CHAPTER – III

AN OVERVIEW OF SMALL-SCALE INDUSTRIES

3.1 Introduction
3.2 Classification of Small-Scale Industries
3.3 Third All India Census of Small-Scale Industries 2001-02
3.4 Registered Small-Scale Industries Units
3.5 Anna Marumalarchi Pudhia Thittam
3.6 Industrial Relations
3.7 Industrial Promotional Agencies
3.8 Scope of Small Industry
3.9 Registration of Small-Scale Industry
3.10 Policy Supports to Small-Scale Industry
3.10.1 New Small Enterprise Policy 1991
3.10.2 Comprehensive Policy Package 2000 and Recent Policy Measures
3.10.3 Enactment of SMED Act, 2006
3.11 Economic Planning of India – Five Year Plans
3.11.1 Small-Scale Industries and First Five Year Plan (1951 – 56)
3.11.2 Small-Scale Industries and Second Five Year Plan (1956 – 61)
3.11.3 Small-Scale Industries and Third Five Year Plan (1961 – 66)
3.11.5 Small-Scale Industries and Fourth Five Year Plan (1969-’74)
3.11.6 Small-Scale Industries and Fifth Five Year Plan (1974 – 79)
3.11.7 Small-Scale Industries and Sixth Five Year Plan (1980 – 85)
3.11.8 Small-Scale Industries and Seventh Five Year Plan (1985 – 90)


3.11.10 Small-Scale Industries and Ninth Five Year Plan (1997 – 2002)

3.11.11 Small-Scale Industries and Tenth Five Year Plan (2002 – 2007)

3.11.12 Small-Scale Industries and Eleventh Five Year Plan

3.12 Tamilnadu Economy and Small-Scale Industries

3.13 Contribution to Exports

3.14 Industrial Co-operatives
3.1 Introduction

The small-scale industry (SSIs) sector has emerged over five decades as a highly vibrant and dynamic sector of the Indian economy. Small-scale industries play a vital role in the industrialization of a developing country. The promotion of small-scale industries has continued to be an important element in the national development strategy particularly, the favorable capital output ratio and high employment intensity. Small-scale industries need a shorter gestation period, relatively smaller markets and lower investments. They facilitate effective mobilization of resources, equitable distribution of national income, balanced regional growth and stimulate the growth of industrial entrepreneurship.

It has attained successive heights by enhancing its fundamental strength and resilience. The sector accounts for about 95 per cent of the Industrial units and is contributing about 40 per cent of the value addition in the manufacturing sector, nearly 80 per cent of the manufacturing employment and about 35 per cent of the total exports and it also contributes 15 per cent to the exports indirectly. This takes place through export orders from large units or the production of parts and components for use of finished exportable goods. More than 123.40 lakhs units are spread over the country producing 7500 items and provide employment for more than 294 lakh persons.

Small-scale sector has acquired a prominent place in the socio-economic development of the country. Its performance is creditable. Yet, a proper and innovative approach still alludes. The sector needs very many corrective and promotive steps to succeed in the 21st century. The key to success for small-scale enterprises would lie in looking at the globe as a market and repositioning itself as a means to get into the global market place and succeed out there. Maximization of exports has assumed added importance in the context of current balance of payments position. The prospects for export of non-traditional items such as ready-made garments, leather and marine products,
processed food, plastics and engineering goods etc. have improved. The linkages between the small-scale and large-scale industries get strengthened through ancillaryisation and sub-contracting. The growing dependence of large and medium industries on the small-scale sector for meeting their requirements of parts, components and intermediaries coupled with the policy of achieving higher level of indigenization of items hitherto imported has created a more congenial climate for the rapid growth of small-scale industries sector. There are ample evidences to suggest that the sector will continue to play an important role in the industrial development of the country through a sustained process of technology upgradation and quality improvement in future.

India’s vision of emerging as an economic power in the twenty first century can be realized only through the promotion and development of small and medium enterprises. The designation of small industry differentiates one set of industries from others. Comparatively small in operation, employment, products, capital, and technology etc. the small-scale sector share unique problems compared to others. In the case of manufacturing units, small industries are expected to have unique set of problems in relation to their “smallness” that differentiates them from medium and large manufacturing units. At the same time, the small sector has unique advantages and they are beneficial, efficient and reliable.

3.2 Classification of Small-Scale Industries

I. Traditional Industries:
   1. Khadi and Village Industries
   2. Handlooms
   3. Handicrafts
   4. Coir and
   5. Sericulture
II. Modern Industries – Small-Scale Industries Units

The small-scale industries sector covers a wide spectrum of industries categorized under (1) Small-scale industrial undertakings, (2) ancillary industrial undertakings (ANC), (3) export-oriented units (EOUs), (4) tiny enterprises (TINY), (5) Small-scale service enterprises (SSSEs), (6) Small-scale service business (Industry Related) enterprises (SSBEs), (7) artisans, village and cottage industries, and (8) Women entrepreneur enterprises, i.e., a small-scale unit where one or more women entrepreneurs have not less than 51 per cent financial holding.

Concept of Small-Scale Industry

The term small-scale industrial unit evokes different meanings for different agencies. In the early period, only cottage industries, village industries, rural industries or agro-based industries were considered to be small industries. The Planning Commission and the Government of India view the entire village and small industries (VSI) sector as a part of the small-scale industrial unit sector. The National sample Survey Organization the Government of India defines the entire industrial sector in terms of organized and unorganized segments as well as in terms of industrial enterprises run by households and non-households. The central exercise department distinguishes small-scale industrial units on the basis of the annual turnover of the units.

The definition of small-scale industry varies from one country to another. In most of the countries the criteria for defining a small-scale industry relates to the size of employment or capital or both.

For instance, in USA, small business is one which has employment of less than 500 people. In Germany, it is less than 300 workers. In Japan, in a small-scale industry, the investment should not exceed 100 million yen with 300 employees. In South Korea, the investment limit is 2 lakh dollars and the limit on employment is 200 people.
In India, the Industrial Policy Planners in the Small-Scale Industries Board define a small-scale industrial unit on the basis of investment in plant & machinery. The definition of small-scale industry has undergone periodic changes. The first definition adopted by the Small-Scale Industries Board in 1955 was "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 lakhs.

At present, the definition of Small-scale industries sector is broadly based on the criterion of original value of plant and machinery which has been revised by the Industrial Policy Resolutions over the years as would be clear from (Table No. 3.1). A small-scale industry cannot be owned, controlled, or be subsidiary of another industrial undertaking.
Table 3.1

Upper Limit of value of Plant and Machinery in Small-Scale Sector

<table>
<thead>
<tr>
<th>Year</th>
<th>Small-scale industrial undertaking</th>
<th>Ancillary industrial undertaking</th>
<th>Tiny enterprise</th>
<th>Export oriented unit</th>
<th>Small scale service enterprise</th>
<th>Small scale service business enterprise</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>7.5</td>
<td>10</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1975</td>
<td>10</td>
<td>15</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1977</td>
<td>10</td>
<td>15</td>
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<td></td>
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<tr>
<td>1980</td>
<td>20</td>
<td>25</td>
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<tr>
<td>1985</td>
<td>35</td>
<td>45</td>
<td>2</td>
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<td></td>
<td></td>
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<tr>
<td>1991</td>
<td>60</td>
<td>75</td>
<td>5@</td>
<td>75</td>
<td>**</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>1997</td>
<td>300</td>
<td>300</td>
<td>25</td>
<td>300</td>
<td></td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>100</td>
<td>100</td>
<td>25</td>
<td></td>
<td></td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>100</td>
<td>100</td>
<td>25</td>
<td></td>
<td></td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>150</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Units located in rural areas/towns with maximum population at 50,000 as per 1971 census.

*Units located in rural areas/towns with maximum population at 50,000 as per 1971 census.

# Units located in rural areas/towns with maximum population of 5 lakh as per 1981 census.

@ The location specific condition was withdrawn.

** The SSEs classification was suspended in 1990-91 and replaced by the term SSSBEs.

As shown in the above table the investment limit for a small – scale industrial undertaking from 1999 to 2006-07 was Rs 1 crore. The Finance Minister raised this limit to Rs. 1.50 crore in the Union Budget 2007-08, presented to Parliament on February 28, 2007. To facilitate technology upgradation and enhance competitiveness, the investment limit (in plant and machinery) was raised to Rs. 5 crore in respect of 69 items reserved for manufacture in the small-scale sector and for all items in the drugs and pharmaceuticals sector.

3.3 Third All India Census of Small-Scale Industries 2001-02

The small-scale industries sector is vital for its employment generation, considerable contribution to state income and export. Creation of effective data base is imperative in this sector for policy formulation and promotion of this sector. Hence, the Census of small-scale industries sector is conducted at regular intervals. The Third all India Census of small-scale industries units 2001-02 is the latest available comprehensive data on small-scale sector is based on the Second All India Census of Small-Scale Industries conducted in the year 1990-91.

- The total number of units in the small-scale industries sector in the State is estimated at 787318. Out of which, 25.37 per cent units are small-scale industries and the rest are SSSBEs. Ancillary units constitute 4.59 per cent of the total small-scale industries.
- Chennai, Coimbatore, Kancheepuram, Salem and Tiruchirappalli are the top five districts together accommodating 34.60 per cent of the total small-scale industries.
- The Services Sector which accounts for large number of units share 65.06 per cent of the total small-scale industries.
The registered small-scale industries sector is considered as the cream of the total small-scale industries sector, even though registration of small-scale industry is voluntary.

The maximum numbers of sick small-scale industrial units (about 49.19 per cent) are mostly found to be in Vellore, Virudhunagar, Dindigul, Thiruvannamalai and Coimbatore districts.

Among the units having outstanding loan with institutional sources like banks and financial institutions, the proportion of sickness was about 7.62 per cent in the registered small-scale industries sector, one per cent in the case of unregistered small-scale industries sector and 2.51 per cent for total small-scale industries sector.

Incipient sickness identified in terms of continuous decline in gross output was around 13.26 per cent in the registered small-scale industries sector, 10.15 per cent in the unregistered small-scale industries sector and 10.86 per cent for the total small-scale industries sector.

Lack of demand and shortage of working capital are main reasons for sickness and incipient sickness in both the registered unregistered small-scale industries sector.

3.4 Registered Small-Scale Industries Units

The number of registered small-scale industrial units in the state has increased to 5.11 lakh units in 2005-06 from 4.89 lakh units in 2004-05 thus registering a growth of 4.50 per cent. During 2005-06 alone 20399 numbers of small-scale industrial units secured permanent registration. The fixed capital of all these units is in the order of Rs. 16103 crores that produced Rs. 103912 crores worth of goods and services by providing employment to 35.93 lakh persons. The structural ratios during 2005-06 shows that a unit
on an average worked with Rs. 3.15 lakhs of fixed capital contribution Rs. 20.32 lakhs to GSDP by employing 7 persons.

At the national level, the State has a share of 4.14 per cent of small-scale industrial units, 22.01 per cent in output and 12.12 per cent of employment. During the review year, Chennai district has the highest number of registered small-scale industrial units while the minimum was in Perambulur district with 2872 units. Among the registered units hosiery and readymade garments alone share the highest number of 1.38 lakh units. Under the Prime Minister's Rozgar Yojana, during the year 2005-06, Rs. 85.41 crores have been disbursed to 24773 educated poor for self-employment.

The performance of Khadi industry in the state during 2005-06, shows a mixed trend. Both yarn and cloth production increased to 21.18 lakh metres and 1.88 lakh metres in 2005-06 from 13.80 lakh metres and 1.72 lakh metres in 2004-05 respectively. Whereas it is noted that the production of silk khadi declined to 1.08 lakh metres from 1.73 lakh metres and khadi polyester to 1.44 lakh metres from 1.63 lakh metres. The khadi sales were realized at Rs. 1651 lakhs in 2005-06 and the total number of employees in the khadi industry is 8033 of which, 3383 are women. The total value of production by the village industry sector in 2005-06 was Rs. 20650 lakhs and sales realized were Rs. 22775 lakhs by employing 6.48 lakh persons.

3.5 Anna Marumalarchi Pudhia Thittam

In the year of 2006, 1346 projects with a total project cost of Rs. 839.99 crores were approved to start industries in all the 385 blocks by using locally available raw materials. Out of which, 402 projects in 242 blocks with a total project cost of Rs. 260.32 crores have commenced production by providing employment to 14084 persons including 9698 women. Another 212 projects with a project cost of Rs. 112.03 crores are under various stages of implementation and 227 projects with a project cost of Rs. 153.99 crores
have applied for loan from various financial institutions. Under this scheme, so far, Rs. 824.86 lakhs have been availed by industrial units as Special Capital and Low Tension Power Tariff subsidy.

3.6 Industrial Relations

Industrial relations in the State during the calendar year 2005 may be termed as smooth. As compared to the year 2004, the State has witnessed lesser number of strikes and lockouts (71) in 2005. The number of persons involved in it was placed at 27160 and number of man days lost at 1099634. Textiles sector experienced as many as 52 strikes and lockouts involving 22858 workers and causing a loss of 756253 man days. Among the 71 strikes and lockouts, 25 involved wage related issues, 10 related to bonus and 30 pertained to other issues. Retrenchment of workers and personnel issues caused the remaining strikes and lockouts.

Table 3.2

<table>
<thead>
<tr>
<th>Parameter</th>
<th>No.of Strikes and Lockouts</th>
<th>No. of workers involved</th>
<th>Mandays Lost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td>55</td>
<td>52</td>
<td>14090(47.19)</td>
</tr>
<tr>
<td>Engineering</td>
<td>10</td>
<td>4</td>
<td>4917(16.47)</td>
</tr>
<tr>
<td>Tanneries</td>
<td>2</td>
<td>4</td>
<td>380(1.21)</td>
</tr>
<tr>
<td>Plantations</td>
<td>5</td>
<td>1</td>
<td>7499(25.11)</td>
</tr>
<tr>
<td>Others</td>
<td>14</td>
<td>10</td>
<td>2995(10.02)</td>
</tr>
<tr>
<td>Total</td>
<td>86</td>
<td>71</td>
<td>28861(100.00)</td>
</tr>
</tbody>
</table>

Figures in brackets indicate percentage to total Source: Commissioner of Labour, Chennai
3.7 Industrial Promotional Agencies:

The industrial activities in the State are being catalyzed by the following promotional agencies with their specific objectives.

Table 3.3
Promotional Agencies – Tamilnadu

<table>
<thead>
<tr>
<th>Agency</th>
<th>Main Objectives</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. SIPCOT</td>
<td>Promote medium and large scale industries through developing, marketing and maintaining industrial complexes, parks and growth centres and implementing infrastructure development schemes.</td>
<td>As on 31.03.06, SIPCOT has acquired 22072 acres of land out of which 9622 areas has been allotted to 1410 industrial units. SIPCOT has developed 17 industrial complexes / parks / growth centres in 12 district.</td>
</tr>
<tr>
<td>2. TIDCO</td>
<td>Promoting Infrastructure Projects</td>
<td>TIDEL park – Chennai East Coast Road – Chennai IT Express way – Chennai Nagarjuna Oil Corporation – Cuddalore Mahindra World City – Chengalpattu Ennore SEZ Multi Product Special Economic Zone in Hosur and Denkanikottai Hi-Tech Industrial Park, Nanguneri are some prestigious infrastructure project of TIDCO.</td>
</tr>
<tr>
<td>3. TANSIDCO</td>
<td>1. Promotes small-scale industrial units by establishing Industrial Estates</td>
<td>So far, SIDCO has developed 43 industrial Estates besides managing 35 Government Industrial Estates on agency terms.</td>
</tr>
<tr>
<td></td>
<td>2. Distribution of raw-materials</td>
<td>During 2005-06, it distributes raw-materials to 718 small-scale industrial units to the tune of Rs. 2943 lakhs viz. 9139 MTs. of iron and steel, 449 MTs of wax, 44 MTs. of potassium chlorate and 1569 MTs. of paper</td>
</tr>
<tr>
<td></td>
<td>3. Marketing Assistance</td>
<td>During the review year it has assisted to nine small-scale industries units to market Rs. 64 lakhs worth of products.</td>
</tr>
<tr>
<td></td>
<td>4. Strengthening and Developing Infrastructure of Industrial Estates.</td>
<td>Infrastructure up gradation at Hosur Industrial Estate is completed. Upgradation at Guindy Industrial Estate is being implemented.</td>
</tr>
<tr>
<td>4. TIIC</td>
<td>Promoting Small-Scale Industries through financial assistant</td>
<td>Total disbursement is Rs. 247.34 crores out of loan sanctioned Rs. 350.30 crores during 2005-06. Share of disbursement to small-scale industries sector is 95.35 per cent. Textile industry has the largest share of Rs. 88.60 crores and Engineering Industry is Rs.82.22 crores. Expected direct employment to 15461 persons. Cumulative sanction as on 31.03.06 is Rs. 5082.45 crores to 99307 numbers.</td>
</tr>
</tbody>
</table>

Source: Concerned Industrial Corporation.
Village Industry

The definition of village industry has been changed by amending the KVIC (Amendment) Bill 2005 to raise capital investment ceiling from Rs. 15000 to Rs. 1 lakhs.

Small and Medium Enterprises

The Finance Minister in his 2005-'06 Budget speech has said that small-scale industry has evolved a plan and now we are inclined to treat the sector as small and medium enterprises sector. Accordingly, the SMED Bill was introduced to bring benefits to small enterprises to providing a legal framework for promoting the sectors’ growth and enhancing its competitiveness. Units with investment in plant and machinery in excess of small-scale industries limit and upto Rs. 10 crore may be treated as medium enterprises.

Change in the concept of Small-Scale Industry

The micro, small and medium Enterprises Development Act 2006 has changed in the concept of small-scale industry. The earlier concept of industries has been changed to denote enterprises

1. Manufacturing Enterprises; and
2. Service Enterprises.

The term ‘Manufacturing Enterprises’ has been defined in terms of investment in plant and machinery. A unit is called a Micro enterprise if the investment is upto Rs. 15 lakhs. As for a small enterprise, the investment should be above Rs. 25 lakh and upto Rs. 5 crore, with regard to medium enterprise the investment should be above Rs. 5 crore and upto Rs. 10 crore.

The term ‘Service Enterprises’ has been defined in terms of investment in equipment. As for a Micro Enterprise, the ceiling on investment of Rs. 10 lakhs has been prescribed. In the case of a small enterprise it is more than Rs. 10 lakh and upto Rs. 2
c twee cro.

In respect of medium enterprise, the investment should be in the range of Rs. 2 crore or Rs. 5 crore.

3.8 Scope of Small Industry

The importance of small-scale enterprises is a global phenomenon encompassing both the developing and developed countries. Norman McRae (1979) predicts that the age of Mammoth Corporation was over and the future lay with small, dynamic, efficient production groups that could respond quickly to customer needs. Globally, the emphasis is on the small enterprises holding the key to growth with equity and proficiency.

In India, small industry refers to manufacturing activity. Recently, it has also come to include to a limited extent, servicing activities such as repair and maintenance shops and few community services. It does not include wholesale and retail trading as is done in Japan or the UK. Table No.3.4 shows scope of Small Industry in select countries.

Table 3.4

Scope of Small Industry in Select Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Terminology</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>Small Enterprise</td>
<td>Manufacturing, mining, services, trading (wholesale and retail)</td>
</tr>
<tr>
<td>India</td>
<td>Small-Scale Industry (small-scale industries)</td>
<td>Manufacturing, repair and maintenance</td>
</tr>
<tr>
<td>Korea</td>
<td>Small Enterprise</td>
<td>Manufacturing, mining, construction, commerce</td>
</tr>
<tr>
<td>USA/Canada</td>
<td>Small Business</td>
<td>Manufacturing services, trading (limited)</td>
</tr>
<tr>
<td>UK</td>
<td>Small firms</td>
<td>Manufacturing commerce (both retail and wholesale), construction, mining, transport</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Small Industry</td>
<td>Manufacturing services</td>
</tr>
</tbody>
</table>

Source: Small-Scale Industries Management, Vasanth Desai.
As is clear from the above table that the scope of small industry in India is rather narrow as compared to other countries like Japan, UK and USA.

3.9 Registration of Small-Scale Industry

Registration in the small-scale industries sector is voluntary. The registration is done with the District Industries Centres (DICs), firstly on a temporary basis and subsequently, on the request of the concerned entrepreneurs, on a permanent basis. As far as the manufacturing units are concerned, their registration is mandatory under section 2m (i), and 23m (ii) of the Factories Act. Section 2m (i) refers to units engaging 120 or more workers and using power whereas section 2m (ii) refers to units engaging 20 or more workers and not using power. Besides, some state Governments notifies certain industrial activities for mandatory registration, although they do not conform to the criteria laid down under sections 2m (i) and 2m (ii). Such registrations are done under sections 85(i) or 85(ii) by the concerned State Governments. Section 85(i) refers to units engaging less than 10 workers and using power and section 85 (ii) refers to units engaging less than 20 workers and not using power.

3.10 Policy Supports to Small-Scale Industry

The Government of India has helped the small-scale sector through supportive policy measures since adoption of a planned economy model. The Panel constituted by National Planning Committee under the Chairmanship of Pandit Jawaharlal Nehru studied the problems of small-scale industrial units. The Government has been following a policy of promotion as well as protection of the small industrial sector but the protection will be gradually reduced as and when promotional activities begin to produce results. In fact, as noted by Rakesh Mohan, amongst developing countries, India was the first to display special concern for small-scale enterprises before it became fashionable to do so.
The importance of small-scale industry for achieving social objectives was underlined in the Industrial Policy Resolution, 1948. The Government aims at promoting industrial growth and determining a pattern of state intervention and assistance. The basic policy supports for small-scale industries sector has its roots in the Industrial Policy Resolutions of 1956 and the role of small-scale industrial sector is recognized.

The Industrial Policy Statement, 1977, stressed the wider dispersal of cottage and small industries into rural areas and small towns. It has laid emphasis on reservation of items. The reservation of economically viable and technologically feasible products to be exclusively manufactured by small-scale industries began with a list of 47 items which was gradually extended to many products. The concept of District Industries Centre was also mooted as to provide services to small industries under one roof. The Industrial Policy Statement released in 1980 was important from the point of view of ancillarisation and creation of nucleus plants for the growth of the sector. The Industrial Policy, 1990, laid emphasis on the steps to be taken to enhance the contribution of the small-scale industrial sector in overall exports, employment generation and dispersal industries in rural areas.

3.10.1 New Small Enterprise Policy 1991

The Government announced a policy package for small, tiny and village industries in August 1991 with the primary objective of imparting more vitality and growth impetus to this sector. While earlier on, 'industry' meant, by and large, manufacturing, the new policy widened the scope to include industry related service and business enterprises. This according to Sandeasar, is more realistic. Like in many other countries, now our country has a 'small business policy' and not a 'small industry policy'. To strengthen the capital base, equity participation by other industrial undertakings was permitted up to a limit of 24 per cent of shareholding in small-scale industrial units. A new scheme of integrated
infrastructural development for small-scale industrial units was provided with the participation of State Governments and Financial Institutions. A pro-active role for Non-Governmental organizations (NGOs) and Industry and Trade Association* was mooted.

3.10.2 Comprehensive Policy Package 2000 and Recent Policy Measures

A comprehensive policy package for the small-scale sector was announced by the Prime Minister on August 30, 2000. Some elements of this package were conducting the third census of small-scale industries; raising the exemption for excise duty limit to improve the competitiveness of small-scale sector; scheme to address the problem of collaterals faced by the small-scale industrial units; scheme for technology upgradation, to develop testing laboratories; extension of IID; market development assistance etc.

De reservation

In recent years, the Government has been following the policy of de reservation as it believes that this will help the small-scale industrial units to upgrade their technology and improve the quality of their products. As a result of this policy, the number of items reserved for the small-scale industries sector came down from 836 in July 1989 to 239 on January 22, 2007 and further to only 114 in March 2007.

Credit Delivery to Small-Scale Industries Sector

To ensure credit delivery to the small-scale industries sector, a number of steps have been undertaken in recent years.

3.10.3 Enactment of SMED Act, 2006

Micro, small and Medium Enterprises Development (SMED) Act was enacted in 2006. It provides the first ever legal framework for recognition of the concept of “enterprises” (comprising both manufacturing and services).
It also provides a statutory consultative mechanism at the national level with wide representation of all sections of stakeholders, particularly, the three classes of enterprises. Other important provisions of the Act are (i) the establishment of specific funds for the promotion, development and enhancement of competitiveness of these enterprises; (ii) the notification of schemes / programmes for the purpose; (iii) the progressive credit policies and practices; (iv) preference in Government procurements to products and services of the micro and small enterprises; (v) more effective mechanisms for mitigating the problems of delayed payments to micro and small enterprises; and (vi) simplification of the process of closure by business by all three categories of enterprises.

3.11 Economic Planning of India – Five Year Plans

Economic planning has been an integral part of the Indian Economy. Economic planning was first adopted in the erstwhile Soviet Union and thereafter other socialist countries also followed the path of planned economic development, planning got so much identified with socialist economies.

Jawaharlal Nehru, the architect of planning in India set up the National Planning Committee towards the end of 1938. The committee considered all aspects of planning and produced a series of studies on different subjects concerned with economic development. The committee laid down that the state should own or control all key industries and services mineral resources and railways, waterways, shipping and other public utilities and, in fact, all those large-scale industries which were likely to become monopolistic in character. The Committee felt that it was not possible to draw up a scheme of national planning without including agriculture. The committee aimed at doubling the standard of living of the people in 10 years. The Government of India recognized the importance of small-scale industry for achieving social objectives like generating more employment, removal of regional disparities and economic backwardness of rural areas.
The importance of small-scale industry was underlined in the Industrial Policy Resolution, 1948. The policy recognized that, 'these industries are particularly suited for better utilization of local resources and for achievement of local self-sufficiency in respect of certain type of essential consumer goods.

Just after the attainment of Independence the Government set up the Planning Commission in 1950 to assess the country’s need of material capital and human resources so as to formulate plan for their more balanced and effective utilization. Four long-term socio-economic objectives were set out by the planners in India. They were:

1. to increase production to the maximum possible extent so as to achieve higher level of national and per capital income;
2. to achieve full employment;
3. to reduce inequalities of income and wealth; and
4. To set up a socialist society based on equality and justice and absence of exploitation.

The First Five Year Plan Commenced in 1950 – 51 and it was followed by a series of Five Year Plans.

Five Year Plan and Small-Scale Sector

Since the introduction of the Five year plans, the Government of India has made progressive outlay for the growth of small-scale industries to achieve the socio-economic objectives.

3.11.1 Small-Scale Industries and First Five Year Plan (1951 – 56)

A large number of steps were initiated by the Government of India after Independence for the development of small-scale and cottage industries. These included the building up of organizational structure, increase in the outlay for the development of
small-scale and cottage industries, reservation for production, credit and marketing facilities, concessions, exemptions.\footnote{1}

**Organizational Structure**

(i) A cottage Industries Board was set up in 1947 itself. This was split into the following three boards during the First Five Year Plan – All India Handloom Board, All India Handicrafts Board, and All India Khadi and Village Industries Board. In addition to these, three more boards were set up. These were the Small-Scale Industries Board, Coir Board and Central Silk Board. Thus, at the end of the First Five year Plan, there were a total of six boards covering the entire field of small-scale and cottage industries.

(ii) The Government of India accepted the recommendations of International Planning Team under the auspices of Ford Foundation and set up the Central Small Industries Organization as a nodal agency for the development of small-scale sector.

(iii) The National Small Industries Corporation Ltd. (NSIC) was set-up in 1955 to provide machinery to small-scale units on hire-purchase basis and to assist these units in procuring orders from government departments and offices and also to market their products.

(iv) Four Regional Small Industries Service Institutes with a number of branches were set up to provide technical assistance to the small-scale industries.

(v) The Small Industries Development Organization (SIDO) was set up in 1954. It functions as an apex body in the formulation of policies and coordination of institutional activities for sustained and organized growth of small-scale industries. It was a large network of small industries service institutes, branch institutes, tool rooms etc.
The Small-Scale Industries Board adopted the idea of Industrial Estate Programme and the first Industrial Estate was set up at Rajkot in 1955. The programme aims at providing factory accommodation and a number of common facilities like power, water transport etc. at one place.

### 3.11.2 Small-Scale Industries and Second Five Year Plan (1956 – 61)

The Karve Committee which draw up plans for the development of village and small-scale industries in the second Five Year Plan recognized the importance for obtaining increased supplies of consumer goods and for reducing unemployment and under employment. The Industrial Policy Resolution 1956 gave adequate policy support for accelerating the process of development. During the period, the Government Stores Purchase Programme was introduced by the Government of India to provide an assured market for the product of small-scale industry. In addition, certain products were reserved for exclusive purchase from small-scale sector in 1956-57.

For the speedy development of small-scale industries, the Government launched an assistance programme. The assistance programme included technical assistance, training, factory space in industrial estates, credit facilities, modernization and technological development. During this Plan period, small-scale industries started producing articles requiring high degree of technical skill and many goods which were previously imported.

### 3.11.3 Small-Scale Industries and Third Five Year Plan (1961 – 66)

During this plan period the Credit Guarantee Scheme was introduced in 1960 to encourage the banks to meet the credit requirement of small-scale industry. The setting up of Industrial Development Bank of India in 1964 led to the flow of funds to small-scale sector. Efforts were taken for securing close integration between small and large scale
units over a wide range of industries and the development of small-scale industries as ancillaries.


A sum of Rs. 53.48 crore was allotted for the development of small-scale industry. The Government of India reserved certain goods manufactured exclusively for small-scale sector to protect them against the competition from large industries.

3.11.5 Small-Scale Industries and Fourth Five Year Plan (1969-’74) ⁴

The Fourth Plan envisaged to widen the range of products in small-scale sector, encouraged dispersal of small units, fuller utilization of the capacity already established and promote exports from small-scale sector. During the plan period, in 1969, fourteen major banks were nationalized and the banks included the small-scale industry in the priority sector for financial assistance. In 1970, the Government of India formulated a variety of promotional measures to boost export from small-scale sector. In order to intensify the activities for the development of new entrepreneurs, a separate division called, ‘Entrepreneurs Development Division’ was set up by the Small Industries Development Organization.

In 1971, the Government of India introduced the Central Investment Subsidy and announced income tax concessions in 1973 to stimulate investment in the backward regions. The interest subsidy scheme was implemented in 1973 for the benefit of engineers and technocrats. The list of reserved items was expanded from 77 to 124 in the Fourth Plan.

3.11.6 Small-Scale Industries and Fifth Five Year Plan (1974 – 79) ⁵

The principal objectives of the programme for the development of small-scale industries in the Fifth Plan were to facilitate the removal of poverty and inequality in
consumption standards of the masses through the creation of large scale opportunities for fuller and additional employment and improvement of their skills so as to improve their level of earnings. Further, the programme was re-oriented to set up production of some of the basic and essential articles for the masses and also the products which have a larger potential for exports. The list of reserved items was expanded from 124 to 500 in 1977. The programme of District Industries Centre (DICs) was introduced in May 1979.

3.11.7 Small-Scale Industries and Sixth Five Year Plan (1980 – 85)

During this Plan period, the Government of India took efforts to build buffer stock of raw materials to ensure supply of critical inputs in time. Facilities were provided for import of components, raw materials and machinery under Open General License. A Council for Advancement of Rural Technology (CART) was set up in October 1982 to provide the necessary technical output to the rural industries. The list of reserved items was expanded from 500 to 873 items on October 18, 1984.

3.11.8 Small-Scale Industries and Seventh Five Year Plan (1985 – 90)

The Government of India, in May 1986, launched the Small Industries Development Fund (SIDF) with Rs. 2500 crore. The Fund, under the Industrial Development Bank of India, provides assistance for the development, expansion, diversification and also rehabilitations of small units. For the first time the budget proposals for 1985 – ’86 incorporated the principle of upgradation and incremental approach in the levy of central excise duty for small-scale industrial units. The list of reserved items on July 31, 1989 was 836. Further, the schemes National Equity Fund (NEF) in 1987 and the Single Window Scheme (SWS) in 1988 were introduced to provide financial assistance to small-scale industries.
For meeting the long standing demand of small-scale industries for a separate Apex Bank to provide financial assistance to them, the governments set-up the Small Industries Development Bank of India (SIDBI) in 1989. SIDBI provides assistance to the small-scale units through the existing credit delivery system comprising State Financial Corporations, State Industrial Development Corporations, Commercial Banks, Cooperative Banks and Regional Rural Banks. The major activities of SIDBI are:

(i) refinancing loans and advances; (ii) discounting and re-discounting of bills; (iii) extension of seed capital / soft loans; (iv) granting direct assistance and refinancing of loans; (v) providing services like factoring, leasing etc; and (vi) extending financial support to State Small Industries Development Corporation.


The Eighth Five Year Plan dealt with beneficial consequences of the Seventh Plan and reaffirmed that new opportunities would be generated in small-scale sector so that weaker sections of the society as a whole could be able to draw the benefits of this sector by direct participation and wide spread employment generation.

New Small Enterprise Policy Package for small, tiny and village industries was announced on 6th August 1991. The policy proposed to meet the entire credit demand of the small and tiny units. The emphasis was shifted from 'cheapness of credit' to adequacy of credit. The policy proposed another scheme of integrated infrastructure development for small industries to facilitate location of industries in rural and backward areas and to promote stronger coordination between industry and agriculture. The scheme was formally launched in March 1994 and Integrated Infrastructure Development Centers (IIDCs) were set up.
During the annual plan periods efforts were made to boost up the value of exports from small-scale industrial sector. Further, measures are being initiated to concentrate on non-traditional items like leather and leather products, marine products, sports goods ready-made garments, basic chemicals, pharmaceuticals, cosmetic and engineering goods figuring in export for small-scale industrial sector.

A Technology Development Cell would be set up in the Small Industries Development Organization which would provide technology inputs to improve productivity and competitiveness of the small-scale sector. An Export Development Centre would be set up in SIDO to serve small-scale industries to further augment export activities in this sector. To avoid payment by the large units, factoring services through SIDBI was proposed. In addition, suitable legislation to ensure prompt payment has also been proposed in the policy.

Simplification of rules, regulations and procedures, setting up of special monitoring agency to oversee the genuine credit needs of small-scale sector, channelising composite loan through commercial banks, enlarging the single window scheme to project upto 20 lakhs are the other measures in the policy for the promotion of small-scale industry.

3.11.10 Small-Scale Industries and Ninth Five Year Plan (1997 – 2002)

The Ninth Plan emphasized the wider application in production and information technologies, improvements of computer penetration, strengthening of Research and Development of manpower base and boosting of hardware and software exports.

The Government of India announced in 1999 – 2000, the New Policy initiatives for the development of small-scale industries Ministry of small-scale industries and Agro and Rural Industries has been set up to focus on problems of small-scale industries. A new credit Insurance Scheme for providing security to banks and improving the flow of credit
to small-scale industries particularly, export-oriented and tiny units started was introduced. To co-ordinate the latest developments with regard to World Trade Organization, a cell has been set up to disseminate information to small-scale industries associations regarding recent developments and organizing World Trade Organization (WTO) seminars and workshops. A National Programme for Rural industrialization has been announced with a mission to set up 100 clusters every year to give a boost to rural industrialization.

3.11.11 Small-Scale Industries and Tenth Five Year Plan (2002 – 2007)

The Tenth Five year Plan officially commenced on April 1, 2002. The plan document was released almost one year after the mentioned two areas wherein the role of government will continue to be important:

1. the social sectors, where its role will clearly have to expand; and

2. Infrastructure development, where gaps are large and the private sector cannot be expected to step in significantly, ie. Rural infrastructure and road development etc.

According to the Tenth Plan, it is important to recognize that the sharp increase in growth rate and significant improvement in the social indicators that are being contemplated in the plan will be possible only if there is corresponding improvement in the performance on the laggard states. In order to emphasize this fact, the Tenth plan lays down state specific targets for different development goals consistent with the national plan.

3.11.12 Small-Scale Industries and Eleventh Five Year Plan

The Eleventh Five year Plan started on April 1, 2007 covers the five year period 2007 – 2012. However, the Draft Paper of the plan is not yet ready. Only the Approach paper of the Eleventh Five Year Plan is so far available. This Approach Paper was
adopted by the National Development Council (NDC) in its meeting held on December 9, 2006.

**A Vision for the Plan**

The Eleventh Plan with its new vision aims at a more inclusive growth by addressing disparities between rural and urban areas, between rich and poor states, and between poor and non-poor groups.

**Tenth Plan Period: A Mid-Term Appraisal of Industry**

For the Industrial Sector an annual average growth of 8 per cent was set as target during the Tenth Plan Period. The strategy envisaged new manufacturing capacity building based on improved competitiveness, attracting FDI encouragement to private-public partnership and above all creating a transparent environment.

During the first four years (2002 – 06) of the Tenth Five year plan, the small-scale industrial sector’s performance in the State was satisfactory. All the parameters recorded positive growth rate in the first four years of the Tenth plan. The growth rate was 5.2 per cent in number of registered units, 5.8 per cent each in investment and output and 4.4 per cent in employment as against 9.7 per cent, 12.0 per cent, 15.2 per cent and 8.8 per cent respectively in the Ninth Five year plan period.

### 3.12 Tamilnadu Economy and Small-Scale Industries

Tamilnadu is one of the leading States in India. According to the Human Development Index (2001) Tamilnadu ranks third next only to Kerala and Punjab. In terms of per capita income the State stood fifth (2004-05) among the major States. In terms of production also the State is leading in industrial development, especially in the sectors such as automobiles, auto ancillaries, IT, spinning textiles, leather and pharmaceuticals. As per the latest ASI results, the State continues to retain the first rank
in terms of number of factories, moved from second to first place in the total number of persons engaged in industrial activity. With regard to fixed capital, productive capital, gross value of output and net value added, the State retains the third position next to Maharashtra and Gujarat.

The State is fairly well placed in terms of infrastructure which is the basis for the overall development of any economy and especially in the energy sector the State has ensured uninterrupted power supply. Among the major States, Tamilnadu occupies the first position in credit-deposit ratio and fourth rank in bank branches network. In Tamilnadu more than half of the population (56 per cent) still lives in rural areas spread over 12618 Village Panchayats. The state budgetary expenditure on Rural Development for the year 2005 – 06 stood at Rs. 2919.90 crores which was 8.78 per cent of the total budgetary allocation.

Improvements in the Social Infrastructure are a necessary condition for ensuring equity and paving the way for inclusive development of the economy as a whole. Recognizing the pivotal role of social infrastructure in development, the State has enhanced the funds for social sector by 23.3 per cent in 2005 – 06 over the 2004 – 05 level (Rs. 11943 crores).

Tamilnadu with 73.5 per cent of literacy level stands third in the country as per the 2001 census as against 65.38 per cent at the All India level. Education infrastructure in the state is higher than the norms set for it. The health sector witnessed improvement during 2005-06, several schemes are being implemented in the state to take care of the health status level and family welfare. Infrastructure in the form of an efficient transport and communication system is a pre-requisite for rapid growth of other sectors. During 2005-06 the availability of roads in the state is 194140 kms. Railways had a track line of
length of 3991 km. In Tamilnadu the state during 2005-06 broad gauge accounted for 59.6 per cent and metre gauge 45.4 per cent.

The total traffic handled by the major ports of Tamilnadu increased by 44.59 lakh tonnes during 2005 – 06 to reach 735.55 lakh tonnes from 690.96 lakhs tones in 2004 – 05. The total number of domestic and international passengers who used the airports in the State rose from 63.52 lakhs in 2004 – 05 to 77.21 lakhs in 2005 – 2006 registering a growth of 21.57 per cent.

During 2004-05, there were 12196 post offices in the state, of which 8692 post offices offered postal services alone and 3504 post offices provided post and telegraph services. As on March 2005, there were 98.87 lakh subscribers in tele-communication system in the state.

The banking network in Tamil Nadu consists of 4898 bank branches with a deposit mobilization of Rs. 134358 crores and credit disbursement of Rs. 146514 crores. During 2005-06, with the addition of 40 bank branches, deposit mobilization and credit disbursement recorded an increase of 22 per cent and 18 per cent respectively. The credit-deposit ratio worked out to 109.05 per cent in 2005 – 06 as against 99.84 per cent in the last year.

In Tamilnadu, over 60 per cent of the population depends on agriculture. About 48 per cent can be used for irrigation facilities while around 52 per cent of the area is under dry land farming.

Activities allied to Agriculture viz., Animal Husbandry, Fisheries, Forestry and Cogging are an important source for providing supplementary occupation to the people besides contributing to the state economy. The milk production in the state is projected to reach 54.74 lakh tones in 2005– 06 from 47.84 lakh tonnes in 2004 – 05. Tamilnadu is a leading exporter of poultry products.
Tamilnadu is endowed with a long coastline and has rich tradition in fisheries. Apart from providing employment to 10.02 lakh marine and inland fisher-folk, the sector contributes Rs. 1996 crores (27.5 per cent) to the value of fish products exported from the country. The overall fish production in the State has rose from 3.95 lakh tonnes in 2004-05 to 5.46 lakh tonnes in 2005-06.

In Tamilnadu, the forest area accounts for 17.59 per cent of the geographical area. The revenue from forestry is estimated at Rs. 155.82 crores. Tamilnadu ranks high in the industrial performance at the national level. The software exports from the State have increased to Rs. 14115 crores during 2005-06 from Rs. 10730 crores in 2004-05. During the review year, the software industries in the State have provided employment opportunities to 19,000 persons and the total employment in this sector is 1.19 lakhs.

The number of textile mills in the state has increased from 834 in 2004-05 to 841 in 2005-06 and the installed spinning capacity has increased from 158.30 lakh spindles to 164.30 lakh spindles. The number of workers employed in the textile sector increased from 2.24 lakhs to 2.31 lakhs in the review year. During the sugar season in 2005-06, out of 38 sugar mills in the State, 35 were functioning with total installed crushing capacity of 103650 tonnes per day. The production of sugar at 21.42 lakh tones with an average recovery of 9.24 per cent has registered a growth of 93.22 per cent over the previous year.

The installed capacity of the 12 fertilizer plants has increased to 14.10 lakhs tonnes in the review year from 13.05 lakh tonnes in 2004-05. However, the production has declined to 9.03 lakh tonnes from 10.20 lakh tonnes in the reference period. The cement production in the State has increased to 142.89 lakh tones in 2005-06 from 126 lakh tonnes in 2004-05. The net addition has come from the Private sector since there is a fall in Public sector production from 8.06 lakh tonnes in 2004-05 to 7.856 lakh tonnes in 2005-06.
The Paper production in the State has increased by 20.29 per cent from 3.07 lakh tonnes in 2004-05 to 3.70 lakh tonnes in 2005-06. The number of registered small-scale industrial units in the State has increased to 5.11 lakh units in 2005-06 from 4.89 lakh units in 2004-05. These units with a fixed capital of Rs. 16103 crores produced goods and services to the tune of Rs. 103912 crores and provided employment to 35.93 lakh persons. Industrial relations in the State during the calendar year 2005 may be termed as smooth since the number of strikes and lockouts were lower at 71 as against 86 in 2004.

Towards poverty alleviation, various schemes are implemented in the State. Under Indira Yojana, during 2005-06, 42195 new houses were constructed with an allocation of Rs. 145.78 crores and 21449 katcha houses were upgraded with Rs. 2757 crores. For implementing the Sampoorna Grameen Rozgar Yojana, a sum of Rs. 251.33 crores has been allocated during 2005-06.

During 2005-06, under Swarna Jayanti Gram Swarozgar Yojana, a Revolving Fund was released to 28153 SHGs and Economic Activity Assistance was extended to 2547 SHGs in the State. Another 1421 individual beneficiaries were also availed Economic Activity Assistance. In all, 96591 SHG members were trained during the year 2005-06. Works to the tune of Rs. 54.55 crores were executed under Total Sanitation Campaign during 2005-06. In addition, a number of other Centrally Sponsored Schemes was implemented in the State. During the period, the TNERP (renamed as Vazhunthu Kaatuvom with effect from 2006-07) was launched with World Bank assistance. The basic objective of the Tamilnadu Empowerment and Poverty Reduction Project in livelihood promotion and economic empowerment of poor households, which form the most vulnerable sections and the marginalized communities. Out of the total project cost of Rs. 717 crores, Rs. 38 crores was allocated for the year 2005 – 06.
Tamilnadu Rural Employment Guarantee Scheme which was launched in February 2, 2006 aims to ensure livelihood security in rural areas by providing at least 100 days of guaranteed employment in a financial year to any rural household whose adult members are willing to do unskilled manual work.

3.13 Contribution to Exports

With the establishment of a large number of modern small-scale industries in the post-Independence period, the contribution of the small-scale sector in export earnings has increased by leaps and bounds. What is heartening to observe is that the bulk of the exports of the small-scale industries (in fact, around 93 per cent) consist of such non-traditional items like readymade garments, sports-goods, finished leather, leather products, woollen garments and Kit wear, processed foods, Chemicals and allied products, and a large number of engineering goods. The total exports of the small-scale industry products increased from Rs. 155 crore during 1971-72 to Rs. 1,24,417 crore in 2004-05. This meant an increase in the share of the small-scale industries in the total exports of the country from 9.6 per cent in 1971-72 to 33.1 per cent in 2004-05. The share of the small-scale sector in manufacturing exports is about 45 per cent, besides its contribution to the tune of 33.1 per cent to the total exports, it also contributes 15 per cent to the exports indirectly. This takes place through export orders, from large units or the production of parts and components for use of finished exportable goods.

Share of Small-Scale Industries Exports to its Actual Production

With some 326 items reserved exclusively for the small-scale industries, and more than 7,500 items of the sector has been increasing. Even though the exports have increased in value, the share in its total production remains constant.
Table 3.5
Share of Small-Scale Industries Exports to its Actual Production – All India

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Exports (In crores)</th>
<th>Trend Per cent</th>
<th>Small-Scale Industries Exports (In crores)</th>
<th>Per cent Share of Small-Scale Industries Exports to total exports</th>
<th>Trend Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994-1995</td>
<td>82,674</td>
<td>100</td>
<td>29,068</td>
<td>35.1</td>
<td>100</td>
</tr>
<tr>
<td>1995-1996</td>
<td>1,06,353</td>
<td>201</td>
<td>36,470</td>
<td>34.2</td>
<td>97</td>
</tr>
<tr>
<td>1996-1997</td>
<td>1,18,817</td>
<td>144</td>
<td>39,249</td>
<td>33.4</td>
<td>101</td>
</tr>
<tr>
<td>1997-1998</td>
<td>1,26,286</td>
<td>153</td>
<td>44,442</td>
<td>35.19</td>
<td>105</td>
</tr>
<tr>
<td>1998-1999</td>
<td>1,41,603</td>
<td>171</td>
<td>48,979</td>
<td>34.59</td>
<td>102</td>
</tr>
<tr>
<td>1999-2000</td>
<td>1,59,561</td>
<td>193</td>
<td>54,200</td>
<td>33.97</td>
<td>98</td>
</tr>
<tr>
<td>2000-2001</td>
<td>2,02,509</td>
<td>245</td>
<td>69,796</td>
<td>34.47</td>
<td>103</td>
</tr>
<tr>
<td>2001-2002</td>
<td>2,07,745</td>
<td>251</td>
<td>71,243</td>
<td>34.29</td>
<td>99</td>
</tr>
<tr>
<td>2002-2003</td>
<td>2,52,789</td>
<td>306</td>
<td>86,012</td>
<td>34.03</td>
<td>104</td>
</tr>
<tr>
<td>2003-2004</td>
<td>2,93,367</td>
<td>355</td>
<td>97,644</td>
<td>33.28</td>
<td>98</td>
</tr>
<tr>
<td>2004-2005</td>
<td>3,61,879</td>
<td>438</td>
<td>1,24,417</td>
<td>34.38</td>
<td>105</td>
</tr>
<tr>
<td>2005-2006</td>
<td>4,45,658</td>
<td>539</td>
<td>1,24,476</td>
<td>27.93</td>
<td>81</td>
</tr>
</tbody>
</table>

Source: Export Promotion Council

The total exports at the India level has increased year after year and has reached its highest in the year 2005-06 that recorded a growth rate of 439 per cent. Whereas the share of exports from small-scale industrial units is gradually fluctuated and has recorded a declining trend of 19 per cent which calls for concern and action.
Table 3.6

Total Production of Small-Scale Industries and its Share in Exports – All India

<table>
<thead>
<tr>
<th>Year</th>
<th>Production in small-scale industries (In crores)</th>
<th>Trend Per cent</th>
<th>small-scale industries Exports (In crores)</th>
<th>Per cent Share of small-scale industries Exports to Production</th>
<th>Trend Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994 – 1995</td>
<td>1,22,210</td>
<td>100</td>
<td>29,068</td>
<td>23.79</td>
<td>100</td>
</tr>
<tr>
<td>1995 – 1996</td>
<td>1,48,290</td>
<td>121</td>
<td>36,470</td>
<td>24.59</td>
<td>103</td>
</tr>
<tr>
<td>1996 – 1997</td>
<td>1,68,413</td>
<td>138</td>
<td>39,249</td>
<td>23.31</td>
<td>101</td>
</tr>
<tr>
<td>1997 – 1998</td>
<td>1,89,178</td>
<td>155</td>
<td>44,442</td>
<td>23.49</td>
<td>101</td>
</tr>
<tr>
<td>1998 – 1999</td>
<td>2,12,901</td>
<td>174</td>
<td>48,979</td>
<td>23.01</td>
<td>102</td>
</tr>
<tr>
<td>2000 – 2001</td>
<td>2,61,289</td>
<td>214</td>
<td>69,796</td>
<td>26.71</td>
<td>103</td>
</tr>
<tr>
<td>2001 – 2002</td>
<td>2,82,270</td>
<td>231</td>
<td>71,243</td>
<td>25.24</td>
<td>94</td>
</tr>
<tr>
<td>2002 – 2003</td>
<td>3,11,993</td>
<td>255</td>
<td>86,012</td>
<td>27.57</td>
<td>104</td>
</tr>
<tr>
<td>2003 – 2004</td>
<td>3,57,733</td>
<td>293</td>
<td>97,644</td>
<td>27.30</td>
<td>99</td>
</tr>
<tr>
<td>2004 – 2005</td>
<td>4,18,263</td>
<td>342</td>
<td>1,24,417</td>
<td>29.75</td>
<td>105</td>
</tr>
<tr>
<td>2005 – 2006</td>
<td>4,70,966</td>
<td>385</td>
<td>1,24,476</td>
<td>26.43</td>
<td>89</td>
</tr>
</tbody>
</table>

Source: Export Promotion Council

Likewise, the production of small-scale industries is growing year by year and has reached its peak in the year 2005-06 to the extent of 285 per cent. Whereas they are able to export only a portion of their products and that too have undergone fluctuations over the study period and finally got declined to the extent of 11 per cent. Hence, promotional measures can be undertaken with regard to the export of goods. The production has an exponential growth rate of 11.5 per cent with the coefficient of determination of .99 showing a highly positive trend whereas the exponential growth rate on the export trend is negative to the extent of nearly 5 per cent with a coefficient of determination of .13, which is comparatively very low.
3.14 Industrial Co-operatives

Industrial Co-operatives provide opportunity for the weaker sections of the society to get themselves employed and engaged on their own otherwise, they could not start their own undertakings on account of numerous financial and other problems. For persons who are unable to start industrial units on their own because of their poor financial position and lack of other managerial talents, they themselves can start industrial Co-operatives for industrial activities. The following table shows the details of Industrial Co-operatives in Kanyakumari district.
Table 3.7

Details of Industrial Co-operatives in Kanyakumari District

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Type of Co-operatives</th>
<th>Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Kanyakumari Adi Dravidar Chamber bricks Industrial Co-operative Society</td>
<td>Shenbagaramanputhoor</td>
</tr>
<tr>
<td>2.</td>
<td>Nagercoil Metal Casting Workers Industrial Co-operative Society</td>
<td>Meenakshipuram Nagercoil.</td>
</tr>
<tr>
<td>3.</td>
<td>Engineers Industrial Co-operative Society</td>
<td>Konam, Nagercoil.</td>
</tr>
<tr>
<td>4.</td>
<td>Ex-Servicemen Auto-drivers Industrial Co-operative Society</td>
<td>Nagercoil</td>
</tr>
<tr>
<td>5.</td>
<td>Kumari District Women Tailoring Industrial Co-operative Society</td>
<td>Marthandam</td>
</tr>
<tr>
<td>6.</td>
<td>Nagercoil Armed Reserve Police Women Tailoring Industrial Co-operative Society</td>
<td>Maravankudiyiruppu</td>
</tr>
<tr>
<td>7.</td>
<td>Kanyakumari Co-operative Industrial Estate</td>
<td>Aralvoimozhi</td>
</tr>
<tr>
<td>8.</td>
<td>Kanyakumari Industrial Co-operative Printing Press</td>
<td>Padanthalumoodu</td>
</tr>
<tr>
<td>9.</td>
<td>Mylaudy Stone Carvers Industrial Co-operative Society</td>
<td>Mylaudy</td>
</tr>
<tr>
<td>10.</td>
<td>Kanyakumari Wood Carvers Industrial Co-operative Society</td>
<td>Mylaudy</td>
</tr>
<tr>
<td>11.</td>
<td>Nagercoil Umbrella Makers Industrial Co-operative Society</td>
<td>Nagercoil</td>
</tr>
<tr>
<td>12.</td>
<td>Kanyakumari Ex-Servicemen Automobile Industrial Co-operative Society</td>
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<td>13.</td>
<td>Kanyakumari Small Match Producers Service Industrial Co-operative Society</td>
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<td>14.</td>
<td>Kanyakumari Central Coir Marketing Industrial Co-operative Society</td>
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<td>15.</td>
<td>Kollencode Coir Workers Industrial Co-operative Society</td>
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<td>16.</td>
<td>Painkulam Coir Workers Industrial</td>
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</tr>
<tr>
<td>Co-operative Society</td>
<td>Location</td>
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<tr>
<td>17. Pandaravilai Coir Workers Industrial Co-operative Society</td>
<td>Pandaravilai</td>
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<tr>
<td>18. Mukilankudiyiruppu Coconut Fibre producers industrial Co-operative Society</td>
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<tr>
<td>19. Enaiyam Coir Workers Industrial Co-operative Society</td>
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<td>20. Koottalumoodu Coir Workers Industrial Co-operative Society</td>
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<td>21. Manavilai Adhi Dravidar Coir Workers Industrial Co-operative Society</td>
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<td>22. Ezayhudesam Adhi Dravidar Coir Workers Industrial Co-operative Society</td>
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<td>23. Mullenkinavilai Coir Workers Industrial Co-operative Society</td>
<td>Millenkinavilai</td>
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<td>24. Kanyakumari Industrial Co-operative Rubber Factory</td>
<td>Pullathoor</td>
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Source: Industrial Co-operatives Department, District Industries Centre, Konam, Nagercoil.

All the 24 Industrial Co-operative Societies were financed by Tamil Nadu Industrial Co-operative Bank. This bank functions at Nagercoil in Kanyakumari District.
References:

1. First Five Year Plan – A draft outline, 1951, New Delhi, Planning Commission, p. 162.


3. Third Five Year Plan, 1960 Government of India, New Delhi, Planning Commission, p. 426


