PUBLICATIONS
RESEARCH PUBLICATIONS BY THE SCHOLAR


2. “Impact of W.T.O on Small Scale Industries in India” Published in the Souveneir, Page No:17, by Khadir Mohideen College.

3. “Restaurant customers’ word- of- mouth communication patterns” Work had been done and awaiting for the publication in a reputed journal.
1. FAST FOOD INDUSTRY & IT's GROWTH IN INDIA

INTRODUCTION
The concept of fast food isn't new. Early in the 19th century, at the start of the Industrial Age when people had to work 12 to 14 hours a day, there was scarcely any time for long breaks for eating. The first snack bars and kiosks arose in front of factories. Today, quick meals outside the home have become an essential part of our lifestyle.

What is fast food?
The term "fast food" means just that. However, the boundary between fast foods and traditional dishes is fluid. In particular, it's difficult to provide a qualitative distinction because fast foods can also include salads and fruit in addition to classic offerings such as hamburgers, hot dogs, sandwiches, patties, French-fries, fish and chips, etc. The best way to distinguish fast foods is to use formal characteristics:
Time required - those who eat fast foods do not want to spend a lot of time selecting and eating, and if necessary will eat standing or walking, on the bus, park bench, or at work.
The variety of foods and beverages is usually very limited
Fast food frequently does not come with knives and forks, making it "finger food."
When silverware, cups and plates are necessary, they are disposable.
The characteristics of fast food, therefore, are that they require little time, offer a limited selection, are finger food, and the silverware and plates are disposable. These characteristics readily illustrate the difference from traditional dining culture.
Many people equate fast foods with convenience foods. This is incorrect since convenience products are often eaten at home. They require active participation because they must be heated, stirred, baked, thawed, etc., and are supplemented with other foods.
There are three general categories of fast food businesses:
Self-service restaurants with a fast-food palette like McDonalds, Wendy's, Burger King, Pizza Hut, etc. Take-out (or take-away) businesses that sell ready-to-eat foods and beverages "on the street corner" Hot-dog stands and snack stands with counters or a pair of stand-up tables.

FAST FOOD INDUSTRY OVERVIEW
Fast food is a food prepared and served quickly at a fast food restaurant or a shop. It is served usually in a carton or bags in order to minimize cost. Fast food outlets often provide take away or take out foods in addition to sit down services. Fast food is a multi billion industry continuing to grow at a rapid pace in coming years.
Fast food is often highly processed and prepared in an industrial fashion i.e., with standard ingredient, methodical cooking and production methods.

THE START OF FAST FOOD CULTURE
The concept of fast food pops up during 1920s. The 1950s first witnessed their rapid proliferation. Several factors that contributed to this explosive growth in 50's were:
(1) America’s love affair with the automobiles.
(2) The construction of a major new highway system.
(3) The development of sub-urban communities.
(4) The baby boom subsequent to world war second.
"Fast-food chains initially catered to automobile owners in suburbia."
The notion of "fast" food reflected American culture in which speed and efficiency are highly prized.

INDIA – EMERGING MARKET FOR GLOBAL PLAYERS
The percentage share held by foodservice of total consumer expenditure on food has increased from a very low base to stand at 2.6% in 2001. Eating at home remains very much ingrained in Indian culture and changes in eating habits are very slow moving with barriers to eating out entrenched in certain sectors of Indian society. Traditionally, eating out was looked down upon in Indian society. The growth in nuclear families, particularly in urban India, exposure to global media and Western cuisine and an increasing number of women joining the workforce have had an impact on eating out trends. Increasingly, eating out is becoming synonymous with entertainment. And very often, it is preferred as a time-saving option to cooking. Not surprisingly, takeaways are becoming increasingly popular India is among the top three countries globally having highest number of people in the spending capacities in the age group of 25-49 yrs.

India is placed at the second rank in the 2004 global retail development index an annual ranking of retail investment attractiveness among 30 emerging markets. The lack of consolidation and model retail concepts in India presents better opportunity to global players. Over 400 shopping malls, multiplexes, fast food giants, restaurants etc. are in planning or construction stage across the country.

FACTS AND FIGURES
Fast food is one of the world's largest growing food types. India's fast food industry is growing by 40% a year and is expected to generate a billion dollars in sales by 2005. The multinational segment of Indian fast food industry is up to Rs. 6 bn, a figure expected to zoom to Rs.70 bn by 2005. By 2005, the value of Indian dairy products is expected to be Rs.1, 00,000 million. In last 6 years, foreign investment in this sector stood at Rs. 3600 million which is about one-fourth of total investment made in this sector. Because of the availability of raw material for fast food, Global chains are flooding into the country.

MARKET SIZE & MAJOR PLAYERS
- Dominated by Domino's pizza with 220 Outlets.
- McDonald's with as many as 160 outlets.
- Subways has established around 145 outlets
- Pizza hut is also catching up 130 outlets
- KFC has almost 72 restaurants

Major players in fast food are:

DOMINOS PIZZA

Industry data confirms people across India are consuming more than three million pizzas a month, and the monthly sales figures are projected to double in the next four years across India. Since inception, Domino's Pizza India Ltd. has proceeded to become one of the largest and fastest growing international food chains in South Asia. Today, Domino's Pizza India has grown into a countrywide network of over 220 outlets in 42 cities and is the leader in the fast food delivery segment. Ever since it was established, Domino's Pizza India has maintained its position of market leadership with its constant product innovation. Customers can order their pizzas by
calling a single countrywide Happiness Hotline. Domino's India was the first to start this type of countrywide number for its customers.

MCDONALDS

McDonald's is the world's leading food service retailer with more than 31,000 restaurants in 119 countries serving more than 50 million customers each day. In India, McDonald's is a joint-venture company managed by two Indians. While Amit Jatia, M.D. Hardcastle Restaurants Pvt. Ltd. owns and spearheads McDonalds in west & south India, McDonald’s restaurants in North & East India are owned and managed by Vikram Bakshii’s Connaught Plaza Restaurants Private Limited. Celebrating over 12 years of leadership in food service retailing in India, McDonald’s now has a network of over 160 restaurants across the country, with its first restaurant launch way back in 1996. Prior to its launch, the company invested four years to develop its unique cold chain, which has brought about a veritable revolution in food handling, immensely benefiting the farmers at one end and enabling customers to get the highest quality food products, absolutely fresh and at a great value.

SUBWAYS

Operating from its main office located in Milford, Connecticut, the quick service restaurant chain has five regional centers to support its expanding international operations. The Asian centre has been growing at a rapid pace and India as a country occupies a pivotal spot on this expansion map. Subway Systems India Pvt Ltd opened its very first restaurant in 2001 in New Delhi and has swiftly grown its operations to 145 operating restaurants in 26 cities across India. Although it is a global brand with a menu that is relatively the same around the world, SUBWAY® restaurants takes great pride in honoring and respecting local traditions and food preferences and has earned a reputation for offering a healthier alternative to traditionally fatty and greasy fast food. SUBWAY® restaurants in India serve no beef or pork products and have an expanded selection of vegetarian choices. Popular sandwiches, both local and international favorites, include Veggie Patty, Paneer Tikka, Aloo Patty, Chicken Meatball Marinara, Roasted Chicken, Chicken Teriyaki, Turkey, and Tuna.

PIZZA HUT

Pizza Hut entered India in 1996, and opened its first restaurant in Bangalore. Since then it has captured a dominant and significant share of the pizza market and has maintained an impressive growth rate of over 40 per cent per annum. Pizza Hut now has 95 outlets across 24 cities in India; and employed nearly 4,000 people by end of 2004 Pizza Hut is one of the first international pizza chains with purely vegetarian dine-ins at Chowpatty (Mumbai), Ahmedabad and Surat, which also serve Jain menus. Pizza Hut has even opened two all-vegetarian restaurants in the western state of Gujarat to cater to the Jain religious community, whose members prefer not to eat at places where meat is served. According to Yum! Restaurants International, India is amongst the top five growth markets for Pizza Hut. Pizza Hut is also experiencing double-digit growth in India and hence is confident about expanding its operations in India. Pizza Hut hopes to increase the number of Pizza Hut outlets in India to 130 by the end of 2005 from the present figure of 95.

KFC
KFC is the world’s No.1 Chicken QSR and has industry leading stature across many countries like UK, Australia, South Africa, China, USA, Malaysia and many more. KFC is the largest brand of Yum Restaurants, a company that owns other leading brands like Pizza Hut, Taco Bell, A&W and Long John Silver. Renowned worldwide for its finger licking good food, KFC offers its signature products in India too! KFC has introduced many offerings for its growing customer base in India while staying rooted in the taste legacy of Colonel Harland Sander’s secret recipe. Its signature dishes include the “crispy outside, juicy inside” Hot and Crispy Chicken, flavorful and juicy Original Recipe chicken, the spicy, juicy & crunchy Zinger Burger, Toasted Twister, Chicken Bucket and a host of beverages and desserts. For the vegetarians in India, KFC also has great tasting vegetarian offerings that include the Veggie Burger, Veggie Snacker and Veg Rice meals. In India, KFC is growing rapidly and today has presence in 13 cities with close to 72 restaurants.

Multinational fast-food companies have given domestic competition a run for its money. While McDonalds sells more than Nirulas, Pizza Hut and Dominos are doing more business than Pizza Corner. Within nine years of their existence in India since 1996, the multinationals have grown at a faster pace than their Indian counterparts. According to industry estimates, in 2001, while McDonald's clocked a turnover of about Rs 125 crore (Rs 1.25 billion), the home-grown Nirulas, which has been present in the country since 1934, could only garner Rs 100 crore (Rs 1 billion) turnover. Also, both Dominos Pizza Hut and Dominos clocked a turnover of about Rs 60 crore (Rs 600 million) but Pizza Corner lagged behind with a turnover of Rs 25-30 crore (Rs 250-300 million).

The main reason behind the success of the multinational chains is their expertise in product development, sourcing practices, quality standards, service levels and standardized operating procedures in their restaurants, a strength that they have developed over years of experience around the world. The home grown chains have in the past few years of competition with the MNCs, learnt a few things but there is still a lot of scope for improvement.

We have applied our learning experience from other countries in all the processes including consistency, marketing, distribution and training to the local market conditions.

However, the domestic chains are at an advantage since they understand the Indian consumer behaviour and eating habits and their product offerings have been tailored accordingly.

Multinational chains like McDonalds and Pizza Hut are still on a learning curve trying to customize their menu to the Indian taste and food preferences. Pizza Hut, for example, launched its masala range of pizzas and also opened the world's first 100 per cent vegetarian outlet in India.

Domino, on the other hand, has launched its peppy paneer pizza keeping in mind the Indian taste buds. The food service market in India is estimated to be around Rs 36,000 crore (Rs 360 billion), of which the urban fast food quick service restaurants is around Rs 1,000 crore (Rs 10 billion). This segment is witnessing high growth of around 25-30 per cent per annum so the market has a lot of potential to grow.

REASON FOR EMERGENCE
GENDER ROLES: gender roles are now changing. Females have started working outside. So, they have no time for their home and cooking food. Fast food is an easy way out because these can be prepared easily.

CONSUMER SOPHISTICATION AND CONFIDENCE: consumers are becoming more sophisticated now. They do not want to prepare food and spend their time and energy in house hold works. They are building their confidence more on ‘ready to eat and easy to serve’ kind of foods.

PAUCITY OF TIME: people have no time for cooking. Because of emergence of working women and also number of other entertainment items. Most of the time either people work or want to enjoy with their family.

DOUBLE INCOME GROUP: emergence of double income group leads to increase in disposable income. Now people have more disposable income so they can spend easily in fast food and other activities.

WORKING WOMEN: working women have no time for cooking, and if they have then also they don’t want to cook. Because they want to come out of the traditionally defined gender roles. They do not want to confine themselves to household work and upbringing of children’s.

MACRO-ECONOMIC FACTOR AFFECTING THE INDUSTRY

- Increase in per capita income: There is continuous increase in the per capita income of the Indian citizens. More income in hand results into more spending in comforts and entertainment and thus results into more and more spending on fast and ready to serve kind of foods.

- Economic growth: With economic liberalization of 1991, more foreign and private industries entered the Indian market that result into income generation of the Indian residents – more income results into ore savings— more savings means more investment – more investment results into overall growth of the economy.

- Large population: India being a second largest country in terms of population possesses large potential market for all the products/services. This results into entry of large number of fast food players in the country.

- Relaxation in rules and regulations: with the economic liberalization of 1991, most of the tariff and non tariff barriers from the Indian boundaries are either removed or minimized. This helped significantly the MNC’s to enter in the country.

- Growth in number of women’s in the work force: there is increase in the number of women work force in the recent years because of the improvement in the literacy rate and also because of the large number of jobs are now available because of the entry of foreign and private players in the Indian market.

- Menu diversification-- increase in consumption of pizzas, burgers and other type of fast foods.

CHALLENGES FOR THE INDUSTRY

- Social and cultural implications of Indians switching to western breakfast food: Generally, Hindus avoid all foods that are believed to inhibit physical and spiritual development. Eating meat is not explicitly prohibited, but many Hindus are vegetarian because they adhere to the concept of ahimsa. Those seeking spiritual unity may avoid garlic and onions. The concept of purity influences Hindu food practices. Products from cows (e.g., milk, yogurt, ghee-
clarified butter) are considered pure. Pure foods can improve the purity of impure foods when they are prepared together. Some foods, such as beef or alcohol, are innately polluted and can never be made pure. But now, Indians are switching to fast food that contain all those things that are considered impure or against their beliefs. Some traditional and fundamentalist are against this transformation of food habit and number of times they provoke their counterparts to revolt against such foods. And that is what happened when McDonald's decided to enter the complexity of Indian business landscape, counting only on its “fast food global formula”, without any apparent previous cultural training.

- **Emphasis on the usage of bio-degradable products:** Glasses, silverware, plates and cloth napkins are never provided with fast food. Instead, paper plates and napkins, polyurethane containers, plastic cups and tableware, drinking cartons or PET (polyethylene terephthalate) bottles are used, and these are all disposable. Many of these items are tossed in the garbage instead of being recycled, or even worse, merely thrown on the ground. This burdens nature unnecessarily and squanders raw materials. In order to reduce soil and water pollution, government now emphasis more on the usage of bio-degradable products.

- **Retrenchment of employees:** Most of new industries will be capital intensive and may drive local competitors, which have more workers, out of business.

- **Profit repatriation:** Repatriation of profits is another area of concern for Indian economy. As when multinational enters the any countries, people and government hope that it will increase the employment rate and result in economic growth. However, with the multinational operation, host country experiences these benefits for a short time period. In long run neither employment increases (because of capital intensive nature of MNC’s) nor it increases the GDP or GNP because whatever MNC’s earn they repatriate that profit back to their home country.

### PROBLEMS OF INDUSTRY

- **Environmental friendly products cost high:** government is legislating laws in order to keep check on the fast food industry and it is emphasizing more on the usage of bio-degradable and environment friendly products. But associated with this issue is the problem that fast food player faces - the cost associated with the environment friendly product. They cost much higher than the normal products that companies uses for packaging or wrapping their products.

- **Balance between societal expectation and companies economic objectives:**
  To balance a society’s expectation regarding environment with the economic burden of protecting the environment. Thus, one can see that one side pushes for higher standards and other side tries to beat the standard back, thereby making it a arm wrestling and mind boggling exercise.

- **Health related issues:**
  - Studies have shown that a typical fast food has very high density and food with high density causes people to eat more than they usually need.
  - Low calories food: Emphasis is now more on low calorie food. In this line McDonald has a plan to introduce all white meat chicken Mcnugget with less fat and fewer calories.
TRENDS IN INDIAN MARKET

Marketing to children's: fast food outlets in India target children's as their major customers. They introduce varieties of things that will attract the children's attention and by targeting children's they automatically target their parents because Children's are always accompanied by their parents.

Low level customer commitment: Because of the large number of food retail outlets and also because of the tendency of customer to switch from one product to other (as food is one areas where customer wants to try everything new that comes to the market), this industry faces low level customer commitment.

Value added technology services: There is continuous improvement in the technology as far as fast food market in India is considered. The reason behind that is food is a perishable item and in order to ensure that it remain fresh for a longer period of time, there is a need for continuous upgradation in technology. Earlier, Indian people prefer eating at home but now with the change in trend there is also need for improvement and upgradation of technology in food sector.

Attracting different segments of the market: Fast food outlets are introducing varieties of products in order to cater the demands of each and every segment of the market. They are introducing all categories of product so that people of all age, sex, class, income group etc can come and become a customer of their food line.

CONCLUSION

The success of fast foods arose from the changes in our living conditions:

Many women or both parents now work
There are increased numbers of single-parent households
Long distances to school and work are common
Usually, lunch times are short
There's often not enough time or opportunity to shop carefully for groceries, or to cook and eat with one's family. Especially on weekdays, fast food outside the home is the only solution.

Today, only 40% of young college-age people eat lunch at home. Chiefly, but not exclusively, teenagers and young adults use fast food facilities when they need to catch a bite on the go. According to studies, 66% of young men and 33% of women in Switzerland eat one to two hamburgers a week, and half the teenagers eat French-fries once a week. The large chains have pulled out all the stops of modern marketing, targeting primarily young consumers. They entice their potential customers with TV spots, children's parties, gifts for small children, and an ambiance that is generally child- and teenager-friendly. Large distributors, bakers and butchers, snack bars, and so on, also exploit the fast food trend and offer more take-out products. It's obvious that these campaigns are at the expense of traditional home dining culture. Experts have coined the term "McDonaldization" to describe this phenomenon.

Some noticeable facts about fast food industry are: Fast food had experienced fast growth in past decade. Changing lifestyles, breakdown of joint family system, increasing number of working women's and western influence in urban areas are fuelling the demand for fast food.
India already has the entire requirement for a head start in food industry. Basic materials such as food, vegetables and meat can be sourced locally or easily imported if local availability is not adequate. Food outlets are just beginning to appear in India's big cities and this is a time for international chains to set a foothold. Competition will increase only with time

References
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Campbell Polly. *'Quick and casual' Gratzi will test area market for a new restaurant concept*. September 6, 2002. www.cincinnati.com
2. WTO AND ITS IMPACT ON SMALL SCALE INDUSTRIES IN INDIA

Introduction

Trade is an engine of economic development. The establishment of W.T.O is an important landmark in the history of international trade. When developing countries were liberalizing their economies, they felt the need for better export opportunities. The W.T.O provides opportunities for countries to grow and realize their export potentials, with appropriate domestic policies in place. The issue of globalization in the Indian context has occurred in the patterns of trade and capital flow in recent years; unfortunately, so far we have not made much use of it. At one time a country’s trade pattern was determined by its natural resources and the productivity of Small Scale Industries. Leaving aside political and institutional factors, a country’s level of income was also largely determined by the global demand for its natural resources and its relative efficiency in exploiting them. The importance of SSI has gained more advantage over the last few years. Today, it is almost insignificant for economic development without SSI.

The World Trade Organization (WTO) was established on 1st January 1995. The ‘Marrakesh Declaration’ of 15th April 1994, affirmed that the results of the Uruguay Round would ‘Strengthen the world economy and lead to more trade, investment and employment and income growth throughout the world. The WTO is the embodiment of the Uruguay Round Results and successor to the GATT. From 1947 to 1994, General Agreement on Trade and Tariff (GATT) was the forum for negotiating lower customs duty rates and other trade barriers. When the GATT came into WTO’s umbrella, it has annexes dealing with specific sectors such as agriculture and textiles, and with specific issues such as State Trading, Product Standards, Subsidies and Actions taken against dumping. WTO aims to develop the country’s economy by encouraging its export among the member Further, it facilitates for availing new technologies from various countries at a lower cost. In this connection, this paper focuses on the positive role played by the WTO in the globalization scenario.

Definition of Small Scale Industries

Year 1950:

Size of Gross Investment in fixed assets in plant and machinery, land, building etc. (not exceeding Rs. 5 lakhs and strength of workforce (employment less than 50 workers / day using power or less than 100 workers / day without use of power)

Year 2000:

“An undertaking having an investment in plant and machinery of not more than Rs. 1 crore”

Government of India ---- 2000

Eligibility criteria based on investment in Machinery and Equipment only
INVESTMENT CEILINGS FOR SMALL SCALE INDUSTRIES YEAR 2004

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>Investment Ceiling Limit in IRS</th>
<th>Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Scale Industry</td>
<td>1 crore (10 million)</td>
<td>Original value of plant and machinery</td>
</tr>
<tr>
<td>Ancillary</td>
<td>1 crore (10 million)</td>
<td>At least 50% of its output to go together other industrial undertakings</td>
</tr>
<tr>
<td>Export Oriented Unit</td>
<td>1 crore (10 million)</td>
<td>Obligation to export 50% of production</td>
</tr>
<tr>
<td>Tiny Enterprise</td>
<td>25 lakhs (2.5 million)</td>
<td>No location condition</td>
</tr>
<tr>
<td>Service and Business</td>
<td>10 lakhs (1 million)</td>
<td>No location condition</td>
</tr>
<tr>
<td>(industry related) Enterprise</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women Enterprises</td>
<td>1 crore (10 million)</td>
<td>51% equity holding by women</td>
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<tr>
<td>High Tech and Export</td>
<td>5 crore (50 million)</td>
<td>Total only for 64 items</td>
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<tr>
<td>oriented units</td>
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</table>

GROWTH OF SSI SECTOR IN INDIA

Small Scale Industries (SSIs) are the pillars of India’s industrial economy. The SSIs’ chief aims are:

- To Remove the regional disparities
- To facilitate for the Equitable distribution of national income and wealth
- To earn the Return on Investment in shorter period
- To produce some consumption goods and essential commodities.

As the SSIs consume local resources, the growth of SSIs was quite appreciable at the dawn of new century. It is evidential from the fact that there were over 32 lakhs Small Scale Units in the organized sector as on 31st March 2000 (Naik: 2002) & (Economic Survey: 2001).
### Overall Performance of SSI Sector in India

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Units (In lakh)</th>
<th>Production (Rs. In Crore)</th>
<th>Employment (In lakh)</th>
<th>Exports (Rs. in Crore)</th>
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<td>1950-51</td>
<td>0.16</td>
<td>615</td>
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<tr>
<td>1980-81</td>
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<td>2004-05</td>
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<tr>
<td>2005-06</td>
<td>123.4</td>
<td>471244</td>
<td>294.9</td>
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</tbody>
</table>

P : Provisional.; Source: Ministry of Small Scale Industries, Government of India.

SSIs require comparatively a smaller investment and avails the financial support of various financial institutions. There have a number of schemes of direct and self-employment. The employment through SSIs has been tremendously increased from 119.6 lakh during the year 1989 - 90 to 178.5 crore during the year 1999 - 2000. In succeeding years also in the well grown in all areas.

**Opportunity**

The opportunities in the small-scale sector are enormous due to the following factors:

- Less Capital Intensive
- Extensive Promotion & Support by Government
- Reservation for Exclusive Manufacture by small scale sector
- Project Profiles
- Funding - Finance & Subsidies
- Machinery Procurement
- Raw Material Procurement
- Manpower Training
- Technical & Managerial skills
- Tooling & Testing support
- Reservation for Exclusive Purchase by Government
- Export Promotion
- Growth in demand in the domestic market size due to overall economic growth
- Increasing Export Potential for Indian products
- Growth in Requirements for ancillary units due to the increase in number of greenfield units coming up in the large scale sector. Small industry sector has performed exceedingly well and enabled our country to achieve a wide measure of industrial growth and diversification.
By its less capital intensive and high labour absorption nature, SSI sector has made significant contributions to employment generation and also to rural industrialization. This sector is ideally suited to build on the strengths of our traditional skills and knowledge, by infusion of technologies, capital and innovative marketing practices. So this is the opportune time to set up projects in the small scale sector. It may be said that the outlook is positive, indeed promising, given some safeguards. This expectation is based on an essential feature of the Indian industry and the demand structures. The diversity in production systems and demand structures will ensure long term co-existence of many layers of demand for consumer products/technologies/processes. There will be flourishing and well grounded markets for the same product/process, differentiated by quality, value added and sophistication. This characteristic of the Indian economy will allow complementary existence for various diverse types of units. The promotional and protective policies of the Govt. have ensured the presence of this sector in an astonishing range of products, particularly in consumer goods. However, the bug bear of the sector has been the inadequacies in capital, technology and marketing. The process of liberalisation will therefore, attract the infusion of just these things in the sector.

ORIGIN AND OBJECTIVES OF WTO

The World Trade Organization (WTO) was established on 1st January 1995. The ‘Marrakesh Declaration’ of 15th April 1994, affirmed that the results of the Uruguay Round would ‘Strengthen the world economy and lead to more trade, investment and employment and income growth throughout the world. The WTO is the embodiment of the Uruguay Round Results and successor to the GATT. From 1947 to 1994, General Agreement on Trade and Tariff (GATT) was the forum for negotiating lower customs duty rates and other trade barriers. When the GATT came into WTO’s umbrella, it has annexes dealing with specific sectors such as agriculture and textiles, and with specific issues such as State Trading, Product Standards, Subsidies and Actions taken against dumping. WTO aims to develop the country’s economy by encouraging its export among the member countries.

**Key subjects in WTO**

WTO not only frames rules regarding the marketing of produces in agriculture, textiles and clothing sectors, but also it fixes international standardized labour wages and working conditions, globalizes the trade and weeds out the corruption at Government level in Government procurement policies. Further, it facilitates for availing new technologies from various countries at a lower cost.

**Problems facing the SSI sector**

The SSI sector confronts several problems despite its strategic importance in any industrialization strategy and its immense potential for employment generation.

The problem which continues to be a big hurdle for the development of the sector is lack of access to timely and adequate credit. The Abid Hussain Committee on SSIs (1997) examined the problems of the SSI sector and recommended a package of
policies to restructure the industry in the context of current global economic changes. The Expert Committee was of the view that the existing institutional structure for delivering credit to SSEs needs a thorough overhaul. It endorsed the recommendations of the Nayak Committee and urged the RBI to implement the same. The Committee recommended restructuring of financial support through SFCs and SIDCs, tapping of other sources of funding for SSEs, extending credit rating services to small units, and addressing the credit needs of tiny units to ensure that they are not bypassed by the commercial banking system. The overall credit availability for SSIs during 1991-1996 amounts to only 13% of the value of production.

The Nayak Committee had recommended a desirable norm of 20% of the value of production to be made available by way of working capital through term-lending institutions and commercial banks. A norm of 75% was set for fixed capital assets whereas actual availability is only 55%. Lack of finance has been one of the major causes of sickness in the SSI sector, blocking access to technological modernisation and other growth possibilities. There is an urgent need to enlarge flow of credit to the SSI sector from institutional sources. The creation of a facilitating environment for SSIs will centre on access to credit. The Ninth Five Year Plan (1997-2002) estimates additional working capital funds at Rs. 1420 to 1460 billion for the small sector. Lowering interest-rates, specifying a time-frame to clear loan applications and adherence to norms set down by the Nayak Committee are some of the minimum measures that need to be taken.

Legislative measures have a role to play with regard to funding and financing of small scale units. There are measures which can basically ensure that impediments to credit availability are removed. These measures include:

- Right to reasonable credit from commercial banks as per RBI guidelines framed after consultation with representative Board
- Protection against non-normative demands for security
- Appeal and enforcement by Ombudsman/Board
- Access to public funds by way of debentures, deposits, securities
- Government guarantee for loans from banks

The measures to support Marketing and Competitiveness are as follows:

- State to exempt from contract security
- Prompt return of contract securities in case of others
- Prompt payment measures
- Protection against undue bundling of contracts by the state
- Protection against restrictive and monopolistic trade practices
- Ombudsman/arbitral services for enforcement

Positive impact of WTO on SSIs

After the origin of WTO, the SSIs in India enjoy the following privileges:

- Enabling India to export goods to the member countries of the WTO with fewer restrictions. Reduction of tariffs on the export products to India i.e., Tariff based protection has become the rule.
• Export in India has been increased from Rs.13883 crores in 1992 to Rs.53975 crores in the year 2000 in SSI sector.
• Prospects in agricultural exports as a result of likely increase in the world prices of agricultural products due to reduction in domestic subsidies and barriers to trade.
• Greater Market orientation
• Radical trade in SSI sector opened new investment opportunities thereby the acceleration of economic growth.
• Availability of modern technologies from the other countries at reduced cost.

In India, there has been a significant and absolute gain in trade under WTO. Exports increased marginally from $ 30.63 billion during the year 1995 to $ 44.2 billion in the year 2000 though share in the global trade increased marginally from 0.6 to 0.65 percent. India has been a net gainer, though in a limited way. Growth in India’s exports has been marginally above the growth in world exports. This shows that WTO has made significant contribution to the expansion of world trade (Somayajulu & Venkataramana: 2002).

Conclusion

WTO plays positive role in strengthening the SSIs. On the other hand, it is feared that many rules of WTO are biased and in the favour of developed countries; they are formulated to force the developing countries to open their economy which would benefit the developed countries and many indigenous industries of developing countries might fail as they will not be able to compete with the international enterprises. This may cause adverse effect on the employment opportunities in the country.

High investment; High return! Though it is the reason for the handicaps of our SSIs, It can be confronted by the innovativeness, novelty in products and the development of lean technologies in the manufacturing sector. Number of Innovative entrepreneurs having strong need for achievement can surely ensure success and tackle the challenges of open competitions at global level.

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