalfields
in the state are situated at Makum, Margharita, Nazira, Lankadaman, Jaipur, Ledo and Namdum etc. Total coal production in the state during 1999-2000, 2000-2001 and 2001-2002 are 5,99,800 thousand tonnes, 5,29,000 thousand tonnes and 5,12,973 thousand tonnes respectively. The oil deposits are found in Naharkatia, Moran, Hugrijan, Rudrasagar, Galeky, Lakwa, Nazira and Teok etc. Assam produced about Petroleum (Crude) during the last three years i.e. 1999-2000, 2000-2001 and 2001-2002 are 233,39,388 thousand tonnes, 289,64,000 thousand tonnes and 284,45,990 thousand tonnes respectively.

The oil refineries are situated at Digboi, Guwahati, Bongaigaon and Numaligarh. Assam has also good amount of natural gas and it is found in Naharkatia and Moran area. The natural gas (Utilised) is 30,83,715 Mem, 36,32,400 Mem and 33,30,000 Mem in 1999-2000, 2000-2001 and 2001-2002 respectively. Limestone is also found in Assam and it is used as raw material for cement. Limestone mines are available at Garampani and Koilajan in the district of Karbianglong and North Cachar hills. Total production in 1999-2000, 2000-2001 and 2001-2002 are 93,991 thousand tonnes, 1,04,826 thousand tonnes and 1,06,201 thousand tonnes respectively. Other minor minerals such as fire clay, kaolin, iron ore, fullers earth, feldspar are found in the state. Thus, Assam
is having vast mineral resources that should be used for the industrialisation of the state.

3.3.2 Forest Resources:

Assam has a large forest area. The total area under forests in Assam in March 2001 was 26,781.99 sq. km. It constitutes about 34.14 per cent of the total geographical area of Assam. The main forest products of the state are industrial wood, fuel wood, bamboo, stone, thatch, cane, sand etc. The importance of forestry lies not only with its productivity but also with its capacity to prevent soil erosion and maintenance of ecological balance. Therefore, the State Government has imposed ban on the cutting of trees. Moreover, various forestry development programmes are undertaken by the State Government such as afforestation and social forestry, wildlife management, improvement of infrastructural facilities, etc. Assam has beautiful wildlife comprised of animals, reptiles, birds and fishes etc.

Assam is famous for its one horned Rhino, which is found in maximum numbers in Kaziranga National Park, and Tiger is found in Manas National Park. Assam has five National Parks and eleven wildlife and Bird Sanctuaries. The National Parks are Kaziranga, Manas, Namati, Dibru-Saikhowa and Orang and the eleven wildlife and bird sanctuaries are Gibbon, Garampani, Laokhowa, Burachapri, Chakravila, Bornadi,
Sonai-Rupai, Pobitora wildlife sanctuaries, Dipar beels, Panidihing and Bordoibum bird sanctuaries. The highly endangered species of the world found in Assam are Hollock, Gibbon, the stump tailed Macaque, the Pigmy hog, the clouded Leopard, the Golden cat, the White winged wood, Duck, etc.

Assam boasts of a variety of other exotic wildlife mammals as well as the multi hued mingled species like Swamp Deer, Sambar, Hog Deer, Sloth Bear, Hog Badger, Indian Bison, Water Buffalo, Jackal Goose, Hornbills, Ibis, Cormorants, Egret, Heron, Fishing Eagle and Pelican. Assam is one of the best destinations where tourist can encounter a great variety of wildlife.

Finally, forests in Assam provide raw materials for various industries like plywood industry, match industry, paper and paper pulp industry, etc. Besides, forest products like cane and reeds provide excellent opportunity for the growth of small-scale industry producing cane furniture etc. Mulberry trees available in the forest of Assam has enabled in rearing and developing Muga and Silk industry in the state. The other forest-based industries in Assam are two timber treating plant (one at Makum and other at Naharkatia), one hand board factory at Panikhaiti, 18 Bidi factories and 6 Ivory industries. Forests in Assam also
provide sand and stone chips for construction purposes that are available in plenty in the side of forest streams and rivers.

3.3.3 Water Resources:

Water resources are one of the important resources of Assam as it is predominantly an agricultural state. Moreover, water is essential for sustenance of human, animal and planet life on earth.

The availability of water is both from over ground (surface run water) and underground sources. Rainwater and river water are the two major sources of surface run water (overgrow). The underground sources of water are also high and it can play a useful role in the agriculture development of the region. Water resources in Assam is utilised for irrigation, hydroelectric power generation and development of waterways. In Assam, most of the irrigation projects are being operated either by lift irrigation or by tube well irrigation system. Canal irrigation system is mostly confined to three districts of Assam i.e. Kamrup, Nagaon and Darrang district. The irrigation programme being carried on in Assam consists of (a) major and medium irrigation programme and (b) minor irrigation programme. Assam has huge hydroelectric power potential and it constitutes about 28 per cent of the total hydropower potential of the country. But in spite of this availability it is not properly utilised because most of the reservoirs are situated in Arunachal Pradesh,
Meghalaya and Nagaland border. For proper utilisation of the reservoirs joint efforts of the neighbouring states are necessary.

Presently, in Assam various hydel power projects are lower Barapani Hydel Project (250 MW), Karbi Longpi Hydro-Electric Project (250 MW) and Kopili hydel project (250 MW). Some of these projects are completed and others are still incomplete.

Waterways are the cheapest mode of transport as it provides readymade routes and it does not require any maintenance expenditure. Through waterways, a huge volume of cargo can be easily transported over long distances. There are unique opportunities for developing inland water transport in Assam because there are two lifeline rivers i.e. the Brahmaputra and the Barak-Kushiara and their tributaries in the south. Besides, country boats carry a good amount of cargo and passengers through different rivers of the state. Assam has total navigable waterways to the extent of 4,065.6 km out of which only 2,193.6 km are navigable throughout the year and the rest 1,872 km are navigable only during the monsoons. Thus, water resources of Assam are also being utilised for navigation purposes to a great extent.

3.3.4 Power Resources:

Power is an essential pre-requisite for industrial development. It is the basic infrastructural requirements for the growth of industries as well
as overall economy of the state. Although, Assam possesses immense potential of power ranging from hydel to natural gas including oil and coal reserves, the progress of this sector in the state has not taken place on a scale commensurate with the possibilities. As a result, there exists a big gap between availability and demand for power in the state. Assam accounts for only a small fraction i.e. 0.16 per cent of the total generation of electricity in the country during 2000-2001. The installed capacity (MW) of power in the state has remained the same at 574.4 MW since 1997-98 till date and the total unit generated (Mkwh) was 840.4 Mkwh during 2001-2002. Power supply in Assam is provided (both hydel and thermal) by Bongaigaon Thermal Power Station, Namrup Thermal Power Station, Lakwa Thermal Power Station, Mobile Gas Turbine Units (Kathalguri), Bordikharu Micro Hydel Projects, Mobile Gas Turbine (Geleky). Moreover, the Assam State Electricity Board (ASEB) also supply power in the state. The power consumption in the state during 2001-2002 was 1682.98 MU. The number of consumers of power in the state during March 2002 was 9,40,713.

3.3.5 Livestock Resources:

Livestock is a kind of reproducible biological resources. Livestock population includes cattle, buffaloes, sheep, goat, pig, duck, hen, pigeon, honey bee, etc. In Assam, a good number of rural people accepted the
rearing of livestock as a secondary occupation side by side with their principal occupation. Moreover, a limited number of population in Assam, particularly dwellers in hilly slopes are practicing livestock farming as a whole time occupation.

As per 1997 livestock census, there were 8,030 thousand cattle, 728 thousand buffaloes, 2,677 thousand goats, 1,082 thousand pigs, 89 thousand sheep, 12 thousand horses and ponies. Thus, the total number of livestock population according to 1997 livestock census was 13,467 thousand.

The poultry population in the state according to 1997 was 179.79 lakh. There were 129.31 lakh fowls and 49.97 lakh ducks. The livestock population of Assam mainly belongs to the indigenous non-descript type for which the average productivity of livestock in Assam is lower than those of many other states of India. The production of milk in 2000-2001 was 737 million liters, egg 505 million numbers and meat is 17.66 thousand tonnes.

The importance of livestock in an agrarian economy like Assam cannot be denied and therefore needs special attention for its development. Various livestock developmental schemes like Breeding, Feeding, Disease control and Diary development have been undertaken in the state under the successive five-year plan programmes. Another
important objective of the state’s livestock development programmes is to provide self-employment opportunities through adoption of diary, poultry and pigery schemes.

As far as development effort in this sector is concerned various livestock development programmes are continued to be implemented in the state which include establishment of Intensive Cattle Development Project (ICDP), Frozen Semen Bank, Stockman Centres, Key Village Centres, Livestock Farms, Poultry and Duck Farms, Veterinary hospitals and dispensaries etc. As per information available during 1999-2000, there were 11 (Eleven) numbers of Intensive Cattle Development Centres, 26 (Twenty Six) numbers of Regional Artificial Insemination Centre (RAI), 7 (Seven) numbers of Frozen Semen Bank, 3(three) numbers of Frozen Semen Storage Depot, 11 (Eleven) numbers of liquid Nitrogen Plant, 10 (Ten) numbers of Key Village Centres and 1 (One) number of coordinated Cattle Breeding Project. In addition to the above, as per livestock census, 1997, there were 7 (Seven) numbers of Livestock Farms, 18 (Eighteen) numbers of Poultry and Duck Farms, 6 (Six) numbers of Pig Farm Units, one Sheep and Goat Farm, one Bull-rearing Farm, one Buffalo Breeding Farm and 4(Four) numbers Poultry and Duck Breeding Farms in the State. Apart from these, there were 4 (Four) number of Fodder Demonstration Farm during the year under reference.
Moreover, a wide network of veterinary hospitals and dispensaries exists in the state for providing animal health care. The numbers of such institution are 29 Hospitals, 298 Dispensaries, 25 Mobile Dispensaries and 135 Block Dispensaries. In addition to these, keeping in view that rural economy of Assam has vast potential to generate income and employment to rural population through growth in livestock sector, the Development of Animal Husbandry and Veterinary has established training institutions to provide training facility to the unemployed youth of the state. The numbers of training institution in the state are 4 (Four) at present.

3.3.6 Fishery Resources:

Assam is endowed with huge fishery potential. Assam possesses immense fishery resources in the form of rivers, beds, swamps, ponds, tanks, forest, fisheries and paddy fields. The twin river systems of Brahmaputra valley and Barak valley bring enough fresh water to almost all over the state through innumerable tributaries. The ecological condition of the state is also quite favourable for pisciculture along with its sub-tropical humidity and coolness of climate.

About 90 percent of the people of state consume fish. Fishery is considered as one of the important sectors for the development of rural economy of the state. Two major rivers of India viz. the Brahmaputra and
the Barak flows through the state. The big Brahmaputra flows from East to West and runs through a distance of 730 km having 42 tributaries of which 27 are in the north and 15 on the south bank. In its upper reaches, for a length of about 530 km till Guwahati, the gradient is steep and the strong surface and underwater current render commercial fishing impossible with the indigenous methods of fishing. The remaining 230 km. stretch from Guwahati to Dhubri is exploited commercially for fishing.

The other major river Barak flows from north to south in the southern region of the state, for a total length of 400 km. It has 13 tributaries, 7 of which are in the north bank and the 6 of them are in the south bank. Commercial fishing is practised across the entire river. The state has two newly constructed reservoirs in North Cachar Hills District constructed by Kapilee Hydro Electric Project. The process of developing these reservoirs into fisheries shall continue in the coming years. The annual requirement of fish in the state according to 2000 is 2.68 lakh tonnes. The production of fish during the year 1999-2000 was 1.68 lakh metric tonnes. But still there is a huge deficit and in order to meet the deficit the private traders import fish from Andhra Pradesh and West Bengal to meet the requirements of the state. Besides, as a result of
Government of India’s export-import business policy, a large amount of fish is also imported from the neighbouring country, Bangladesh.

In order to achieve self-sufficiency in fish production the Department of Fisheries, Assam has taken up numbers of fishery development schemes. The Government has started Fish Seed Farming, which has become very popular resulting in increase of fish seed production in the state to a comfortable position. Moreover, Fish Farmer’s development Agency (FFDA) scheme has also been started. The scheme is now functioning in all the 23 districts of the state. Further, the Government launched a new programme with the assistance of the World Bank entitled “Assam Rural Infrastructure and Agriculture Service Project (ARIASP)”.

Apart from these, in order to harness the fishery potential of the state, the Fishery Department has undertaken various steps through development of Derelict Water Bodies, Assam Fisheries Development Corporation Ltd., Assam College of Fishery, Training Programmes through Regional Fisheries Training Institutes (RFTI) at Amrenga in the Kamrup District, which is 35 km from Guwahati.

3.4 General Economic Scenario of Assam:

The economic scenario in Assam is not so good due to the insurgency problems and the financial constraints. Moreover, the regular
occurrence of flood creates much havoc and put strain on the already empty coffers of the state.

As per the 2001-2002 census (quick estimates) the Net State Domestic Product (NSDP) showed a growth of 3.21 per cent at constant (1993-94) prices and at current prices its growth is 5.79 per cent. The per capita income grew at the rate of 2.08 per cent at constant prices and at current prices it showed a growth of 4.62 per cent in 2001-02. The share of the agriculture sector in NSDP of Assam at constant (1993-94) prices was 31.84 % and at current prices it is 32.56 % in 2001-2002. The total food grains production in agriculture during 2001-2002 was 40.28 lakh tones. The Index of Agricultural Production (base triennium ending 1981-82=100) for the state (has decreased to 164) in 2001-2002.


The production of power sector is not up to its true potential. The installed capacity of power in the state has remained same in 2001-2002, i.e. at 574.40MW. On the contrary, the generation of power declined to 840.4 Mkwh in 2001-2002. Assam continued to have a short fall in power
and it has to meet its increasing requirements by purchasing power from neighbouring states.

The total numbers of reporting Scheduled Commercial Bank Offices (including Regional Rural Banks) in the state at the end of March 2002 was 1232. The volume of deposits and credit of these banks stood at Rs.11551.63 crore and Rs.3627.07 crore respectively at the end of the aforesaid period. The credit-deposit ratio in the state continued to be very unsatisfactory as compared to the national level. As against the all India credit deposit ratio of 62.3 percent at the end of March 2002, the same for Assam stands at 31.4 percent only.

The average consumer price index for working class population (base 1982=100) showed a rise to 415 during 2001. Similarly, the average wholesale price index for Agricultural Commodities (base 1993-94=100) also increased to 163 in 2001-2002. The retail prices of other essential commodities also show an increasing trend.

The employment position in the organised sector (both public and private) was 11.31 lakh-employed people at the end of December 2001. But the growing unemployment problem is a matter of concern and the number of job seekers as per employment exchange data was 15.25 lakh at the end of December 2001.
3.5 Indicators of Growth and Development of Assam:

The main indicators of growth and development of Assam are:

3.5.1 Population:

The area of Assam according to 2001 census is 78,438 sq. km, which accounts for about 2.4 percent of the country’s total geographical area. Population of the state is 266 lakh that is 2.59 percent of the total population of India. The density in the state is 340 person per sq. km according to 2001 census. The sex-ratio i.e. female per thousand male shows 932 as compared to 933 of all India. The percentage of urban population to the total population is 12.72 percent and the percentage of rural population to total population is 87.28 percent. The percentage of Scheduled Caste population to the total population in the state is 7.4 percent according to 1991 census and the percentage of Scheduled Tribe population is 12.82 percent of the total population. The decadal growth ratio of population during 1991-2001 is 18.85 percent. The average annual growth rate during the same period is 1.7 percent. The birth rate in the state according to 2000 is 26.9 per thousand and the death rate is 9.6 per thousand. The infant mortality rate works out to be 76 per thousand. The total literacy rate in Assam according to 2001 census is 64.28 percent.
3.5.2 State Income:

In 2001-02 the Net State Domestic Product (NSDP) of Assam in real terms i.e. at 1993-94 (constant prices) was Rs.15966.98 crore and at current prices it is Rs.29197.88 crore. The per capita Net State Domestic Product (NSDP) at current and constant prices during the same year was Rs.10951 and Rs.5989 respectively. The plan outlay (approved) during 2001-02 was Rs.1710.00 crore.

3.5.3 Agriculture:

Index of Agricultural Production (base triennium ending 1981-82=100) for the state in 2001-02 is 164. The total production of food grain crops in the state is 40.28 lakh tonnes in 2001-02. Consumption of fertilizers during 2001-02 was 152.946 thousand tonnes. The total cropped area of the state is 39 lakh hectares. The yield of rice during 2000-01 was 1568kg per hectare. During 2000-01 the productions of fish, milk, meat and egg were 1,61,450 tonnes, 737 million litre, 27.06 thousand tonnes and 505 million number respectively. The net area sown during 1998-99 was 27,01,053 hectare.

3.5.4 Industry:

The index of industrial production during 2001-02 was 126.25 (Base 1993-94=100). The production of tea was 451 million kgs in 2000, which constitute a major share of 53 percent of the total tea production in
India (84 million kg.). The coal and crude oil during 2001 was 701 thousand tonnes and 5145 thousand tonnes respectively. The total number of registered factories during 2000 was 2406.

3.5.5 Power:

The total electricity generated during 2001-02 was 840.4 Mkwh. The consumption of electricity in the same period was 1682.98 Mkwh. The number of villages electrified during 1997-98 was 19031, which is about 77 percent villages electrified in the state.

3.5.6 Banks:

All scheduled commercial bank (including Regional Rural Banks) according to 2002 (March) was 1232. The volume of deposits and credit of these banks stood at Rs.11551.63 crore and Rs.3627.07 crore respectively during 2002. The credit deposit ratio in the state shows 31.4 per cent.

3.5.7 Posts and Communications:

The total number of Post offices was 3911 at the end of the year 1999-2000 comprising 3627 in rural areas and 284 in urban areas.

The total Road length was 33,343 km. in 1998-99 and the total Railway length was 2516.25 km. in 2001-02 of which Board gauge was 1185.78 km. and Meter Gauge 1330.47 km.
3.5.8 Enrolment in Schools:

The job seekers in Assam as per live register were 15.25 lakh at the end of December 2001. The total employment in the organised sector was 11.31 lakh (December 2001). The employment in public and private sector were 5,25,938 lakh and 6,05,013 lakh respectively. The women employed in the state were 362 numbers.

3.5.9 Others:

The population below the poverty line (as per Planning Commission estimates) in 1993-94 was 40.9 percent. According to the 4th Economic Census, the number of enterprises in 1998 was 18,000 (agricultural) and 5,83,000 (All Enterprises). The number of all establishments to the same economic census 1998 and agricultural establishment was 5,000.

Consumer Price Index of Industrial worker (Base 1982=100) was 37.4 percent. The population covered per Hospital was 1,59,759 (1997) numbers and Bed per lakh population was 51 numbers (1996). The registered Medical Practitioner in the state during 1995-96 was 13,000. Registered Medical Practitioners per thousand population during the same period were 5 in numbers.
3.6 **Infrastructure for Industrial Development:**

The government has set up various infrastructural facilities for the industrial development in the state viz. Industrial Estates, Industrial Area, Growth Centre etc. Some national level institutions or organisations have also been developed for the same purpose.

The various industrial estates, industrial areas and growth centres are as follows:

3.6.1 **Industrial Estates:**

There are altogether nineteen Industrial Estates in Assam. They are playing an important role in the industrial development of the region. They are as follows:

1. Industrial Estate, Bamunimaidam,
2. Industrial Estate, Dhekiajuli,
3. Industrial Estate, Tinsukia,
4. Industrial Estate, Badarpur,
5. Industrial Estate, Nalbari,
6. Industrial Estate, Mangaldoi,
7. Industrial Estate, Sibsagar,
8. Industrial Estate, Nagaon,
9. Industrial Estate, Jorhat,
10. Industrial Estate, New Bongaigaon,

11. Industrial Estate, Bokajan,

12. Industrial Estate, Bihpuria,

13. Industrial Estate, Lohowal,

14. Industrial Estate, Kalapahar,

15. Industrial Estate, Demow,

16. Industrial Estate, Moran,

17. Industrial Estate, Umrangshu,

18. Industrial Estate, Haflong,


Mini Industrial Estate also exists at Hojai, Dhing, Morigaon, Sibsagar, Moran, Doomdooma, Bokakhat, Biswanath Chariali and Howly, under the Administrative Control of Assam Small Scale Industries Development Corporation Limited, Assam.

3.6.2 Industrial Areas of Assam:

There are 20 numbers of Industrial Areas in Assam. They are the following:

1. Industrial Complex, Bonda.

2. Industrial Area, Bamunimaidam,

3. Industrial Area, Badarpurghat,
4. Danguapara Industrial Area,
5. Industrial Area, Chansari,
6. Industrial Area, Numali Jalah,
7. Chaygaon Electronic Area,
8. Industrial Area, Dekargaon,
9. Industrial Area, Golaghat,
10. Industrial Area, Dhaligaon,
11. Industrial Area, Gotlong,
12. Industrial Area, Rani,
13. Industrial Area, Bheating,
14. Industrial Area, Kalapahar,
15. Industrial Area, Digboi,
16. Industrial Area, Moran,
17. Industrial Area, Amingaon,
18. Industrial Area, Silchar,
19. Industrial Area, Dibrugarh,
20. Industrial Area, Dolobari.

3.6.3 Growth Centres In Assam:

There are 11 growth centres in Assam. They are listed below:

1. Barpeta Growth Centre,
2. Goalpara Growth Centre,
3. Kakopathar Growth Centre,
4. Duliajan Growth Centre,
5. Sariharjan Growth Centre,
6. Lilabari Growth Centre,
7. Maibong Growth Centre,
8. Manja Growth Centre,
9. Bokulia Growth Centre,
10. Balipara Growth Centre,
11. Matia Growth Centre.

Apart from these, there is one Export Promotion Industrial Park at Amingaon, Guwahati covering around 300 bighas of land and one Integrated Infrastructure Development Centre at Dolgaon in Darrang district covering around 135 bighas of land.

The Government has set up the following organisations/institutions for industrial development. They are as follows:

3.6.4 State Level Organisations / Institutions:

1. Directorate of Industries and Commerce (DICC):

The Directorate of Industries and Commerce was established in Guwahati in 1972. The main functions of the Directorate are to grant loan, subsidy and operate different schemes. It is also responsible for both
short term and long term plan for the development of industries and commerce in the state.

2. **Assam Industrial Development Corporation (AIDC):**

   AIDC was set up in 1965 at Guwahati. The main aim of the Corporation is to identity and promotes large and medium scale industries in the state. It has financed more than 70 projects, ranging from pharmaceuticals units to star category hotels through its refinance scheme up to 2000.

3. **Assam Small Industries Development Corporation (ASIDC):**

   Established in 1962, ASIDC (Assam Small Industries Development Corporation) mainly promote and develop small industries in the state. The corporation operates a number of schemes for the development of small-scale industries in the state.

4. **Assam Electronic Development Corporation (AEDC):**

   In 1984, the Assam Electronic Development Corporation was set up with its head office at Bamunimaidam, Guwahati. The primary objectives of the corporation are to promote and develop electronics based industries in Assam.

5. **Assam Khadi and Village Industries Board (AKVIB):**

   The AKIVB was constituted in 1953 under the Assam Khadi and Village Industries Act. The main aim of the Board is to promote and
develop khadi and village industries in the state. The Board has its head office in Chandmari, Guwahati.

6. **Assam Government Marketing Corporation (AGMC):**

   The main function of the AGMC is marketing of handloom and handicrafts products of the state. It has a number of emporia both inside and outside the state. AGMC works through its head office in Guwahati.

7. **Assam Industrial Infrastructure Development Corporation (AIIDC) Ltd.:**

   The major function of the Corporation is infrastructure development works for setting up industries in the state.

   Moreover, there are also a number of other organisations / institutions promoting industries and business.

3.6.5 **Regional Level Institution:**

1. **North Eastern Handloom and Handicrafts Development Corporation (NEHHDC):**

   The Government of India established the NEHHDC (North Eastern Handloom and Handicrafts Development Corporation) in 1977. The main aim was to promote and develop Handloom and Handicrafts in the northeastern region. The corporation provides technical, financial and other support to local artisans and to promote sales through its own sales emporia.
2. **North Eastern Regional Agricultural Marketing Corporation (NERAMC):**

The NERAMC was set up in 1980 by the Government of India in order to provide marketing support for the horticultural produce and horticultural based industry etc.

3. **North Eastern Industrial and Technical Consultancy Organisation (NEITCO):**

The NEITCO was established in 1973. The main aim of the organisation is to provide consultancy, training and other services to small and medium scale industries. The principal promoters of NEITCO are IDBI and other development institutions and banks.

3.6.6 **National Level Organisations:**

1. **Small Industries Services Institute (SISI):**

The SISI was set up in Guwahati in the year 1956. The major functions of the institute are as follows:

- It provides common facility centre.
- It conducts EDP (Entrepreneurship Development Programme) and other management programmes.
- It prepares techno-economic reports etc.
2. **National Small Industries Corporation (NSIC):**

The NSIC usually helps the small entrepreneurs through the following activities:

- By supplying machineries on hire purchase basis.
- Distributes certain raw materials.
- Offers marketing support for SSI products through Central Government Stores Purchase Programme.

3. **Indian Institute of Entrepreneurship (IIE):**

The IIE was set up in 1993. The main function of IIE is to organise training programmes for prospective and existing entrepreneurs, personnel from support organisations, educated sons and daughters of artisans and entrepreneurs and also teachers and students from schools, colleges and universities. Moreover, the institute undertakes research and consultancy activities in the fields of small industry and entrepreneurship.

4. **Khadi and Village Industries Commission (KVIC):**

In 1956, the KVIC was established under the KVIC Act in order to create employment opportunities in rural areas through the development of Khadi and Village Industries. Both the state and Regional Offices of the Commission are situated at Guwahati.
5. **Regional Directorate: Development Commissioner (Handicrafts):**

The main function of the Regional Directorate: Development Commissioner (Handicrafts) is to oversee the development of handicrafts in the region.

6. **Weavers Service Centre:**

A Weavers Service Centre was set up in Guwahati under the all India Handloom Board in order to help the handloom weavers for developing new techniques, new designs etc.

7. **Indian Institute of Handloom Technology:**

The Institute was established in Guwahati. The main function of the institute is to impart regular and professional courses for the development of handloom products. Moreover, it is also engaged in research activities for the development of handloom in the region.

8. **National Institute of Rural Development (NIRD) (Regional Centre):**

In 1983, the regional centre of NIRD was set up in Guwahati. It mainly organises training programmes, conducts research studies etc. for the development of rural masses of the region. Besides, the state Government along with NIRD has also established another institute called State Institute of Rural Development (SIRD). The main function of
this institute is to conduct training programmes for Government officials, Mahila Mandals, NGOs, Entrepreneurs etc.

9. *Agricultural and Processed Food Products Export Development Authority (APEDA):*

The NER branch office APEDA came into being in Guwahati in 1997 in order to help and develop agricultural commodities and processed foods and to promote their exports. It operates a number of supportive schemes on export promotion, market development, manpower development etc.

10. *Bureau of Indian Standard (BIS):*

The BIS Guwahati looks after the consumers’ interests through its two major activities viz. standard formulation and certification marketing.

11. *Directorate of Marketing and Inspection:*

The Deputy Agricultural Marketing Adviser, Guwahati under the Directorate of Marketing and Inspection is implementing the grading and marketing of certain agricultural and allied products for quality certification under AGMARK.

12. *Central Institute of Plastic Engineering Technology (CIPET):*

In 1999, the CIPET Extension Centre was set up in Guwahati with the assistance of Government of India and Government of Assam in order
to develop plastic industries in the state of Assam. CIEPT is presently offering both Diploma and short-term courses for the development of plastic engineering and technology.

13. *National Productivity Council (NPC):*

The Regional Directorate office of the NPC was established in 1975 at Guwahati. It provides training, undertakes research and consultancy in the area of productivity in industry, agriculture, service, infrastructure and other sectors of economy.

14. *National Horticulture Board (NHB):*

The North Eastern Regional office of the National Horticulture Board is situated at Guwahati. It is mainly engaged in promoting horticulture industry in the region. Moreover, it has taken up some development programmes for the integrated development of horticulture.

3.7 **Inter-district analysis showing relative position of Kamrup District:**

The inter district analysis which shows the relative position of Kamrup district are as under:

The Kamrup district of the State has the maximum concentration of small-scale industries followed by Dibrugarh, Nagaon, Sibsagar, Sonitpur, Lakhimpur etc.
There is a great spatial variation in the concentration of small-scale industries in Assam. Out of 23 districts of Assam, Kamrup and Dibrugarh have 39.67 percent share of the registered small-scale industries. On the contrary, twenty-one districts have 60.33 percent shares. Kamrup is the only district, which has more than 10,000 units, i.e. 12,260 units. Dibrugarh has 4,354 units and it is at second place. The remaining twenty-one districts have less than 4,000 units. The lowest numbers of units less than 500 are occupied by North Cachar Hills, Golaghat, Morigaon and Karbianglong, which has 499, 471, 289, 267 units respectively. The district-wise numbers of small-scale registered units up to 2001 are shown in the table No.2.

### 3.8 A Brief History of Kamrup District

Kamrup was known as Pragjyotishpur before Ahom period. But in the ancient Sanskrit literature, both the name Kamrup and Pragjyotishpur were used for ancient Assam. However, in ‘Kalika Purna’ and ‘Jogini Tantra’ Kamrup alone appears as the name for this country.

The mythologies of ancient Assam tell a beautiful story as to Prajyotishpur became known as Kamrup. The word “Kamrup” means the land where “Kama” (love) regained his “Rupa” (form).
Table – 2
Number of Registered Small Scale Industries in Assam -2001

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>District</th>
<th>Total Units</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Dhubri</td>
<td>990</td>
<td>2.36</td>
</tr>
<tr>
<td>2.</td>
<td>Kokrajhar</td>
<td>744</td>
<td>1.78</td>
</tr>
<tr>
<td>3.</td>
<td>Bongaigaon</td>
<td>671</td>
<td>1.60</td>
</tr>
<tr>
<td>4.</td>
<td>Goalpara</td>
<td>1360</td>
<td>3.24</td>
</tr>
<tr>
<td>5.</td>
<td>Barpeta</td>
<td>1242</td>
<td>2.96</td>
</tr>
<tr>
<td>6.</td>
<td>Nalbari</td>
<td>1525</td>
<td>3.64</td>
</tr>
<tr>
<td>7.</td>
<td>Kamrup</td>
<td>12260</td>
<td>29.28</td>
</tr>
<tr>
<td>8.</td>
<td>Darrang</td>
<td>1391</td>
<td>3.32</td>
</tr>
<tr>
<td>9.</td>
<td>Sonitpur</td>
<td>2270</td>
<td>5.42</td>
</tr>
<tr>
<td>10.</td>
<td>Lakhimpur</td>
<td>2096</td>
<td>5.00</td>
</tr>
<tr>
<td>11.</td>
<td>Dhemaji</td>
<td>560</td>
<td>1.33</td>
</tr>
<tr>
<td>12.</td>
<td>Nagaon</td>
<td>2838</td>
<td>6.77</td>
</tr>
<tr>
<td>13.</td>
<td>Morigaon</td>
<td>289</td>
<td>0.69</td>
</tr>
<tr>
<td>14.</td>
<td>Dibrugarh</td>
<td>4354</td>
<td>10.39</td>
</tr>
<tr>
<td>15.</td>
<td>Tinsukia</td>
<td>1257</td>
<td>3.00</td>
</tr>
<tr>
<td>16.</td>
<td>Sibsagar</td>
<td>2577</td>
<td>6.15</td>
</tr>
<tr>
<td>17.</td>
<td>Jorhat</td>
<td>1515</td>
<td>3.61</td>
</tr>
<tr>
<td>18.</td>
<td>Golaghat</td>
<td>471</td>
<td>1.12</td>
</tr>
<tr>
<td>19.</td>
<td>Cachar</td>
<td>1715</td>
<td>4.10</td>
</tr>
<tr>
<td>20.</td>
<td>Hailakandi</td>
<td>330</td>
<td>0.79</td>
</tr>
<tr>
<td>21.</td>
<td>Karimganj</td>
<td>654</td>
<td>1.56</td>
</tr>
<tr>
<td>22.</td>
<td>Karbi-Anglong</td>
<td>267</td>
<td>0.64</td>
</tr>
<tr>
<td>23.</td>
<td>N. C. Hills</td>
<td>499</td>
<td>1.19</td>
</tr>
<tr>
<td></td>
<td>Assam</td>
<td>41,875</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Directorate of Industries, Assam.
The story of the mythologies of Assam goes that there was a very powerful King, Daksha by name, in ancient times. He gave his daughter, bait, in marriage to god Shiva. The king Daksha held once a great sacrifice in which he invited all gods except his son-in-law, god Shiva. Sati becomes very annoyed at the discourtesy shown to her husband by her own father. She died of vexation in the sacrificial field, which she had come to attend with the permission from her husband, Shiva. Overcome with the grief at the death of Sati, Shiva began a grim penance and wandered about the world carrying her dead body on his head. Shiva’s dance of death and penance alarmed all the gods because it threatened to destroy the world. In order to stop the frightful wanderings of Shiva, the supreme god Vishnu, by taking his great weapon, a discuss, cut the dead body of Sati into fifty-one pieces. It falls on the earth in fifty-one different places and wherever they fall, the ground was held to be sacred. One of the important organs of Sati fell on Nilachal hill near Guwahati and the place was thenceforth held sacred and called Kamakhya. As Shiva continued to do penance, the other gods become afraid that he would thereby acquire universal power. They sent Kamadeva, the India cupid, to make him fall in love again and thereby break his penance. He succeeded in his mission, but Shiva was so enraged at the result that he burnt Kamadeva into ashes by a fiery glance of his eyes. Kamadeva
eventually regained his life and his original ‘form’ (Rupa) in Assam and the land where this took place became known as “Kamrup” (Kamrupa).

3.9 **Geography**

The Kamrup district is situated between 25.43° and 26.51° North latitudes and between 90.36° and 92.12° East longitudes. The total area of the district is 4345 sq. km. The density per sq. km. is 579.

The district is bounded by foothills of Bhutan and Nalbari district in the North, Meghalaya in the South, Nagaon and Darrang district in the East and Goalpara and Nalbari district in the West.

The climate of Kamrup is sub-tropical with semi-dry summer and cold in winter. The annual rainfall varies between 1500 mm to 2600 mm. The maximum temperature is 38.5°C and the minimum temperature is 7°C. Average humidity is 75 per cent.

Flood occurs generally in the low-lying areas of the district during May to August every year. Late flood also occurs during the later part of September and October. The occurrence of flood in the district is due to the river Brahmaputra and its tributaries. During rainy days the Guwahati city also witnesses localised floods due to poor drainage system in the city. The important rivers of the district are Brahmaputra, Kalangsuti, Digaru, Bharalu, Kulsi and Singra.
The district headquarter is Guwahati. Roadways, railways, airlines and waterways link the district. Road length per thousand sq. km. is 56.7 km. The nearest railway station is situated in Guwahati. Lokapriya Gopinath Bordoloi Airport, Borjhar, Guwahati is also here. The languages commonly used are Assamese, Bengali, English and Hindi. Major crops are rice, wheat, jute and maize. Major plantations are tea, vegetables, potato, cabbage and spices. Major fruits produced are nuts, banana, pineapple, guava and orange. The major minerals found here are granite, feldspar and quartz.

The major tourist attractions are Planatorium, Museum, Zoo, Kalakshetra, Kamakhya temple, Nabagraha temple, Balaji temple, Bhubaneshwari temple, Umananda (the smallest river island in the world), Bashistha Ashram, Hajo (Where three religions-Hinduism, Islam and Buddhist meet), Sualkuchi (famous for Assamese silk industry), Madan Kamdev Devalaya.

The Kamrup district has two sub-divisions Guwahati and Rangia. The numbers of villages in the district are 1379 C.D. Block 17, Gaon Panchayat 177 and Mahkuma Parishad in 2 numbers. The major towns of the district are Guwahati, Palasbari, North Guwahati, Amingaon, Niz Hajo, Sualkuchi and Rangia. The revenue circles are Guwahati, North Guwahati, Dispur, Hajo, Sonapur, Palashbari, Chaigaon, Boko,

3.10 Indicators of growth and development of Kamrup District:

The main indicators of growth and development of Kamrup district are:

1. **Population:**

   The district of Kamrup has an area of 4345 sq. km. The density per sq. km. is 579. The total population of the district is 2515 thousand where rural population is 1614 thousand and urban population is 900 thousand. The sex-ratio i.e. female per thousand males is 894. The literacy percentage in the Kamrup district is 74.69 percent. The percentage decadal variation in the population of the district i.e. from 1991-2001 is 25.75 percent. The percentage of total Scheduled Caste (S.C.) population is 7.54 percent and that of Scheduled Tribe (S.T.) population is 10.72 percent.

2. **District’s Income:**

   The Gross Domestic Product (GDP) of Kamrup district at factor cost by industry of origin for 1997-98 at current prices was Rs.3,75,313
lakh where the contribution of primary, secondary and tertiary sector are Rs.53,476 lakh, Rs.71,453 lakh and Rs.2,50,384 lakh. The per capita Gross District Domestic Product was Rs.16,577 lakh.

3. **Agriculture:**

The total cropped area in Kamrup district is 253,195 hectares. Net sown area is 182,258 hectares. The total area under high yielding variety paddy in the district in 2000-01 was 107,632 hectares. The total consumption of fertilizers of Kharif and Rabi crops were 5,849 tonnes and 5,674 tonnes respectively.

4. **Banks:**

The total number of offices of Scheduled Commercial Banks (SCBs) in the district in 2001 was 171. The deposits and credit were Rs.3,447.66 lakh and Rs.1,41,385 lakh. The number of offices of Regional Rural Banks (RRBs) was 22 and their deposits and credit were Rs.11,160 lakh and Rs.4,709 lakh respectively. The total bank credit of SCBs according to March 2001 was Rs.1,37,398 lakh.

5. **Employment:**

The total number of employment exchange in the district was 5. The total number of registration in the exchange was 21,061. The member in live register was 2,75,447. The vacancies notified were 943 and the placement made through the exchange was 177. The number of
vacancies outstanding was 2,598. The employer that used employment exchanges for employment was 45.

6.  Education:

The total number of educational institutions in the Kamrup district according to 2001 was 3,633 numbers, which comprises from pre-primary level to Arts, Science, Commerce and Teacher training college, as well as Law college. The total number of literate person according to 2001 was 74.49 percent where 81.34 percent were males and 67.31 percent females respectively.

7.  Industry:

The total number of registered factories in Kamrup district according to 2000 was 507. The total number of small-scale industries registered under the Directorate of Industries and Commerce, Assam in 2001 was 12,260 numbers.

3.11 Industrial Infrastructure of Kamrup District:

There are 12 Industrial Estates and Industrial Area in the district. They are:

1. Industrial Estate at Bamunimaidam.
2. Industrial Area at Bamunimaidam.
3. Bonda Industrial Complex, Bonda.
4. Rani Industrial Area, Rani.
(5) Industrial Estate at Kalapahar.
(6) Growth Centre, Kalapahar.
(7) Industrial Area, Amingaon.
(8) Export Promotion Industrial Park (EPIP), Amingaon.
(9) Commercial Estate, North Guwahati.
(10) Commercial Estate, Boko.
(11) Commercial Estate at Goreshwar.
(12) Commercial Estate at Sonapur.

Assam is situated in the northeastern region of India. The total geographical area of the state is 78,438 sq. km. The state is blessed with vast natural resources like mineral resources, forest resources, water resources and power resources. For the industrial development of the state, the government has set up various infrastructural facilities viz. industrial estates, industrial areas, growth centers etc. Some national and state level organisations and institutions like NSIC, IIE, AIDC etc. have also been developed for the same purpose. The total number of small-scale industries that are registered with the Directorate of Industries in the state and in Kamrup district in the year 2000 was 41,875 units and 12,260 units respectively. But the general economic scenario in the state is not so good due to insurgency problem and the financial constraints. Moreover, flood the regular occurrence created much havoc and put strain on the already empty coffers of the state.
REFERENCES:


CHAPTER – IV

4. SCENARIO OF INDUSTRIAL SECTOR IN ASSAM AND KAMRUP DISTRICT:

4.1 Industrialisation in Assam:

Assam has a very old historical background with regard to its industrial development. In fact, industrialisation of the state started during the nineteenth century when the country’s first oil refinery was set up and the British in the upper Assam area took up tea plantation. At that time, industrial development in Assam was centered on tea, petroleum, coal, mining, cottage and village industries. Unfortunately, despite having such a historical background with vast mineral resources and raw materials resources the state is yet to find a proper place in the industrial map of the country as a whole.

After independence, various industrial policies were adopted from time to time for the rapid industrial development of the state. But these policies were not so much successful. Therefore, some years back government introduced new industrial policy of the state i.e. Industrial Policy Resolution, 1997 with a view to create a strong industrial base and employment opportunities. The new industrial policy is to give special attention to the following areas in the process of industrialisation.
 ➢ Development of local skill and entrepreneurial abilities.
 ➢ Development of women entrepreneurs.
 ➢ Creation of maximum employment opportunities for local people.
 ➢ Developing of food processing industry.
 ➢ Growth of export oriented units.
 ➢ Promotion of rural non-farm sector.
 ➢ Balanced regional development within the state by giving special attention to the less developed areas and the hill districts.
 ➢ Revival of sick units.
 ➢ Development and promotion of village and small-scale services and business enterprises.
 ➢ Establishment of medium and large-scale industries in public, private, joint and assisted sector to create an industrial base, offering large scale opportunities in multiple directions through backward and forward linkages.

 These efforts are expected to provide necessary fillip for pushing up industrial growth of the state to a considerable extent in near future.

 Industries in Assam can be broadly classified into three heads:

 (i) **Agro based industries:** The major agro based industries are tea industry, sugar industry, grain mill products industry (rice oil and flourmill), food processing industry and textile industry.
(ii) **Mineral based industries of Assam:** It includes railway workshops, engineering industry, re-rolling mill, steel works, motor vehicle workshop, galvanised wire sheets, cycle factory, aluminium utensil industry, cycle spare parts, steel trunk, tube well pipe, steel wire net, barbed wire, cement industry, etc. Moreover, the non-metal based industries include oil industry, natural gas based industry, etc.

(iii) **Forest-based industries:** The main forest based industries are plywood industry, sawing mill, paper mill and paper pulp industry, match industry, leather industry, hard board industry, etc.

Other industries of Assam include power industry, fertilizer industry, printing press, brick and tiles industry, ice industry, chemical industry etc.

**4.2 Industrial Scenario of Assam:**

**4.2.1 Index of industrial production in Assam:**

The General Index of Industrial Production of the state with new base year (1993-94=100) for the year 2001-02 has risen to 126.25 from 125.48 in 2000-2001, which is marginally higher by 0.6 percent over the previous year.

During the year 2001-02 the overall performance of the state’s mining sector was not encouraging in the sense that the most important mineral i.e. petroleum (crude) has shown negative growth rate along with
other mineral items like natural gas (utilised) and coal. As per data available the production of petroleum crude oil decreased by 1.79 per cent during 2001-02 over the previous year. During the same period the production of natural gas (utilised) and coal decreased by 8.33 per cent and 3.03 per cent respectively. However, the production of limestone has increased marginally by 1.48 per cent.

The index of mining and quarrying production of the state with new base year (1993-94=100) for the year 2001-02 has decreased to 102.95 from 104.45 in 2000-01 showing a decrease of 1.4 percent over the previous year.

4.2.2 Registered Factories in Assam:

During the year 2001-02, the total number of new factories registered in the state under the Factory Registration Act was 128. Therefore, the total numbers of registered factories was 2,515 in 2001-02 as against 2,406 in the year 2000-01. So, the state inspectorate has been able to increase the revenue earning to the tune of Rs.52.49 lakh during the year.

The district-wise distribution of registered factories shows that Kamrup district has the highest number of 521 factories with 12,625 workers and Dhemaji has only 3 numbers of factories, which is the lowest among all the districts with 75 workers.
4.2.3 Annual Survey of Industries:

The annual survey of industries accounts for some basic characteristics of the industries under manufacturing sector. According to 1999-2000 data Assam had a total of 1.14 lakh of employees engaged in 1,648 numbers of Registered Factories as against 1.12 lakh employees engaged in 1,424 numbers of Registered Factories during the year 1998-99. The result also shows that the value of gross output decreased by Rs.237.65 crore during 1999-2000 over 1998-99. During 1999-2000 the income earned by factories for the state were 1521.45 crore as against Rs.1326.85 crore during 1998-99. As per ASI results the value of net fixed capital formation in the state was Rs.115.03 crore and Rs.113.53 crore in 1998-1999 and 1999-2000 respectively.

4.2.4 Fourth Economic Census:

According to the fourth economic census (1998) there were altogether 5,93,169 enterprises in Assam out of which 19,489 were found in agricultural activities while 5,73,680 in non-agricultural activities. The percentage of enterprises in both agricultural and non-agricultural sectors are 3.29 and 96.71 respectively. The overall annual growth in rural areas is 1.72 percentage and that in urban areas 3.58 percentage. Among the districts, Tinsukia shows the maximum growth rate (5.39 percent) followed by Kamrup (4.41 percent).
4.2.5 Industrial Estates and Industrial Growth Centres:

There are 15 numbers of Industrial Estates and 7 numbers of Growth Centres in the state. The total number of sheds constructed in the Industrial Estate is 215 and the numbers of sheds functioning are 21 out of 25 sheds occupied till 2001-02.

4.3 Industrial Sector in Assam:

4.3.1 Large and Medium Scale Industries:

The state has 132 large and medium scale industries (excluding tea industry), which are engaged in the manufacturing of various products ranging from food processing to petrochemical items. Out of these units, 12 each are central and state public sector units, 6 under cooperative sector and 102 private sector units. Moreover, a gas cracker project, pig iron manufacturing, ceramic tiles, 100 percent export oriented granite processing insulators, etc. are under implementation in the state.

4.3.2 Tea Gardens:

At present, there are about 1,196 tea gardens in Assam. Moreover, there are about 24,930 small tea gardens in various parts of the state. Altogether, they produce about 450 million kg. of tea per year.

4.3.3 Small Scale Industries:

At the end of March 2001, the total number of small-scale industries, which were registered with the state Directorate of Industries
Assam, was 41,875. Among the districts Kamrup led the table with 12,260 units, followed by the district of Dibrugarh (4,354 units), Sonitpur (2,270 units) and Cachar (1,750 units) etc. The growth of SSI sector and the investment trend in Assam from 1990-91 to 2000-01 are shown in the Table-3.

**Table-3**

Growth of Registered SSI Units in Assam (1990-91 to 2000-01)

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of units</th>
<th>Investment in plant and Machinery (Rs. Lakh)</th>
<th>Production value (Rs. Lakh)</th>
<th>Employment Generated (No.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-91</td>
<td>2361</td>
<td>10021.92</td>
<td>9310.47</td>
<td>11568</td>
</tr>
<tr>
<td>1991-92</td>
<td>2384</td>
<td>2640.29</td>
<td>8576.18</td>
<td>11311</td>
</tr>
<tr>
<td>1992-93</td>
<td>2878</td>
<td>2693.73</td>
<td>40980.80</td>
<td>13079</td>
</tr>
<tr>
<td>1993-94</td>
<td>2557</td>
<td>1592.13</td>
<td>31035.09</td>
<td>11711</td>
</tr>
<tr>
<td>1994-95</td>
<td>2229</td>
<td>1436.68</td>
<td>21961.68</td>
<td>13528</td>
</tr>
<tr>
<td>1995-96</td>
<td>2744</td>
<td>5578.20</td>
<td>2400.25</td>
<td>9538</td>
</tr>
<tr>
<td>1996-97</td>
<td>2431</td>
<td>6348.66</td>
<td>2153.48</td>
<td>12044</td>
</tr>
<tr>
<td>1997-98</td>
<td>2180</td>
<td>5284.30</td>
<td>1679.03</td>
<td>8244</td>
</tr>
<tr>
<td>1998-99</td>
<td>2137</td>
<td>3800.00</td>
<td>1430.00</td>
<td>6858</td>
</tr>
<tr>
<td>1999-2000</td>
<td>1821</td>
<td>5296.22</td>
<td>10744.85</td>
<td>7107</td>
</tr>
<tr>
<td>2000-01</td>
<td>2116</td>
<td>5292.19</td>
<td>N.A.</td>
<td>10260</td>
</tr>
<tr>
<td>Total</td>
<td>41875</td>
<td>49984.60</td>
<td>130271.83</td>
<td>114748</td>
</tr>
</tbody>
</table>

Source: Directorate of Industries, Assam.

The group-wise position of SSI units in Assam as on end March 1999 is shown in Table-4.
Table-4

INDUSTRY GROUP-WISE SSI UNITS IN ASSAM
(At end March 1999)

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Category (Type of SSI)</th>
<th>Number of units</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Engineering</td>
<td>1432</td>
<td>12.6</td>
</tr>
<tr>
<td>2.</td>
<td>Electrical</td>
<td>232</td>
<td>2.0</td>
</tr>
<tr>
<td>3.</td>
<td>Agro based</td>
<td>1482</td>
<td>13.0</td>
</tr>
<tr>
<td>4.</td>
<td>Forest based</td>
<td>1283</td>
<td>11.3</td>
</tr>
<tr>
<td>5.</td>
<td>Mineral based</td>
<td>107</td>
<td>0.9</td>
</tr>
<tr>
<td>6.</td>
<td>Chemical based</td>
<td>264</td>
<td>2.3</td>
</tr>
<tr>
<td>7.</td>
<td>Textile based</td>
<td>3805</td>
<td>24.3</td>
</tr>
<tr>
<td>8.</td>
<td>Miscellaneous</td>
<td>2764</td>
<td>33.5</td>
</tr>
</tbody>
</table>

Source: Directorate of Industries, Assam.

It is seen from the above table that at the end of March 1999 maximum numbers of SSI units (24.3 percent) were textile-based units. The second place is occupied by agro based industries (13.0 percent) which is followed by engineering based industries (12.6 percent) forest based units (11.3 percent) and so on.

Though there are both large and small-scale industries in Assam the state still remains industrially backward. Assam accounts for only 1 percent of the total SSI units in the country.
4.4 Major Constraints of Small Scale Industries in Assam:

Small scale industries in Assam faces various problems like ignorance, illiteracy and conservative attitude of the people connected with these industries, scarcity of raw materials etc. But the major ones are the problems of infrastructure, finance, marketing and management.\(^6\)

4.4.1 Problem of Infrastructure:

Infrastructure is one of the most important components of industrial development. Infrastructure bottleneck retards the growth of industries in a region. And in Assam where majority of the state is covered by roads is very poorly developed. Only 15.73 percent of the total road is surfaced road as against 50.52 percent in the country as a whole and it has mere 3.95 percent share in the country’s railway network. In 2001-02, consumption of electricity in Assam was 1682.98 Mkwh. A 5 percent economic growth requires an 8 percent growth in infrastructure. Finally, Assam lags far behind than the national level in terms of industrialisation though it has some natural advantages in terms of forests, minerals and climatic condition.

4.4.2 Problem of Finance:

Finance is regarded as lifeblood for industry and SSIs in Assam faces the problem of inadequate finance. Availability of funds from the institutional sources is at a very low level as can be seen from the credit-
deposit ratio (31.5 percent) in the state than the all India average (62.3 percent) as on March 2002. This is coupled with problems like no easy approach to institutional finance due to lack of collateral security, cumbersome procedure, getting meagre funds than required and most importantly delay in the sanction and disbursement of meagre funds.

4.4.3 Problem of Marketing:

Marketing is a severe problem and if not properly assessed leads to the closure of the SSIs. Likewise in India, in Assam also small-scale industries faces problem in the area of marketing. The geographical isolation of the state, together with its lack of transport and communication facilities, which results in inordinate delay in the movement of goods and simultaneous increase in costs. Moreover, the market area is limited and products are confined to the state. The cost of production also increases by 20 to 30 percent making the products of the state uncompetitive price wise. That is why Assam is considered as Traders paradise. Though various marketing schemes are in operation like Assam Industrial Development Corporation (AIDCs) marketing assistance scheme to help the small scale industries in marketing their products these couldn’t make their expected headway in the state.
4.4.4 Problem of Management:

The problem of management is very inherent in the SSIs because in most of the cases the entrepreneur looks after every causes ranging from accounting to marketing as well as production. There is no division of labour and he is all in one. This boils down to inefficient functioning of the business. Research studies report that the majority of industrial units fall sick due to management problems like lack of poor management, dissentions within management, all combined called mismanagement.

4.5 Future Prospect of Small Scale Industries in Assam in view of the Current Economic Reforms:

Assam is endowed with vast natural resources like mineral resources, forest resources, water resources etc. But the state is still lagging far behind many other states as far as the industrial development is concerned. With the onset of economic reforms the scope has broadly widened in these parts of the country to bear the fruits of industrialisation. In this respect small-scale industries will have to play a significant role in the industrial development of the state. Though the industrial policy of 1991 was not much successful, the new industrial policy 1997 started with a great promise for adopting a smooth and rapid industrialisation in the state. Thus, under the new industrial policies introduced by both the Central and state government, the future prospect of small-scale
industries in Assam is quite bright. Moreover, under the fiscal policy reforms, the Central Government has made provision for either tax holiday or tax concession to the newly developed industries in a backward state like Assam. Such tax relief’s has brightened the scope for the promotion and development of small-scale industries in an industrially backward state like Assam. Further, the Central Government has set up North Eastern Development Finance Corporation (NEDFi) in 1996 to boost up the industrial development of the northeastern region. The main objective of NEDFi is to provide finance and other facilities for the promotion, expansion and modernization of industrial and infrastructural project in the northeastern region. NEDFi has also made special provision for financial support, data bank etc. for the small scale industries of the state which has already brightened the prospect of the development of small scale industries in Assam. The NEDFi will concentrate on downstream petrochemical units, plantations, sericulture, cane and bamboo projects.

Thus, in view of the current economic reforms, the prospect of small-scale industries is quite bright. But in the ultimate analysis many more things also need to be improved like law and order situation, which will create a conducive environment for the industrial development of the State. Moreover, small-scale industries should be promoted based on
locally available resources for which local entrepreneurs should come forward and participate actively in the industrialisation process of the state. Finally, it is observed that in view of the current situation prevailing in the state the current economic reforms has not created much impact in the process of industrialisation of the state. But keeping a positive frame of mind and with the state having the rich resource base, the prospect of small scale industries is very bright, provided an investment friendly climate is created in the state.

4.6 Scenario of Industrial Sector in Kamrup District:

4.6.1 Medium and Large Scale Industries:

Out of 132 large and medium scale industries in the state, more than 50 units are located in the Kamrup district. Among such large and medium scale industries located in the Kamrup district are Guwahati Refinery (refining of petrol, diesel, etc.) Assam Carbon (manufacturing of Carbon black), NE tubes (GI pipes), Goenka Woollen Mills (Wool), India Carbon (Carbon), Oil India Ltd. (movement of oil through pipelines), HMT (watch battery), Statfed (vanaspati), West Assam Milk Supply Union (Cattle Feed Plant), Gemsaon melt (iron rod), Rhino Asbestos (asbestos sheets), etc.
4.6.2 Tea Gardens:

The number of tea gardens in the Kamrup district in 1999 was 53. The area under tea cultivation as on 31\textsuperscript{st} December 1999 was 3289 hectares. The production in the same year was 4941 thousand kg. Average yield in the year 1999 was 1502 per hectare.

4.6.3 Small Scale Industries:

In addition to medium and large-scale industries, there are number of small-scale industries located in the Kamrup district. Some of the popular small scale units located in Kamrup district are: Purbanchal Chemicals (chemicals like wax emulsion for paper plant), Assam paints (paints), Diptron (Power tiller), Jajodia industries (Steel Almirah), Saraf Motors (automobile reconditioning), Niru’s Food Products (food processing), Modern Metal Moulders (ferrous and non-ferrous casting), Frontier Foam (rubber foam products), P. Das & Co. (gun manufacturer) etc.

Total number of small-scale industries registered under the Directorate of Industries and Commerce in Kamrup district in 1995 was 7019 units. It increased to 10,884 units in 2000 and in 2001 it further increased to 12,260 units. It is shown in the following table-5.
Table-5

Growth of registered SSI units in Kamrup District
(1995 to 2001)

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>7,019</td>
</tr>
<tr>
<td>1996</td>
<td>7,846</td>
</tr>
<tr>
<td>1997</td>
<td>8,631</td>
</tr>
<tr>
<td>1998</td>
<td>9,100</td>
</tr>
<tr>
<td>1999</td>
<td>9,900</td>
</tr>
<tr>
<td>2000</td>
<td>10,884</td>
</tr>
<tr>
<td>2001</td>
<td>12,260</td>
</tr>
</tbody>
</table>

Source: Directorate of Industries, Assam.

4.6.4 Registered Factories:

The total number of registered factories in Kamrup District in the year 2000 was 507. It increased to 521 in 2001. The average number of workers in the same year was 12,625 numbers.

4.7 General Problems of SSIs in Kamrup District:

The general problems of SSIs in Kamrup district are as follows:

1. Inadequate finance: SSIs in Kamrup district faces a lot of problems due to inadequate finance provided by the banks and financial institutions. This indirectly retards their growth.
2. **Marketing problem:** Marketing is a severe problem for the SSIs in Kamrup district. Geographical isolation together with lack of adequate infrastructure is greatly responsible for the marketing of SSI products.

3. **Production cost is too high:** The cost of production is high in Kamrup district due to obsolete technology used in the production process.

4. **Management problem:** The problem of management is there in most of the SSIs. This is because entrepreneur is all in one and there is no division of labour.

5. **Raw material problem:** Raw material is a great problem for the SSIs because all the things that are required in the manufacturing process are not easily available in the state.

6. **Lack of skilled personnel:** SSIs also don’t have skilled personnel in their units. This is because there is dearth of skilled personnel suited to the requirements of SSIs.

7. **Increasing competition:** SSIs in the Kamrup district faces increasing competition because of the cheap products brought by the wholesalers from other parts of the country.
8. **No testing and R & D facilities:** In the SSIs due to financial constraints there is no R&D facilities. Therefore, innovation is totally absent in the SSIs.

9. **Improper assistance as well as guidance from government and other organisations:** SSIs don’t get proper assistance as well as guidance from the government and other organizations due to their indifferent attitude towards the SSI sector in the state.

Industrialisation in Assam started in 19th century and at that time industrial development was confined to tea, petroleum, coal, mining, cottage and village industries. But after independence the government adopted various industrial policies from time to time and a significant number of large, medium and small-scale industries came into being. The various types of small scale industries found in the state as well as in Kamrup district are engineering, electrical, agro based industries, forest based industries, mineral based industries, chemical based industries and textile-based industries etc. The number of SSIs in the state is steadily on the rise but this industries faces number of problems in the area of raw materials, lack of skilled personnel, improper assistance as well as guidance from government and other organisations but the major constraints are problem of infrastructure, problem of finance, problem of marketing and problem of management.
REFERENCES:


2. Ibid, p.192.


7. Ibid., p.68.
CHAPTER – V

5. FINANCIAL ASPECTS OF SMALL SCALE SECTOR IN ASSAM AND KAMRUP DISTRICT:

5.1 Introduction:

Finance is the most important input in the industry and like any other industry small scale industries also need finance for meeting various expenses. Most of the entrepreneurs or artisans in this sector are economically weak. “They are poorly placed in the matter of capital formation as they are not in a position to plough back much into the business because of limited profits”.

The small scale sector of Assam both modern and traditional is in crying need of finance. As a backward state, capital formation is meagre in Assam. “The local people do not have the necessary capital to start any industry. Entrepreneurs from other places are not attracted to Assam as there are sufficient investment opportunities at home where the transport system is good, and the market is assured”. Under the circumstances local entrepreneurs are unable to start or run a unit with their own fund and they have to look to other sources of financing their units. It is true, of course for all type of industrialists of modern days that it is almost impossible to run a unit entirely from one’s own fund.
The capital structure in a SSI unit is quite simple. “A number of industries commence production without any capital worth mentioning. Even in cases where there is capital, it is invariably contributed by the entrepreneurs or by money borrowed from relatives and shown as capital”\(^3\). However, this does not imply that one can run a SSI unit without capital.

Small-scale industries require two types of capital—fixed capital and working capital. The fixed capital which are met by long term loan\(^*\) are needed because of (a) for meeting the expenses of acquisition of land and building and installation of plant and machinery and the working capital\(^**\) which are financed by short term advances are (b) for purchase of raw materials and to meet other current expenses such as fuel, wages, marketing and production etc. “Fixed capital requirements are met by state Government (under the State Aid to Industries Act/Rules), State Financial Corporations (SFCs), National Small Industries Corporation (NSIC), State Small Industries Corporation (SSICs), State Industrial Development Corporation (SIDCs), Commercial Banks, Industrial Investment Corporations, Cooperative Banks, indigenous bankers and money lenders”\(^4\). The working capital is mainly provided by Commercial Banks.
The financial requirements of small-scale industries in Assam are met by various financial institutions. Almost all the banks and financial institutions are working in Assam and provide financial assistance to SSI units. Commercial Banks, Assam Financial Corporation (AFC), North Eastern Development Finance Corporation (NEDFi), Assam Small Industries Development Corporation (ASIDC), National Small Industries Corporation (NSIC) etc. are providing direct financial help whereas the SIDBI provide indirect financial help.

In the present analysis only the two most important provider of finance to SSIs viz. Commercial Banks which we consider as Scheduled Commercial Banks (SCBs) and State Financial Corporation which we take as Assam Financial Corporation (AFC) are taken into account and in the later part the analysis of survey results are discussed.

Firstly, for State Financial Corporation a brief background is highlighted and then Assam Financial Corporation (AFC) and its credit disbursements to the SSI sector in Assam and Kamrup district are discussed and secondly Commercial Banks with a brief background and its disbursements of credit to the SSI sector at the state and district level are analysed.
5.1.1 State Financial Corporations (SFCs):

Under the State Financial Corporation Act, 1951, which came into effect from August 1, 1952, which was in the nature an enabling measure, various State Governments have established financial Corporations for meeting the term credit needs of medium and small-scale industries located in their respective territories\textsuperscript{5}. The State Financial Corporation provides assistance to industrial units through loan, underwriting of shares, bonds and debentures etc.

Eighteen SFCs have been established so far including the Tamil Nadu Industrial Investment Corporation Limited “A SFC being a development bank and at the same time Public Financial Corporation, acts not only as a purveyor of direct assistance in the form of loan and advances but it also acts as an agent of the State Government and the other developmental concern such as the Industrial Development Bank of India”\textsuperscript{6}.

5.1.2 Assam Financial Corporation (AFC):

AFC was established under the Central Act, viz. the State Financial Corporations Act, 1951 with the basic objective of promoting and developing small scale and medium scale industries in the state with a special focus on spreading industrial culture in the rural, semi-urban and backward areas of the States.
The Corporation is owned by the Assam State Government jointly with IDBI and is functioning under the administrative control of the state government.

The Chairman and the Managing Director of AFC are senior IAS officers appointed by the State Government in consultation with IDBI. The Board of Directors of AFC are highly professional in character and consist of senior executives of the State Government, a representative each from RBI, IDBI and SIDBI, besides other interests like cooperatives, life insurance corporation, entrepreneurs are also represented on the Board. AFC employs highly professional and technical personnel to carry on the business operations such as MBAs, CAs, engineers, marketing experts etc.

Assam Financial Corporation caters to the requirements of the entrepreneurs. It provides term loan to small and medium scale industries for creation of assets viz. land, buildings and machinery. It also provide working capital term loan to the industrial units on competitive terms.

The Corporation also provides Non Fund based services like Merchant Banking, Underwriting of Public issues, Project Counseling, Bill discounting, Leasing and Higher Purchase.

It is operating a number of financial assistance schemes for the benefit of entrepreneurs such as assistance for marketing activities,
equipment finance, special schemes for assistance to ex-serviceman, single window scheme etc.

Assam Financial Corporation provides maximum loan up to Rs. 240 lakh. The interest on loan ranges between 13.75% to 16.5% depending upon the size of the loan and term.

5.2 Assam Financial Corporation credit to SSI sector in Assam and Kamrup district:

It is seen from Table-6 that the loan sanctioned by Assam Financial Corporation to SSI sector in Assam from 1995 to 2000 shows increasing trend except in the year 2001 where it declined. The total credit sanctioned in 1995 was Rs. 7735.02 lakh and it increased to Rs. 8219.00 lakh in 1998 and further it increased to Rs. 8418.21 lakh. Thereafter it declined in 2001 to 8321.24 lakh.

The percentage share of SSI to total credit shows that it was 73.50% in 1995 and it increased to 74.44% in 1998 and further to 72.72% in 2000. But in 2001 the percentage share of SSI sector declined to 71.22%.

As in the case of loan disbursed by Assam Financial Corporation and its percentage share it follows similar trend as sanctioned.

As far as the distribution of credit by Assam Financial Corporation in Kamrup district is concerned the loan sanctioned
increased from Rs. 2906.68 lakh in 1995 to Rs. 3084.51 lakh in 1998 and further it increased to Rs. 3095.94 lakh in 1999. But thereafter it declined to Rs. 2802.05 lakh in 2000 but again it increased to Rs. 2871.51 in 2001. This can be seen from table-7.

The percentage share of SSI in Kamrup district shows that it was 33.70% in 1995 and it increased to 38.21% in 1996 but thereafter there is a continuous decline in 1997 it declined to 37.99% and further to 33.28% in 2000. Thereafter, there is gradual increase and it increased to 34.51% in 2001.

The disbursements of credit and percentage share of SSI in Kamrup district follows similar trend.

Table-6: Distribution of Credit by AFC to SSI sector in Assam 1995-2001, (Rs. in Lakh).

<table>
<thead>
<tr>
<th>Year</th>
<th>Loan sanctioned to SSI</th>
<th>% share of SSI to total credit</th>
<th>Loan disbursed to SSI</th>
<th>% share of SSI to total credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>7735.02</td>
<td>73.50</td>
<td>6684.26</td>
<td>72.31</td>
</tr>
<tr>
<td>1996</td>
<td>7874.59</td>
<td>74.07</td>
<td>6998.60</td>
<td>72.82</td>
</tr>
<tr>
<td>1997</td>
<td>7922.84</td>
<td>74.19</td>
<td>7216.67</td>
<td>73.41</td>
</tr>
<tr>
<td>1998</td>
<td>8219.00</td>
<td>74.44</td>
<td>7348.34</td>
<td>73.21</td>
</tr>
<tr>
<td>1999</td>
<td>8428.04</td>
<td>74.46</td>
<td>7681.06</td>
<td>73.70</td>
</tr>
<tr>
<td>2000</td>
<td>8418.21</td>
<td>72.72</td>
<td>7858.83</td>
<td>73.38</td>
</tr>
<tr>
<td>2001</td>
<td>8321.24</td>
<td>71.22</td>
<td>8005.55</td>
<td>72.28</td>
</tr>
</tbody>
</table>

Source: Compiled from AFC. Annual Reports.
Table-7: Distribution of Credit by AFC to SSI sector in Kamrup District 1995-2001(Rs in Lakh).

<table>
<thead>
<tr>
<th>Year</th>
<th>Loan sanctioned to SSI</th>
<th>% share of SSI to total credit</th>
<th>Loan disbursed to SSI</th>
<th>% share of SSI to total credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>2906.68</td>
<td>33.70</td>
<td>2680.65</td>
<td>40.10</td>
</tr>
<tr>
<td>1996</td>
<td>3009.07</td>
<td>38.21</td>
<td>2770.75</td>
<td>39.59</td>
</tr>
<tr>
<td>1997</td>
<td>3010.20</td>
<td>37.99</td>
<td>2888.30</td>
<td>40.02</td>
</tr>
<tr>
<td>1998</td>
<td>3084.51</td>
<td>37.53</td>
<td>2914.64</td>
<td>39.66</td>
</tr>
<tr>
<td>1999</td>
<td>3095.94</td>
<td>36.73</td>
<td>3004.21</td>
<td>39.11</td>
</tr>
<tr>
<td>2000</td>
<td>2802.05</td>
<td>33.28</td>
<td>2747.34</td>
<td>34.96</td>
</tr>
<tr>
<td>2001</td>
<td>2871.51</td>
<td>34.51</td>
<td>2817.93</td>
<td>35.20</td>
</tr>
</tbody>
</table>

Source: Compiled from AFC, Annual Reports.

5.3 Commercial Banks:

Commercial Banks have indeed formed the backbone of the financial system in the country. These banks can broadly be divided into three categories viz. public sector banks, private sector banks and foreign banks and have been playing a dominant role in the mobilization of public savings and deployment of credit to various sectors of the economy. The SSI sector, consisting of priority sector for banks lending, has been receiving direct assistance from commercial banks.

In Assam, commercial banks are playing an important role in the deployment of credit to various sectors including SSI sector.

Assam entered into the history of banking industry in 1923 with the establishment of the first branch of the Imperial Bank of India at
Dibrugarh. In the private sector a few philanthropist of Assam started the Gauhati Bank in 1926, which was reconstituted and renamed as Purbanchal Bank Ltd. in 1972 and now has been merged with the Central Bank of India. In the co-operative sector the Assam Cooperative Apex Bank was formed in 1949. At the time of independence, availability of banking facilities was grossly inadequate in the whole North East India.

Against this background, Assam has undergone a remarkable change in the field of banking in the post nationalization period. Besides, having a regional branch office of the Reserve Bank of India at Guwahati, Assam has now different branches of the State Bank of India, nationalised and non-nationalised Scheduled Commercial Banks, regional rural banks and co-operative banks.

Total number of branches of all SCBs have increased to 1094 in December 1989 from a mere 74 branches at the time of nationalisation i.e., in 1969, which shows nearly 15 times higher growth. It increased to 1217 in December 1991 and then further to 1241 in March 1998. In March 2002, the number of branches of SCBs decreased to 1239. With the expansion of the banking facilities the disbursement of the credit by the SCBs of the State shows that the volume of total credit disbursed by the banks was Rs. 1726.18 crore as on December 1996 which increased to Rs. 1925.83 crore as on December 1997 and then to Rs. 1978.24 crore as
on March 1998. It further increased to Rs. 2701.16 crore in March 2000 and then to Rs. 3627.07 crore as on March 2002. Of all these, Assam’s industrial sector occupies the top position with Rs. 741.10 crore i.e. 39.5% of the total outstanding credit of Rs. 1874.59 crore as an March 1995. Again, on March 2001, industrial sector occupies the top position with Rs. 1339.27 crore i.e., 35.62% of the total outstanding credit of Rs. 3759.79 crore.7

5.4 Scheduled Commercial Banks Credit to SSI Sector in Assam and Kamrup District:

The distribution of SCBs credit to SSI sector in Assam is shown in Table: 8. It is seen that the total credit sanctioned in the year 1995 was Rs. 184.94 crore and it increased to Rs. 239.38 crore in 1998. It further increased to Rs. 327.54 crore in 1999. Thereafter, it declined in 2000 to Rs. 256.51 crore and further to Rs 249.74 crore in 2001.

The percentage share of the total bank credit to SSI sector shows that it increased from 9.86% in 1995 to 11.58% in 1996. Then, it declined in 1997 to 9.84%. Thereafter, it again increased to 10.37% and 11.95% in 1998 and 1999 respectively. In 2000 it again declined to 8.57% and in 2001 it further decreased to 6.64%.

In the case of credit by SCBs in Kamrup district it is shown in table-9. The total credit made available to SSI sector shows that it was
Rs. 862943 lakh in 1995 and it increased to Rs. 1045795 lakh in 1998 and further it increased to Rs. 1079695 in 2000. Thereafter, it increased to Rs. 1541651 lakh in 2001.

The percentage of credit to the SSI sector in Kamrup district shows uneven trend. It was 46.66%, in 1995 and decreased in 1996 to 42.02%. Then, it increased to 46.67% in 1997. Again, in 1998 and 1999 it decreased to 43.99% and 32.42% respectively. Thereafter, it again increased to 42.09% in 2000. Afterwards there is a significant increase in 2001 and it was 61.73%.

**Table – 8: Distribution of SCBs credit to SSI sector in Assam from 1995 to 2001.**

(Rs. crore)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total credit to SSI Sector</th>
<th>% share of SSI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>184.94</td>
<td>9.86</td>
</tr>
<tr>
<td>1996</td>
<td>199.93</td>
<td>11.58</td>
</tr>
<tr>
<td>1997</td>
<td>208.41</td>
<td>9.84</td>
</tr>
<tr>
<td>1998</td>
<td>239.38</td>
<td>10.37</td>
</tr>
<tr>
<td>1999</td>
<td>327.54</td>
<td>11.95</td>
</tr>
<tr>
<td>2000</td>
<td>256.51</td>
<td>8.57</td>
</tr>
<tr>
<td>2001</td>
<td>249.74</td>
<td>6.64</td>
</tr>
</tbody>
</table>

Source: Compiled from Economic Survey, Assam, various years.
Table-9: Distribution of SCBs credit to SSI sector in Kamrup district from 1995-2001.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total credit</th>
<th>% share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>862943</td>
<td>46.66</td>
</tr>
<tr>
<td>1996</td>
<td>840107</td>
<td>42.02</td>
</tr>
<tr>
<td>1997</td>
<td>972728</td>
<td>46.67</td>
</tr>
<tr>
<td>1998</td>
<td>1045785</td>
<td>43.69</td>
</tr>
<tr>
<td>1999</td>
<td>1061874</td>
<td>32.42</td>
</tr>
<tr>
<td>2000</td>
<td>1079695</td>
<td>42.09</td>
</tr>
<tr>
<td>2001</td>
<td>1541651</td>
<td>61.73</td>
</tr>
</tbody>
</table>

Sources: UCO Bank Annul Credit Plan for various years.

5.5 ANALYSIS OF SURVEY RESULTS:

5.5.1 Year of establishment:

The study shows that majority of the SSI units in the Kamrup district i.e. 44.44 percent were established between 1991-2000 and another 26.67 percent between 1981-1990. Similarly, 16.67 percent units were set up before 1980 and 12.22 percent units after 2001. The details of classification of units as per the year of establishment can be seen from Table 10.

5.5.2 Forms of Organisation:

The SSI units belonged to different forms of business organization viz. proprietorship, partnership, companies and co-operatives. This is shown in Table-11. It is found that majority of the SSI units belonged to
proprietorship (64.44%) concern, which is followed by companies (17.78%), partnership (8.89%), partnership (Joint family) (7.78%) and co-operatives (1.11%).

5.5.3 Range of Investment:

Table 12 shows that the range of investment made by SSI units in plant and machinery. It is seen from the table that 34.44 percent units made investment in plant and machinery is less than Rs.1 (one) lakh, followed by Rs.20 lakh and above (17.78%), Rs.2 lakh to Rs.4 lakh (12.22%), Rs.1 (one) lakh to Rs.2 lakh (10.00%).

5.5.4 Size of employment:

The employment size is shown in Table 13. It is seen that majority 34 (37.78%) units employed up to 5 persons followed by 32 (35.56%) units employed 6-10 persons, 13 (14.44%) units employed 11-20 persons, 8 (8.89%) units employed, 21-30 persons. There are only 1 (1.11%) unit each, which employed 31-40, 41-50 and 51-60 persons.

5.5.5 Type of Activity:

Table 14 shows that the SSI units are engaged in different types of activity. It is seen that printing press and its allied units like book binding, paper making, paper packaging, etc. were the dominant SSI units (30%), followed by Steel Fabrication units (like gate and grill making, rolling shutters, collapsible gate, etc.), (22.22%), Wooden Furniture (6.68%),
Engineering units (tool making, grinding, sheet cutting, molding etc.) (6.67%), Steel Furniture and Food Processing (3.56% each), Plastic and other miscellaneous units (4.44% each), Chemicals and Wire netting (2.22% each), Other units like Rubber, Garments, Cane and Bamboo, Electricals, Pharmaceuticals, Bus / Truck body building etc. were found to be negligible in existing industries.

5.5.6 Electric Power Consumption:

The consumption of electricity by the SSI units is shown in Table 15. It is seen that 17 (18.89%) SSI units consumed 1000 watt and above, followed by 16 (17.78%) units which consumed 200 to 300 watt, 300 to 400 watt by 15 units (16.67%), 400 to 500 watt by 8 units (8.89%), 100 to 200 watt by 8 units (8.89%), 500 to 600 watt by 7 units (7.78%), 800 to 900 watt by 5 units (5.56%), 600 to 700 watt by 4 units (4.44%), 700-800 watt by 3 units (3.33%) and another 900-1000 watt by 3 units (3.33%).

5.5.7 Buyers of SSI Units:

The table 16 shows buyers of SSI units. It is seen from the table that majority of the respondents said that both private customers and government departments are their buyers. The intermediary manufacturing and others forms a negligible portion.
5.5.8 *Educational Background:*

The different types of educational qualification held by the SSI entrepreneurs are shown in Table 17. It is seen from the table that majority of the entrepreneurs are graduates (37.79%) followed by matriculation (23.33%) post graduation (14.44%), technical and higher secondary (12.22% each).

5.5.9 *Training of Entrepreneurs:*

Different types of training obtained by entrepreneurs are shown in Table 18. It is seen that there are many SSI entrepreneurs who received training in various institutes or organization before or after starting their business establishment. The total number of entrepreneurs who received training is 27. The duration of their training ranges from 3 days to a maximum of 18 months. They attended training in institutes like Indian Institute of Entrepreneurship, Guwahati; NISIET, Hyderabad; EDII, Ahmedabad; etc.

5.5.10 *Family Background:*

The family background of the SSI entrepreneurs is shown is Table 19. It is seen that majority of them belong to service family (53.34%) followed by business family (42.22%), Poor and uneducated (4.44%) who are engaged in business activity is very less.
In the case of category General Caste (78.89%) entrepreneurs are dominant followed by Other Backward Classes (13.33%), Scheduled Caste (5.55%) and Scheduled Tribe (2.22%).

5.5.11 Experience of Entrepreneurs:

The experience of the different SSI Entrepreneurs is shown in Table 20. It is found that 19 (21.11%) number of entrepreneurs have 30 years and above experience followed by 18 (20%) number of entrepreneurs have 15 to 20 years of experience, 5 to 10 years 17 (18.89%), 10 to 15 years 13 (14.44%) less than 5 years 9 (10%), 25 to 30 years 8 (8.89%), 20 to 25 years 6 (6.67%). It shows that a large number of entrepreneurs have more than 30 years of experience.

5.5.12 Reasons for choosing this profession:

The reasons provided by the entrepreneurs for choosing this profession is shown in Table 21. It is seen that majority of the entrepreneurs have chosen this profession because they are interested in their respective line of activity (54.44%), 22 (24.44%) entrepreneurs cited preference to have an independent life as the main reason. 14 (15.57%) entrepreneurs said that because they didn’t got any other alternative they have shifted to this profession. Only 4 (4.44%) entrepreneurs gave family pressure as their prime reason and another one 1 (1.11%) said because of government assistance he had chosen this profession.
5.5.13 Interest in other business activity:

The SSI entrepreneurs who have interest in other business activities are shown in Table 22. It is seen that 55 (55.56%) of the entrepreneurs have interest in other line of business where as 44 (44.44%) have no interest in other line of business.

5.5.14 Total investment:

The total investments made by the SSI entreprenures are shown in Table-23. It is seen from the table that majority of the SSI units 23 (25.56%) have investment in the range of more than 20 lakh followed by Rs.1 to Rs.2 lakh 15 (16.66%) units, less than Rs.1 lakh 12 (13.33%) units, Rs.10 lakh to Rs.15 lakh 12 (13.33%) units, Rs.2 lakh to Rs.4 lakh 8 (8.89%) units and another Rs.15 to Rs.20 lakh 8 (8.89%) units and so on.

5.5.15 Sources of Term Loan:

The various sources of term loan are shown in Table 24. It is seen from the table that, of the 90 units surveyed 30 (33.33%) units have their funds from own sources. The entrepreneurs who received term loans from Commercial Banks are 33 (36.67%) units where as those who receive it from other financial institutions comprises 27 (30%) units.
5.5.16 Problems in securing term loan:

The problem in securing term loans is shown in Table 25. It is found that out of the total 90 units surveyed only 33 units borrowed from Commercial Banks and 27 units from other Financial Institutions. The various problems which the entrepreneurs face in securing term loans shows that of the 33 units which borrowed from Commercial Banks 20 respondents didn’t find any problem in obtaining loans, 11 respondents found that there are too many legal formalities, 9 respondents found the procedures of securing loans from Commercial Banks were too cumbersome, 7 respondents found that Commercial Banks made delay in sanctioning term loans, 5 respondents found that the penal interests were too heavy, 4 respondents found that inadequate finance is provided by commercial banks and 2 respondents found that private payment should be made to officials and non officials during the sanctioning of loans.

In the case of loans from other financial institutions out of 27 units which receive term loan 15 respondents said that there is no problem, 8 respondents found the procedure too cumbersome, another 8 respondents found penal interest are too heavy, 4 respondents found there is delay in sanctioning loans by other financial institutions, 4 respondents found that inadequate finance is provided to them in the case of sanctioning of loans, another 4 respondents found that payments should be made to officials
and non-officials while securing loans and only 2 respondents highlighted suppliers linked loans.

5.5.17 Sources of working capital:

The sources of working capital are shown in Table 26. It is seen that majority of the 53 (58.89%) SSI units did not approach banks for working capital requirements. The numbers of units that receive working capital from Commercial Banks are 33 (36.67%) units and only 4 (4.44%) units receive working capital from other financial institutions.

5.5.18 Range of working capital obtained from Banks:

The total amount of working capital obtained by various SSI units in different range of capital is shown in Table 27. It is seen that 10 (27.03%) units received in the range of Rs.2 lakh to Rs.4 lakh followed by 6 (16.22%) units received in the range of less than Rs.1 lakh, 5 (13.51%) Rs.4 to Rs.6 lakh, 5 (13.51%) units Rs.15 to Rs.20 lakh, 5 (13.5%) units Rs.6 lakh to Rs.10 lakh, 3 (8.11%) units Rs.1 lakh to Rs.2 lakh, 2 (5.40%) units Rs.15 lakh to Rs.20 lakh and only 1 (2.70%) units Rs.20 lakh to Rs.15 lakh.

5.5.19 Credit facilities obtaining from banks:

Table 28 highlights the various credit facilities viz. cash credit-hypothecation and they obtain overdraft facilities. Out of 90 surveyed units only 37 received credit facilities. Majority of 33 (89.19%) units got
cash credit-hypothecation from banks while 4 (10.81%) units received overdraft facilities.

5.5.20 Problem in securing working capital:

Out of the total 90 units surveyed only 37 units received working capital from Commercial Banks and other Financial Institutions. Of them 33 units received working capital from Commercial Banks and 5 units from other Financial Institutions. This is shown in Table 29. It is seen that out of 33 units which received working capital from Commercial Banks 20 respondents didn’t find any problem in receiving working capital, 12 respondents found that there are too many legal formalities, 10 respondents found that repeated requests are to be made to banks officials while obtaining working capital. 8 respondents found that periodical statements are strictly insisted while sanctioning working capital, 7 respondents found the procedure too cumbersome, 6 respondents found unaccounted expenses are borne by them in entertaining of officials and non-officials before obtaining loans. 5 respondents found that inadequate amount of working capital are provided to them.

In the case of 5 SSI units which received working capital from other Financial Institutions 3 respondents highlighted that there is no problem in securing working capital, 1 (one) respondent found that repeated requests are to be made to the officials while obtaining loans and
another 1 (one) respondent found that there are too many formalities made by banks before sanctioning of working capital.

5.5.21 Repayment of loan:

Of the total 90 SSI units surveyed the number of units who made regular repayment of loan is shown in Table 30. It is seen from the table that 63 units availed loan and of them 53 units made regular repayment and 9 units didn’t made regular repayment. This is because of shortage of production, inability to sell the product, non-receipt of sale proceeds from customers and excessive cost incurred in production.

5.5.22 Total loan borrowed and repaid:

The total loan borrowed and repaid by the SSI units is shown in Table 31. It is seen from the table that out of 60 units who borrowed 14 (22.22%) units borrowed in the range of Rs.20 lakh and above followed by 13 (20.63%) units borrowed in the range of less than Rs.1 (one) lakh, Rs.1 lakh to Rs.2 lakh by 10 (15.87%) units, Rs.2 lakh to Rs.4 lakh 8(12.70%) units, Rs.6 lakh to Rs.10 lakh by 7 (11.11%) units, Rs.10 lakh to Rs.15 lakh by 4 (6.35%) units, Rs.15 lakh to Rs.20 lakh by 4 (6.35%) units, Rs.4 lakh to Rs.6 lakh by 3 (4.76%) units.

As far as total loan repaid is concerned 18 (28.57%) units repaid in the range of less than Rs.1 lakh, Rs.1 lakh to Rs.2 lakh by 8 (12.70%) units, Rs.2 lakh to Rs.4 lakh by 8 (12.70%) units, Rs.4 lakh to Rs.6 lakh
by 7 (11.11%) units, Rs.6 lakh to 10 lakh (11.11%) units, Rs.10 lakh to Rs.15 lakh by 6 (9.52%) units, Rs.20 lakh and also above by 5 (7.94%) units and Rs.15 lakh to Rs.20 lakh by 4 (6.35%) units.
### TABLE - 10

Distribution of SSI Units by Year of Establishment

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Year</th>
<th>Number of Units</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.</td>
<td>1991-2000</td>
<td>40</td>
<td>44.44</td>
</tr>
<tr>
<td>4.</td>
<td>2001 and above</td>
<td>11</td>
<td>12.22</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: Field Survey.
### TABLE - 11

**Distribution of SSI Units by the Type of Legal Organisation**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Type of legal organisation</th>
<th>Number of Units</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Individual proprietorship</td>
<td>58</td>
<td>64.44</td>
</tr>
<tr>
<td>2.</td>
<td>Partnership (Joint family)</td>
<td>7</td>
<td>7.78</td>
</tr>
<tr>
<td>3.</td>
<td>Partnership</td>
<td>8</td>
<td>8.89</td>
</tr>
<tr>
<td>4.</td>
<td>Public Limited Company</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>5.</td>
<td>Private Limited Company</td>
<td>16</td>
<td>17.78</td>
</tr>
<tr>
<td>6.</td>
<td>Co-operative Society</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>7.</td>
<td>Any Other</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

*Source: Field Survey.*
<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Range of investment (in lakh)</th>
<th>Number of Units</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Less than - Rs.1 lakh</td>
<td>31</td>
<td>34.44</td>
</tr>
<tr>
<td>2.</td>
<td>Rs.1 lakh - Rs.2 lakh</td>
<td>9</td>
<td>10.00</td>
</tr>
<tr>
<td>3.</td>
<td>Rs.2 lakh - Rs.4 lakh</td>
<td>11</td>
<td>12.22</td>
</tr>
<tr>
<td>4.</td>
<td>Rs.4 lakh - Rs.6 lakh</td>
<td>8</td>
<td>8.89</td>
</tr>
<tr>
<td>5.</td>
<td>Rs.6 lakh - Rs.10 lakh</td>
<td>5</td>
<td>5.56</td>
</tr>
<tr>
<td>6.</td>
<td>Rs.10 lakh - Rs.15 lakh</td>
<td>7</td>
<td>7.78</td>
</tr>
<tr>
<td>7.</td>
<td>Rs.15 lakh - Rs.20 lakh</td>
<td>3</td>
<td>3.33</td>
</tr>
<tr>
<td>8.</td>
<td>Rs.20 lakh - and above</td>
<td>16</td>
<td>17.78</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>90</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Field Survey.
**TABLE - 13**

*Distribution of SSI Units by Employment Size*

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Size of employment</th>
<th>Number of Units</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Upto 5</td>
<td>34</td>
<td>37.78</td>
</tr>
<tr>
<td>2.</td>
<td>6-10</td>
<td>32</td>
<td>35.56</td>
</tr>
<tr>
<td>3.</td>
<td>11-20</td>
<td>13</td>
<td>14.44</td>
</tr>
<tr>
<td>4.</td>
<td>21-30</td>
<td>8</td>
<td>8.89</td>
</tr>
<tr>
<td>5.</td>
<td>31-40</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>6.</td>
<td>41-50</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>7.</td>
<td>51-60</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

*Source: Field Survey.*
TABLE - 14

Distribution of SSI Units by the Type of Activity

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Category</th>
<th>Number of Units</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Food Processing</td>
<td>5</td>
<td>5.56</td>
</tr>
<tr>
<td>2.</td>
<td>Engineering</td>
<td>6</td>
<td>6.67</td>
</tr>
<tr>
<td>3.</td>
<td>Steel Fabrication</td>
<td>20</td>
<td>22.22</td>
</tr>
<tr>
<td>4.</td>
<td>Wire Melting</td>
<td>2</td>
<td>2.22</td>
</tr>
<tr>
<td>5.</td>
<td>Steel Furniture</td>
<td>5</td>
<td>5.56</td>
</tr>
<tr>
<td>6.</td>
<td>Wooden Furniture</td>
<td>6</td>
<td>6.68</td>
</tr>
<tr>
<td>7.</td>
<td>Cane and bamboo furniture</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>8.</td>
<td>Rubber</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>9.</td>
<td>Plastic</td>
<td>4</td>
<td>4.44</td>
</tr>
<tr>
<td>10.</td>
<td>Metal product</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>11.</td>
<td>Chemicals</td>
<td>2</td>
<td>2.22</td>
</tr>
<tr>
<td>12.</td>
<td>Electrical</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>13.</td>
<td>Printing press and allied</td>
<td>27</td>
<td>30.00</td>
</tr>
<tr>
<td>14.</td>
<td>Bus / truck body building</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>15.</td>
<td>Garments / Textiles</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>16.</td>
<td>Pharmaceuticals</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>17.</td>
<td>Repairing &amp; servicing</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>18.</td>
<td>Assembling</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>19.</td>
<td>Misc. units</td>
<td>4</td>
<td>4.44</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: Field Survey.
### TABLE - 15

**Distribution of SSI Units According to Electric Power Consumed**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Range of units of consumption</th>
<th>Number of Units</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Less than 100 watts</td>
<td>4</td>
<td>4.44</td>
</tr>
<tr>
<td>2.</td>
<td>100 - 200 watts</td>
<td>8</td>
<td>8.89</td>
</tr>
<tr>
<td>3.</td>
<td>200 - 300 watts</td>
<td>16</td>
<td>17.78</td>
</tr>
<tr>
<td>4.</td>
<td>300 - 400 watts</td>
<td>15</td>
<td>16.67</td>
</tr>
<tr>
<td>5.</td>
<td>400 - 500 watts</td>
<td>8</td>
<td>8.89</td>
</tr>
<tr>
<td>6.</td>
<td>500 - 600 watts</td>
<td>7</td>
<td>7.78</td>
</tr>
<tr>
<td>7.</td>
<td>600 - 700 watts</td>
<td>4</td>
<td>4.44</td>
</tr>
<tr>
<td>8.</td>
<td>700 - 800 watts</td>
<td>3</td>
<td>3.33</td>
</tr>
<tr>
<td>9.</td>
<td>800 - 900 watts</td>
<td>5</td>
<td>5.56</td>
</tr>
<tr>
<td>10.</td>
<td>900 - 1000 watts</td>
<td>3</td>
<td>3.33</td>
</tr>
<tr>
<td>11.</td>
<td>1000 and above</td>
<td>17</td>
<td>18.89</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

*Source: Field Survey.*
### TABLE-16

**Buyers of the products of the SSI units**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Description</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)</td>
<td>Private customers</td>
<td>89</td>
<td>89</td>
</tr>
<tr>
<td>(ii)</td>
<td>Government departments</td>
<td>46</td>
<td>46</td>
</tr>
<tr>
<td>(iii)</td>
<td>Intermediary manufacturing units</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>(iv)</td>
<td>Others</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

*Source: Field Survey.*

### TABLE - 17

**Distribution of SSI Units According to Educational Qualification of Entrepreneurs**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Educational Qualification</th>
<th>Number of Units</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Matriculation</td>
<td>21</td>
<td>23.33</td>
</tr>
<tr>
<td>2.</td>
<td>Higher Secondary</td>
<td>11</td>
<td>12.22</td>
</tr>
<tr>
<td>3.</td>
<td>Graduation</td>
<td>34</td>
<td>37.79</td>
</tr>
<tr>
<td>4.</td>
<td>Post Graduation</td>
<td>13</td>
<td>14.44</td>
</tr>
<tr>
<td>5.</td>
<td>Technical</td>
<td>11</td>
<td>12.22</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>90</td>
<td>100.00</td>
</tr>
</tbody>
</table>

*Source: Field Survey.*
 TABLE - 18
SSI Entrepreneurs - Their Training

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Name of Training Centre / Organisation conducting it</th>
<th>No. of entrepreneurs CES attended</th>
<th>Duration of training</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Agricultural Institute, Khanapra, Guwahati</td>
<td>1</td>
<td>7 days</td>
</tr>
<tr>
<td>2.</td>
<td>ITI, Guwahati</td>
<td>3</td>
<td>1 ½/1/1 years</td>
</tr>
<tr>
<td>3.</td>
<td>Suga Engineering, Delhi</td>
<td>1</td>
<td>1 year</td>
</tr>
<tr>
<td>4.</td>
<td>Directorate of Fire Service, Guwahati</td>
<td>1</td>
<td>3 months</td>
</tr>
<tr>
<td>5.</td>
<td>Indian Institute of Entrepreneurship</td>
<td>1</td>
<td>3 months</td>
</tr>
<tr>
<td>6.</td>
<td>Assam Industrial Development Corporation, Guwahati</td>
<td>1</td>
<td>18 months</td>
</tr>
<tr>
<td>7.</td>
<td>IBM, Ulubari, Guwahati</td>
<td>1</td>
<td>13 months</td>
</tr>
<tr>
<td>8.</td>
<td>EDII, Ahmedabad</td>
<td>2</td>
<td>1 ½ month</td>
</tr>
<tr>
<td>9.</td>
<td>Starden Laboratories, Mumbai</td>
<td>1</td>
<td>1 month</td>
</tr>
<tr>
<td>10.</td>
<td>ICS, New Delhi</td>
<td>1</td>
<td>1 year</td>
</tr>
<tr>
<td>11.</td>
<td>ITI, Barpeta</td>
<td>1</td>
<td>1 year</td>
</tr>
<tr>
<td>12.</td>
<td>Assam Small Industries Development Corporation</td>
<td>1</td>
<td>6 months</td>
</tr>
<tr>
<td>13.</td>
<td>DICC, Kamrup</td>
<td>3</td>
<td>15/15 days</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6 months</td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td>Suresh systems Pvt. Ltd.</td>
<td>1</td>
<td>3 months</td>
</tr>
<tr>
<td>15.</td>
<td>Agricultural Office, Ulubari Guwahati</td>
<td>1</td>
<td>3 days</td>
</tr>
<tr>
<td>16.</td>
<td>Kumaraha National Institute, Jorhat</td>
<td>1</td>
<td>15 days</td>
</tr>
<tr>
<td>17.</td>
<td>NISIET, Hyderabad</td>
<td>1</td>
<td>3 months</td>
</tr>
</tbody>
</table>

Total 22

Source: Field Survey.
TABLE - 19

Distribution of SSI Units According to Family Background

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Family background</th>
<th>Number of Units</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Comes from educated family</td>
<td>86</td>
<td>95.55</td>
</tr>
<tr>
<td>2.</td>
<td>Comes from business family</td>
<td>38</td>
<td>42.22</td>
</tr>
<tr>
<td>3.</td>
<td>Comes from service family</td>
<td>48</td>
<td>53.33</td>
</tr>
<tr>
<td>4.</td>
<td>Comes from poor family</td>
<td>4</td>
<td>4.44</td>
</tr>
<tr>
<td>5.</td>
<td>Comes from uneducated family</td>
<td>4</td>
<td>4.44</td>
</tr>
</tbody>
</table>

Category

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Category</th>
<th>Number of Units</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>General</td>
<td>71</td>
<td>78.89</td>
</tr>
<tr>
<td>2.</td>
<td>Scheduled Caste</td>
<td>5</td>
<td>5.55</td>
</tr>
<tr>
<td>3.</td>
<td>Scheduled Tribe</td>
<td>2</td>
<td>2.22</td>
</tr>
<tr>
<td>4.</td>
<td>Other backward class</td>
<td>12</td>
<td>13.33</td>
</tr>
</tbody>
</table>

Source: Field Survey.
TABLE - 20

Distribution of SSI Units by Experience of Entrepreneurs

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Years of Experience Entrepreneurs</th>
<th>Number of</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Less than 5</td>
<td>9</td>
<td>10.00</td>
</tr>
<tr>
<td>2.</td>
<td>5 - 10</td>
<td>17</td>
<td>18.89</td>
</tr>
<tr>
<td>3.</td>
<td>10 - 15</td>
<td>13</td>
<td>14.44</td>
</tr>
<tr>
<td>4.</td>
<td>15 - 20</td>
<td>18</td>
<td>20.00</td>
</tr>
<tr>
<td>5.</td>
<td>20 - 25</td>
<td>6</td>
<td>6.67</td>
</tr>
<tr>
<td>6.</td>
<td>25 - 30</td>
<td>8</td>
<td>8.89</td>
</tr>
<tr>
<td>7.</td>
<td>30 and above</td>
<td>19</td>
<td>21.11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>90</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: Field Survey.
### TABLE - 21

**Distribution of SSI Units According to Reason for Choosing this Career**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Reasons</th>
<th>Number of Units</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>No other alternative</td>
<td>14</td>
<td>15.57</td>
</tr>
<tr>
<td>2.</td>
<td>Family pressure</td>
<td>4</td>
<td>4.44</td>
</tr>
<tr>
<td>3.</td>
<td>For Govt. assistance</td>
<td>1</td>
<td>1.11</td>
</tr>
<tr>
<td>4.</td>
<td>Interested in this line of activity</td>
<td>49</td>
<td>54.44</td>
</tr>
<tr>
<td>5.</td>
<td>Preference to have an independent life</td>
<td>22</td>
<td>24.44</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

*Source: Field Survey.*

### TABLE - 22

**Distribution of SSI Units According to other Business Interests**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Business interests respondent</th>
<th>Number of</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Interested in other line of business</td>
<td>50</td>
<td>55.56</td>
</tr>
<tr>
<td>2.</td>
<td>Not interested in other line of business</td>
<td>40</td>
<td>44.44</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

*Source: Field Survey.*
# TABLE - 23

**Distribution of SSI Units According to Total Investment**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Range of investment</th>
<th>Number of Units</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Less than - Rs.1 lakh</td>
<td>12</td>
<td>13.33</td>
</tr>
<tr>
<td>2.</td>
<td>Rs.1 lakh - Rs.2 lakh</td>
<td>15</td>
<td>16.66</td>
</tr>
<tr>
<td>3.</td>
<td>Rs.2 lakh - Rs.4 lakh</td>
<td>8</td>
<td>8.89</td>
</tr>
<tr>
<td>4.</td>
<td>Rs.4 lakh - Rs.6 lakh</td>
<td>6</td>
<td>6.67</td>
</tr>
<tr>
<td>5.</td>
<td>Rs.6 lakh - Rs.10 lakh</td>
<td>6</td>
<td>6.67</td>
</tr>
<tr>
<td>6.</td>
<td>Rs.10 lakh - Rs.15 lakh</td>
<td>12</td>
<td>13.33</td>
</tr>
<tr>
<td>7.</td>
<td>Rs.15 lakh - Rs.20 lakh</td>
<td>8</td>
<td>8.89</td>
</tr>
<tr>
<td>8.</td>
<td>Rs.20 lakh - and above</td>
<td>23</td>
<td>25.56</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

*Source: Field Survey.*
## TABLE - 24

**Distribution of SSI Units According to Sources of Term Loan**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Sources of term loan</th>
<th>Number of Units</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Commercial banks</td>
<td>33</td>
<td>36.67</td>
</tr>
<tr>
<td>2.</td>
<td>Other financial institutions</td>
<td>27</td>
<td>30.00</td>
</tr>
<tr>
<td>3.</td>
<td>Own funds</td>
<td>30</td>
<td>33.33</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

*Source: Field Survey.*
## TABLE - 25

**Distribution of SSI Units According to Problems in Securing Term Loans**

<table>
<thead>
<tr>
<th>Sources of Borrowing</th>
<th>Commercial Banks</th>
<th>Other financial Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of borrowed SSI units</td>
<td>33</td>
<td>27</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>No. of Units</th>
<th>No. of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Too cumbersome</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>2.</td>
<td>Too many legal formalities</td>
<td>11</td>
<td>7</td>
</tr>
<tr>
<td>3.</td>
<td>Private payment to officials and non-officials</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>4.</td>
<td>Delay</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>5.</td>
<td>Inadequate finance</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>6.</td>
<td>Penal interest are heavy</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>7.</td>
<td>Suppliers linked loans</td>
<td>--</td>
<td>2</td>
</tr>
<tr>
<td>8.</td>
<td>No problem</td>
<td>20</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: Field Survey.
### TABLE - 26

**Distribution of SSI Units According to Sources of Working Capital**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Sources of working capital</th>
<th>Number of Units</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Commercial banks</td>
<td>33</td>
<td>36.67</td>
</tr>
<tr>
<td>2.</td>
<td>Other financial institutions</td>
<td>4</td>
<td>4.44</td>
</tr>
<tr>
<td>3.</td>
<td>Own funds</td>
<td>53</td>
<td>58.89</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>90</td>
<td>100.00</td>
</tr>
</tbody>
</table>

*Source: Field Survey.*
### TABLE - 27

**Distribution of SSI Units According to the amount of Working Capital obtained from Banks**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Amount of working capital</th>
<th>Number of Units</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Less than - Rs.1 lakh</td>
<td>6</td>
<td>16.22</td>
</tr>
<tr>
<td>2.</td>
<td>Rs.1 lakh - Rs.2 lakh</td>
<td>3</td>
<td>8.11</td>
</tr>
<tr>
<td>3.</td>
<td>Rs.2 lakh - Rs.4 lakh</td>
<td>10</td>
<td>27.03</td>
</tr>
<tr>
<td>4.</td>
<td>Rs.4 lakh - Rs.6 lakh</td>
<td>5</td>
<td>13.57</td>
</tr>
<tr>
<td>5.</td>
<td>Rs.6 lakh - Rs.10 lakh</td>
<td>5</td>
<td>13.51</td>
</tr>
<tr>
<td>6.</td>
<td>Rs.10 lakh - Rs.15 lakh</td>
<td>1</td>
<td>2.70</td>
</tr>
<tr>
<td>7.</td>
<td>Rs.15 lakh - Rs.20 lakh</td>
<td>2</td>
<td>5.40</td>
</tr>
<tr>
<td>8.</td>
<td>Rs.20 lakh - and above</td>
<td>5</td>
<td>13.51</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>37</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: Field Survey.

### TABLE - 28

**Distribution of SSI Units According to the type of Credit facilities obtained from Banks**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Type of Credit</th>
<th>Number of Units</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Cash credit - hypothecation</td>
<td>33</td>
<td>89.19</td>
</tr>
<tr>
<td>2.</td>
<td>Overdraft</td>
<td>4</td>
<td>10.81</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>37</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: Field Survey.
TABLE - 29

Distribution of SSI Units According to the Problems of Working Capital from Banks

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>No. of Units</th>
<th>No. of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Cumbersome</td>
<td>7</td>
<td>--</td>
</tr>
<tr>
<td>2.</td>
<td>Repeate requests are made</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>3.</td>
<td>Too many formalities</td>
<td>12</td>
<td>1</td>
</tr>
<tr>
<td>4.</td>
<td>Unaccounted expenses in entertaining of officials / non-officials</td>
<td>6</td>
<td>--</td>
</tr>
<tr>
<td>5.</td>
<td>Inadequate funds</td>
<td>5</td>
<td>--</td>
</tr>
<tr>
<td>6.</td>
<td>Periodical statements are strictly insisted</td>
<td>8</td>
<td>--</td>
</tr>
<tr>
<td>7.</td>
<td>Suppliers linked loans</td>
<td>8</td>
<td>--</td>
</tr>
<tr>
<td>8.</td>
<td>No problem</td>
<td>20</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Field Survey.
### TABLE - 30

**Distribution of SSI Units According to the Regular Repayment of Loan**

<table>
<thead>
<tr>
<th>Regular repayment</th>
<th>Number of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>54</td>
</tr>
<tr>
<td>No</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>63</strong></td>
</tr>
</tbody>
</table>

If number state the constraints

(i) Shortage of production - 5

(ii) Inability to sell the product - 3

(iii) Non-receipt sale proceeds from customers - 5

(iv) Excessive cost incurred in production - 1

Absence of working capital with reaching take off stage is creating a problem.

*Source: Field Survey.*
### TABLE - 31

#### Distribution of SSI Units According to the Total Loan Borrowed and Repaid

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Amount of working capital</th>
<th>Number of Units borrowed</th>
<th>Percentage</th>
<th>No. of units repaid</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Less than - Rs. 1 lakh</td>
<td>13</td>
<td>20.63</td>
<td>18</td>
<td>28.57</td>
</tr>
<tr>
<td>2.</td>
<td>Rs. 1 lakh - Rs. 2 lakh</td>
<td>10</td>
<td>15.87</td>
<td>8</td>
<td>12.70</td>
</tr>
<tr>
<td>3.</td>
<td>Rs. 2 lakh - Rs. 4 lakh</td>
<td>8</td>
<td>12.70</td>
<td>8</td>
<td>12.70</td>
</tr>
<tr>
<td>4.</td>
<td>Rs. 4 lakh - Rs. 6 lakh</td>
<td>3</td>
<td>4.76</td>
<td>7</td>
<td>11.11</td>
</tr>
<tr>
<td>5.</td>
<td>Rs. 6 lakh - Rs. 10 lakh</td>
<td>7</td>
<td>11.11</td>
<td>7</td>
<td>11.11</td>
</tr>
<tr>
<td>6.</td>
<td>Rs. 10 lakh - Rs. 15 lakh</td>
<td>4</td>
<td>6.35</td>
<td>6</td>
<td>9.52</td>
</tr>
<tr>
<td>7.</td>
<td>Rs. 15 lakh - Rs. 20 lakh</td>
<td>4</td>
<td>6.35</td>
<td>4</td>
<td>6.35</td>
</tr>
<tr>
<td>8.</td>
<td>Rs. 20 lakh - and above</td>
<td>14</td>
<td>22.22</td>
<td>5</td>
<td>7.94</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>63</td>
<td>100.00</td>
<td>63</td>
<td>100.00</td>
</tr>
</tbody>
</table>

*Source: Field Survey.*
REFERENCES:


NOTES:

*Term Loan – A fixed period loan, usually for one to ten years, that is paid back by the borrower in regular (often monthly) instalments with interest. This is the most common form of business loan. It may be secured or unsecured.

**Working Capital – the part of the capital of a company that is employed in its trading operations. It consists of current assets (mainly trading stock), debtors and cash) less current liabilities. In the normal trade cycle – the supply of goods by suppliers, the sale of stock to debtors, payments of debt in cash, and the use of cash to pay suppliers the working capital is the aggregate of the net asset involved sometimes called the working assets.
CHAPTER – VI

6. SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 Summary and Conclusion:

The study of Kamrup district was undertaken where major sources of financing SSIs from institutional sources are highlighted and the problems faced by the SSIs in availing loan from these institutions are shown.

Assam is situated in the northeastern region of India. The total area of Assam is 78,438 sq.km. The climate of the state is sub-tropical with maximum temperature of 38°C and minimum temperature of 7°C.

According to the 2001 census the total population of Assam was 266 lakh. The total literacy in the state according to 2001 census is 64.28%. Assam is mainly an agricultural state. The total production of foodgrains crops in the state is 40.28 lakh tonnes in 2001-2002. Major minerals found in the state are crude oil, natural gas, limestone, etc. Main forest products are industrial wood, fuel wood, bamboo, stone, cane sand etc. The main livestock population in the state are cattle, buffaloes, sheep, goat, pigs, duck etc.

The main agro based industries are tea industry, sugar industry, food processing industry and grain mill products industry (Rice oil and
flour mill). Major mineral based industries are cement industry, engineering industry, re-rolling mill, steel wire net etc. Main forest based industries are paper and paper pulp industry, match industry, hard board industry etc. Moreover, fertilizer industry, printing press, brick and tiles industry, ice industry, chemical industry are also found here.

For the industrial development of the state, the Government has set up various industrial estates, industrial areas and growth centres in Assam. Apart from these, the Government has established various state level and National level Organisations and Institutions in the state. Major state level organisations are District Industries and Commerce Centre (DICC), Assam Industrial Development Corporation (AIDC), North Eastern Regional Agricultural Marketing Corporation (NERAMC) etc. The main National level organisations are National Small Industries Corporation (NSIC), Indian Institute of Entrepreneurship (IIE), Small Industries Services Institutes (SISIs) etc.

The total number of registered factories in the state was 2515 in 2001-2002. According to the fourth Economic Census (1998) there were altogether 5,93,169 enterprises in Assam.

The State has 132 large and medium scale industries (excluding tea industry), which are engaged in the manufacturing of various products
ranging from food processing to petrochemical items. The total tea production was 450 million Kgs.

At the end of March 2001, there were 41,875 SSI units in the state. Assam accounts for only 1% of the total SSI units in the country.

Small Scale Industries in Assam generally faces number of problems like ignorance, illiteracy and conservative attitude connected with these industries, scarcity of raw materials etc. but the major problems are infrastructure, finance, marketing and management.

Kamrup district is situated in central Assam. The total area of the Kamrup district is 4345 sq. km. The climate of the district is sub-tropical with semi-dry summer and cold in winter. The maximum temperature is 38.5°C and the minimum temperature is 7°C. The total population of the district is 2515 thousand. The literacy percentage in the Kamrup district is 74.69%.

The total cropped area in the Kamrup district is 253195 hectares. Roadways, railways, airways and waterways link the district. Road length per thousand sq.km. is 56.7 km.

Major crops found in the district are rice, wheat, jute, maize. Main plantation is tea. Major fruits are nuts, banana, pineapple, guava, orange and major vegetables are spices, potato, cabbage. The major minerals found are granite, feldspar and quartz.
For the industrial development Government has set up various Industrial Estates and Industrial Areas in the district. Major ones are Industrial Estate, Bamunimaidam, Industrial Area, Amingaon, Export Promotion Industrial Park, Amingaon etc.

The total number of registered factories in the Kamrup district in 2000 was 507.

Out of the 132 large and medium scale industries in the state, Kamrup district has more than 50 units. The number of tea gardens in the district was 53. The production of tea was 4941 thousand kg in 1999.

The total number of small-scale industries registered under the Directorate of Industries and Commerce, Assam in Kamrup district in 2001 was 12,260.

In the Kamrup district also SSIs faces a number of problems ranging from inadequate finance, marketing problem, production cost is too high, management problem, raw material problem, lack of skilled personnel, no testing and R&D facilities etc.

For the purpose of the present research effort information was collected through questionnaire and personally meeting the entrepreneurs of the SSI units of the Kamrup district. Moreover, interview and discussions with the owners or managers of the SSI units and few industrial consultants were also taken.
The study found that SSIs in the Kamrup district are engaged in various activities. The major types of industries exist are printing, publishing and allied (30%) followed by steel fabrication (22.22%), but units of food processing, plastics, chemicals, engineering are also found in the district.

The family background of the entrepreneurs shows that majority of them were from service background (53.34%), followed by business background (42.22%).

It was found that majority of the entrepreneurs were graduates (37.79%), followed by matriculation (23.33%), post-graduates (14.44%) technical and higher secondary (12.22%) each.

The survey showed that majority of the SSI units were proprietorship (64.44%) concern followed by partnership (15.67%), companies (17.78%) and only 1.11% were cooperatives.

The analysis of the data revealed that majority of the SSI units (44.44%) were established between 1991-2000 followed by 1981-1990 (26.67%), before 1980 (16.67). About 12.22% units were established after 2001.

Out of the 90 SSI units covered during survey, 34.44% of units have investment within the range of less than Rs.1 lakh (investment on
plant and machinery) followed by 17.78% in the investment range of Rs.20 lakh and above and Rs.2 lakh to Rs.4 lakh (12.22%) and so on.

The study revealed that a large number of SSI units didn’t avail any financial assistance from banks or financial institutions. Majority (3.33%) in case of term loan and (58.89%) in case of working capital have contributed from own funds. 36.67% and 30.00% units approached financial institutions for term loan and 36.67% and 4.44% in case of working capital availed loan from commercial banks and other financial institutions.

The employment pattern of SSI units in Kamrup district shows that majority of the units (37.78%) have employment size of less than 5 persons followed by 6-10 persons i.e. 35.56%. It is found that employment is very less in most of the SSI units.

The major financial problem faced by the SSI units in the Kamrup district shows that both in case of term loan and working capital the entrepreneurs found the procedures of taking loan cumbersome, delay, too many formalities, penal interest are heavy, inadequate finance is provided to them and finally corruption involved at the time of sanctioning the loan.
The study found that various types of credit facilities are not provided by banks or other financial institutions. Only cash credit – hypothecation and overdraft facilities are provided by banks.

Though term loan is provided by the financial institutions and banks delay in the sanction of working capital severely affects the production and therefore entrepreneurs cost overruns and he has to incur losses. Moreover, he has to pay a higher rate of interest and that affects his profitability.

The bank officials harass the budding entrepreneurs so much that the entrepreneurs lose interest in the venture due to these and start working other things.

The banks and financial institutions do not show interest in financing new entrepreneurs. In most of the cases they finance the second-generation entrepreneurs. This is due to low risk involved in lending to those who are already financially sound.

The procedure of taking both term loan and working capital is so cumbersome that people take the help of relatives, friends and moneylenders in times of need or they use funds from their own sources.

There is no proper coordination among the financial institutions, promotional agencies and the institutions which provide sheds and land to
entrepreneurs. This results in delay and the ultimate sufferer is the entrepreneurs.

It has been found that due to the Supreme Court ban on cutting of trees in the northeastern region the related industries that are dependent on wood suffered. Moreover, the railways, which were previously using wood in rails, now uses concrete for the same purpose. This results in many SSI units to close down.

Previously, it was a trend among the government undertakings to purchase office equipments and other stationery items from the local entrepreneurs. But with the severe cash crunch in the state the government offices have also changed their approach and now they purchase the same items at competitive rates from the wholesalers and traders who use to purchase goods from outside the state and sell them in Assam at lower prices. SSI doesn’t withstand competition in Assam.

There is lack of proper business culture among the people of the region. People are still unwilling to take business as their profession.

No proper project reports are prepared before starting any venture. Project reports are also not available so that the aspiring entrepreneurs can know the pros and cons of any business.

People only become entrepreneur if they don’t get a government job. So, there is a lack of previous experience in the chosen field which
led to the problem in the later stage and thus it leads to units become sick or closed.

Though it should have been a routine affair for the DICC officials and bank officials to inspect the working of the SSI units. But they never visit the concerned SSI unit whether they are working properly or not.

Bank officials who are posted in the region shows escapist attitude and they do not want to take risk in their tenure which used to be very short at most three years. So, they do not take unnecessary risk which may hamper their professional profile.

There is lack of awareness among the entrepreneurs of the new machinery and technology, which have come in other region.

No R&D (Research and Development) facilities in the SSI units and this retards the growth and innovation among the entrepreneurs.

Some entrepreneurs do not purchase the new machines because they have to hire the technicians from outside the state. If they do so production costs will increase.

There is no specialised SSI bank branches in the state which can look after the working of the SSIs.

The study proves the first hypothesis that lack of finance acts as the major constraint in the growth of small scale industries in Assam as well as in Kamrup district as was manifested by the case study of SSI units.
As far as second hypothesis is concerned, the well-established SSI units and the second-generation entrepreneurs do not have the same degree of problem of finance as they manage to obtain the raw materials etc on credit. So, the problem of finance is not the same for all types of SSI units.

6.2 Recommendations:

The study makes the following recommendations having policy implications.

1. The banks and financial institutions should provide both the term loan and working capital without delay to the SSIs.

2. The government should take the help of mass media in order to improve the business culture among the people of the region. It would also enhance the business prospects of the funding agencies.

3. There must be accountability on the part of District Industries and Commerce Centre (DICC) and bank officials and a special tribunal should be established so that stringent action can be taken against the erring officials.

4. All the institutions and organisations which are related with the working of SSIs should set up a separate department of customer care for the benefit of entrepreneurs.
(5) The Government with the help of Directorate of Industries should form database wherein latest information on SSIs as well as new machinery and technology available in other parts of the country can be stored and known.

(6) The procedure of taking loan from banks and financial institutions should be simplified and more power should be delegated to the branch manager so that unnecessary delays may be avoided.

(7) A specialised institution should be set up which can provide project reports to the prospective entrepreneurs easily and at affordable cost.

(8) The Government should ensure that all the facilities related to finance, marketing etc needed by SSIs should be made available at one place so that entrepreneurs do not have to go in different parts of the city for a single work. This will save a lot of time and delay on the part of entrepreneurs.

(9) Cross border trade should be promoted so that the entrepreneurs can come out of the shackles of geographical barriers. This will improve competitiveness and minimise cost.
(10) Consortium approach should be adopted by the SSI entrepreneurs in the purchase of raw materials so that cost of production may decrease.

(11) The Government should promote the SSI units to develop R&D facilities and concessions should be given to those units which have R&D facilities.

(12) Efforts should be made by the Government to revive the sick units in the Industrial Estates and Industrial Areas.

(13) Marketing Research Companies should be established so that entrepreneurs can be benefited from these companies.

(14) Specialised SSI bank branches should be set up in the state to cater to the special financial needs of the SSI units.
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SIDBI Report on Small Scale Sector, Lucknow.


The Economic Times, New Delhi.

UCO Bank Annual Credit Plan, Guwahati.
QUESTIONNAIRE TO SSI UNITS / ENTREPRENEURS

I. General Information

1. Name :
2. Location :
3. Is your concern registered with the Directorate of Industries :
4. Year of establishment :
5. Type of legal organization :
   (i) Individual proprietorship :
   (ii) Partnership (Joint family) :
   (iii) Partnership (other) :
   (iv) Public Limited Company :
   (v) Private Limited Company :
   (vi) Co-operative Society :
   (vii) Any other (Specify) :
6. Date of commencement of business :
7. Investment in plant and machinery :
8. Chief Executive of the Unit : Proprietor/General Manager / Managing Director / Other.
9. Number of Employees (including office staff) :
10. Line of activity :
11. Buyers of the products of the units (Tick at the respective places) :
   Pvt. Customers / Govt. Deptt./ Intermediary manufacturing unit/ others.
12. Units of electric power consumed during a month :
II. Profile of the Chief Executive

1. Educational Qualification : Matriculation / Higher Secondary / Graduation / Post graduation / Technical

2. Training obtained (if any) :
   (a) Name of the Training Centre :
   (b) Duration of the training :
   (c) Organised by :

3. Experience in the line of activity : ____________ years

4. Family background (of entrepreneurs) [Tick the relevant areas]
   (i) Comes from educated family :
   (ii) Comes from business family :
   (iii) Comes from poor family :
   (iv) Belongs to Gen./SC/ST/OBC :

5. Why you have chosen this carrier : [Tick the respective places]
   (i) No other alternative :
   (ii) Family pressure :
   (iii) For Govt. Assistance :
   (iv) Interested in this line of activity :
   (v) Preference to have an independent life :

6. Do you have interest in any other business: Yes / No
III. Long Term Capital Investment

1. State the total investment (Tick the selected group):
   - Less than Rs.1 lakh
   - Rs.1 lakh
   - Rs.2 lakh
   - Rs.4 lakh
   - Rs.6 lakh
   - Rs.10 lakh
   - Rs.15 lakh
   - Rs.20 lakh
   - and above

2. State the fixed capital ____________________________
   Percentage in total investment ___________________

3. Give the name of the financial institutions from which you have borrowed your term loan.
   (I) ____________________________
   (II) ___________________________
   (III) __________________________
   (IV) ___________________________

4. State your experience in obtaining term finance from various institutions
   (State Yes / No)
   (i) Too cumbersome Yes/No
   (ii) Too many legal formalities Yes/No
   (iii) Private payment to officials & non-officials Yes/No
   (iv) Delay Yes/No
   (v) Inadequate finance Yes/No
   (vi) Penal interest are heavy Yes/No
   (vii) Suppliers linked loan Yes/No
   (viii) No problem Yes/No

5. What are the problems relating to construction of sheds/procurement of plant and machinery?
   __________________________

IV. Short Term Finance

1. State the working capital __________________________
   Percentage of working capital in total investment __________________

2. Give the name of the financial institution, which you have approached for your working capital requirements.
   (I) ____________________________
   (II) ___________________________
   (III) __________________________
   (IV) ___________________________

3. Amount of bank loan obtained from these institutions. [Tick the selected group]
   - Rs. Less than - Rs.1 lakh
   - Rs. 1 lakh - Rs.2 lakh
   - Rs. 2 lakh - Rs.4 lakh
   - Rs.4 lakh - Rs.6 lakh
   - Rs.6 lakh - Rs.10 lakh
   - Rs.10 lakh - Rs.15 lakh
   - Rs.15 lakh - Rs.20 lakh
   - Rs.20 lakh - above


4. What type of credit facility or facilities you have obtained from commercial banks for working capital requirements. [Tick the selected group].
   (i) Cash credit – hypothecation
   (ii) Cash credit – Mundy type
   (iii) Cash credit – Lock & Key type
   (iv) Cash credit – Factory
   (v) Cash credit – Document bills
   (vi) Cash credit – Clean bills
   (vii) Cash credit – Demand bills
   (viii) Cash credit – Usance bill
   (ix) Overdraft –
   (x) Discounting of bills

5. State the problems encountered in getting short-term finance from commercial banks
   (i) Cumbersome - Yes/No
   (ii) Repeated requests are to be made - Yes/No
   (iii) Too many formalities - Yes/No
   (iv) Unaccounted expenses in entertaining of officials / Non-officials - Yes/No
   (v) Inadequate funds - Yes/No
   (vi) Periodical statements are strictly insisted - Yes/No
   (vii) No problem - Yes/No

6. Have you made regular repayment - Yes/No
   If no, state the constraints you encountered in servicing the debt.
   (i) Shortage of production
   (ii) Inability to sell the product
   (iii) Non-receipt sale proceeds from the Customers
   (iv) Excessive cost incurred in production

7. Proportion of loan borrowed and loan repaid: [Tick the selected group]

<table>
<thead>
<tr>
<th>Borrowed</th>
<th>Repaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than</td>
<td>Rs.1 lakh</td>
</tr>
<tr>
<td>Rs.1 lakh</td>
<td>Rs.2 lakh</td>
</tr>
<tr>
<td>Rs.2 lakh</td>
<td>Rs.4 lakh</td>
</tr>
<tr>
<td>Rs.4 lakh</td>
<td>Rs.6 lakh</td>
</tr>
<tr>
<td>Rs.6 lakh</td>
<td>Rs.10 lakh</td>
</tr>
<tr>
<td>Rs.10 lakh</td>
<td>Rs.15 lakh</td>
</tr>
<tr>
<td>Rs.15 lakh</td>
<td>Rs.20 lakh</td>
</tr>
<tr>
<td>Rs.20 lakh</td>
<td>above</td>
</tr>
</tbody>
</table>

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