CHAPTER III

SMALL SCALE INDUSTRIES AND STUDY AREA
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3.1 INTRODUCTION

Small Scale Industry sector has emerged over five decades as a highly vibrant and dynamic sector of the Indian Economy. Today this sector\(^1\) accounts for about 95\% of the industrial units and is contributing about 40\% value addition in the manufacturing sector, nearly 80\% of the manufacturing employment and about 35\% of exports (Both direct and indirect). More than 123 lakh units are spread all over the country introducing over 7500 items and providing employment to more than 275 lakh persons.

3.2 CHARACTERISTICS OF SMALL SCALE INDUSTRIES

Small scale industry is beautiful because of its following important characteristics\(^2\):

Small scale unit is generally a one man show. Even the small units which run by a partnership firm or company, the activities are mainly carried out by one of the partners or directors.

In case of Small scale industries, the owner himself is a manager also. Thus, these units are managed in a personalized fashion. The owner has first hand knowledge of what is actually going on in the business. He takes effective participation in all matters of business decision taking.


Compared to large units, a Small scale industrial unit has a lesser gestation period, i.e. the period after which the return on investment starts.

The scope of operation of small industrial undertakings is generally localized catering to the local and regional demands.

Small industries are fairly labour intensive with comparatively smaller capital investment than the larger units.

Compare to large scale units, Small scale units Are more change susceptible and highly reactive and receptive to socio-economic conditions. They are more flexible to adapt changes like introduction of new products, new method of production, new materials and new market etc.

Small scale units use indigenous resources and, therefore, can be located anywhere subject to availability of these resources like raw materials, labour etc.

3.3 EVALUATION OF DEFINITION OF SSI

Small Scale Industrial Board (1955)

A unit employing less than 10 persons, if using power and less than 50 persons without the use of power and with capital assets not exceeding 0.5 million.

Small Scale Industrial Board (1959)

A unit employing less than 50 persons when using power and 100 persons when not using power per shift.

3 Related Parliamentary Standing Committee on Industry 75th Reports on demands for grants (2002-03) pertaining to the Ministry of Small Scale Industries., New Delhi.
Ministry of Commerce and Industries (1960)

Small Scale industries will include all industrial units with a capital investment of not more than Rs. 5 millions irrespective of the number of persons employed. The capital limit is relaxed upto Rs.1.00 million.

Ministry of Commerce and Industries (1965)

Small Scale industries will include all industrial units with a capital investment of not more than Rs.75 millions irrespective of the number of persons employed. The capital limit is relaxed upto Rs.1.00 million.

Ministry of Commerce and Industries (1975)

Small Scale industries are those under takings having investment in fixed assets in plant and machinery not exceeding Rs. 10.00 lakhs and ancillary industries are with investment in fixed assets in plant and machinery not exceeding Rs.15.00 lakhs.


Small Scale Industrial units are those which have an investment in fixed assets in plant and machinery not exceeding Rs. 20 lakhs and ancillary industries are with investment in fixed assets in plant and machinery not exceeding Rs. 25 lakhs.

Industrial Policy Resolution (1985)

Small Scale Industrial units are those which have an investment in fixed assets in plant and machinery not exceeding Rs.35 lakhs.
SSI Policy Statement (1991)

Small Scale Industrial units are those which have an investment in fixed assets in plant and machinery not exceeding Rs 60 lakhs and Rs 75 lakhs for export-oriented units.

Abid Hussain Committee (1997)

Small Scale Industrial units are those, which have an investment limit of Rs.3 crores.

Government of India (2000)

The Government of India has reduced the investment limit on plant and machinery from Rs.3 crores to Rs.1 crore.

Micro, Small and Medium Enterprise Development Act (2006)

Investment limit for micro units is less than Rs.25 lakhs for small scale industries, the investment limits are more than Rs.25 lakhs and Rs.5 crores and for medium industries, more than Rs.5 crores and less than Rs.10 crores.

In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006, the Micro, Small and Medium Enterprises (MSME) are classified in to two Classes:

A) Manufacturing enterprises

The enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule of the industries (Development and regulation) Act, 1951, the Manufacturing Enterprise is defined in terms of investment in Plant & Machinery.
Does not exceed twenty five lakh rupees for micro enterprise,

More than twenty five lakh rupees but does not exceed five crore rupees for small enterprise,

More than five crore rupees but does not exceed ten crore rupees for medium enterprise.

B) Service enterprises

The enterprises engaged in providing or rendering of services are defined in terms of investment in equipment.

Does not exceed ten lakh rupees for micro enterprise,

More than ten lakh rupees but does not exceed two crore rupees for small enterprise,

More than two crore rupees but does not exceed five crore rupees for medium enterprise.

3.4 PRODUCTION, EMPLOYMENT AND EXPORTS OF SMALL SCALE INDUSTRIES

The SSI sector presently accounts for about 40% of the total industrial output and contributes about 35% of the total direct exports. So for as employment is concerned it comes next only to agriculture. The sector accounts for a major chunk of fresh job creation. Employment growth rate in this sector has always been more than any other segment of the manufacturing sector in India. The details of the production, employment and exports of Small Scale Industry are shown in the table no 3.1 for analysis.
### TABLE 3.1
**PRODUCTION EMPLOYMENT AND EXPORTS OF SMALL SCALE SECTOR**

<table>
<thead>
<tr>
<th>Year</th>
<th>Registered</th>
<th>Unregistered</th>
<th>Total</th>
<th>Production (Rs. in Crore)</th>
<th>Employment (in Lakh)</th>
<th>Export (Rs in Crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994-95</td>
<td>11.61</td>
<td>67.99</td>
<td>79.60</td>
<td>122210</td>
<td>191.40</td>
<td>29068</td>
</tr>
<tr>
<td>1995-96</td>
<td>11.57</td>
<td>71.27</td>
<td>82.84</td>
<td>148290</td>
<td>197.93</td>
<td>36470</td>
</tr>
<tr>
<td>1996-97</td>
<td>11.99</td>
<td>74.22</td>
<td>86.21</td>
<td>168413</td>
<td>205.86</td>
<td>39248</td>
</tr>
<tr>
<td>1997-98</td>
<td>12.04</td>
<td>77.67</td>
<td>89.71</td>
<td>189178</td>
<td>213.16</td>
<td>44442</td>
</tr>
<tr>
<td>1998-99</td>
<td>12.0</td>
<td>81.36</td>
<td>93.36</td>
<td>212901</td>
<td>220.05</td>
<td>48979</td>
</tr>
<tr>
<td>1999-00</td>
<td>12.32</td>
<td>84.83</td>
<td>97.15</td>
<td>234255</td>
<td>229.10</td>
<td>54200</td>
</tr>
<tr>
<td>2000-01</td>
<td>13.10</td>
<td>88.00</td>
<td>101.10</td>
<td>161289</td>
<td>239.09</td>
<td>69797</td>
</tr>
<tr>
<td>2001-02</td>
<td>13.75</td>
<td>91.46</td>
<td>105.21</td>
<td>282270</td>
<td>249.09</td>
<td>71244</td>
</tr>
<tr>
<td>2002-03</td>
<td>14.68</td>
<td>95.42</td>
<td>110.10</td>
<td>311993</td>
<td>261.38</td>
<td>86013</td>
</tr>
<tr>
<td>2003-04</td>
<td>15.54</td>
<td>98.41</td>
<td>113.95</td>
<td>357733</td>
<td>271.36</td>
<td>NA</td>
</tr>
<tr>
<td>2004-05</td>
<td>16.57</td>
<td>102.2</td>
<td>118.59</td>
<td>418263</td>
<td>282.91</td>
<td>-</td>
</tr>
<tr>
<td>2005-06</td>
<td>18.70</td>
<td>104.70</td>
<td>123.40</td>
<td>470966</td>
<td>294.90</td>
<td>124416</td>
</tr>
</tbody>
</table>

Source: Report of Ministry of Small Scale Industry-2005-06

There are 123.40 lakhs of Small Scale Industry units in the year 005-06, which includes 18.70 lakhs units which are registered and 104.70 lakhs units are unregistered. Production of the Small Scale Industry units amounted to Rs. 4,70,966 crores in the year 2005-06 and these units provide employment for 294.90 lakhs of people. The export of the Small Scale Industry units amounted to Rs. 1 24,416 crores.
FIGURE 3.1

PRODUCTION AND EXPORTS OF SMALL SCALE SECTOR

[Bar chart showing production and exports from 1994-95 to 2005-06.]
3.5 ALL INDIA LEVEL SSI UNITS

India has the longest history of small enterprise development policy in Asia as well as in the world at large. Over the last five and a half decades, India has build up perhaps one of the worlds most elaborate small enterprise development programmes for providing assistance to individuals and institutions for setting up small scale units, both in urban and rural areas.

The proportion of the SSI units operating in rural areas was 44.33 per cent. In terms of number of working units\(^4\), six States, viz., Tamil Nadu (13.09 %), Uttar Pradesh (11.85 %), Kerala (10.69 %), Gujarat (10.08 %), Karnataka (8.04 %) and Madhya Pradesh (7.41 %) had a share of 61.16 per cent. With regard to closed units, six States, viz., Tamil Nadu (14.33 %), Uttar Pradesh (13.78 %), Punjab (9.32 %), Kerala (8.43 %), Madhya Pradesh (7.4 %) and Maharashtra (6.11 %) had a share of 59.37 per cent, the per unit employment was 4.48. The employment per Rs. one lakh investment in fixed assets was 0.67. Rice milling industry topped the list in terms of gross output. In terms of exports, textile garments and clothing accessories industry were on top.

While the proportion of working units remained the same by and large, the domination of SSIs among the working units has been reduced considerably from 96 per cent to 66 per cent. This is mainly due to the

\(^4\) Third All India Census of Small Scale Industries Report-2001-02,p.214.
increase in the number of units engaged in services. Per unit employment has gone down from 6.29 to 4.48.

Maximum numbers of unregistered SSI units (16.89%) were located in Uttar Pradesh. The other States having very high concentration of unregistered SSI units were Andhra Pradesh, West Bengal, Maharashtra, Madhya Pradesh, Tamil Nadu, Karnataka, Bihar, Rajasthan and Gujarat. 96.9 per cent of the units were proprietary units and about 1.13 per cent of the units were partnership units. The average employment was 2.05 and the employment generated per one lakh fixed investment was 3 persons. About 10.13 per cent of the units were women enterprises and socially backward classes managed 57 per cent of the units.

The size of the total SSI sector is estimated to be over one crore (1,05,21,190). About 42.26 per cent of these units were SSIs and the rest were Small Scale Service Business Enterprises. The number of ancillaries among SSIs was 2.98 per cent. About 47.22 per cent of the units were located in Uttar Pradesh, Andhra Pradesh, Maharashtra, Madhya Pradesh and Tamil Nadu. The Services Sector emerged as the dominant component in the Total SSI Sector with a share of 44 per cent of the units. Although registration is voluntary in the SSI sector, the registered SSI sector was found to be the cream of the Total SSI sector. In terms of size, it was only 13 per cent, but in terms of investment its share was 59 per cent and it contributed to 59 per cent of the total production.
### TABLE 3.2
ALL INDIA LEVEL SSI UNITS – 2001-02

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Registered SSI Sector</th>
<th>Un Registered Sector</th>
<th>Total SSI Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size of the sector</td>
<td>13,74,974</td>
<td>91,46,216</td>
<td>1,05,21,190</td>
</tr>
<tr>
<td>No. of rural units</td>
<td>6,09,537</td>
<td>51,98,822</td>
<td>58,08,359</td>
</tr>
<tr>
<td></td>
<td>44.33%</td>
<td>56.80%</td>
<td>55%</td>
</tr>
<tr>
<td>No. of SSIs</td>
<td>9,01,291</td>
<td>35,44,577</td>
<td>44,45,868</td>
</tr>
<tr>
<td></td>
<td>65.55%</td>
<td>38.75%</td>
<td>42.26%</td>
</tr>
<tr>
<td>No. of SSSBES</td>
<td>4,73,683</td>
<td>56,01,639</td>
<td>60,75,322</td>
</tr>
<tr>
<td></td>
<td>34.45%</td>
<td>61.25%</td>
<td>57.74%</td>
</tr>
<tr>
<td>No. of ancillary units</td>
<td>45,797</td>
<td>86,516</td>
<td>1,32,313</td>
</tr>
<tr>
<td>(% of no. of SSIs)</td>
<td>5.08%</td>
<td>2.44%</td>
<td>2.98%</td>
</tr>
<tr>
<td>No. of tiny units among SSIs</td>
<td>8,82,496</td>
<td>35,43,091</td>
<td>44,25,587</td>
</tr>
<tr>
<td></td>
<td>97.90%</td>
<td>99.90%</td>
<td>99.50%</td>
</tr>
<tr>
<td>No. of women enterprises</td>
<td>1,37,534</td>
<td>9,26,187</td>
<td>10,63,721</td>
</tr>
<tr>
<td></td>
<td>10%</td>
<td>10.13%</td>
<td>10.11%</td>
</tr>
</tbody>
</table>

Source: SSI Annual report-2005-06

Table 3.2 shows the number of rural units, number of SSIs and Number of Ancillary units, tiny units and number of women enterprises during 2001-02 at national level. It is seen that, 65.55 per cent of the SSI were registered as against 38.75 per cent were unregistered. 10 per cent of the registered and 10.13 per cent of the unregistered SSI were owned by women entrepreneurs. It is to be noted that unregistered units are more than that of registered units at national level.
3.6 ALL INDIA LEVEL SSI UNITS – ACTIVITY BASED

Data relating to SSI units on the basis of activity are shown in table for information. The activities are classified such as manufacturing, assembling, repairing, service etc. Classification is also made on the basis of ownership of the organization.

**TABLE 3.3**

ALL INDIA LEVEL SSI UNITS – ACTIVITY BASED

<table>
<thead>
<tr>
<th>Nature of activity</th>
<th>Registered SSI Sector</th>
<th>Un Registered SSI Sector</th>
<th>Total SSI Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing/ Assembling/ Processing</td>
<td>8,72,449</td>
<td>33,03,366</td>
<td>41,75,815</td>
</tr>
<tr>
<td></td>
<td>63.45%</td>
<td>36.12%</td>
<td>39.69%</td>
</tr>
<tr>
<td>Repairing &amp; Maintenance</td>
<td>28,843</td>
<td>16,92,663</td>
<td>17,21,506</td>
</tr>
<tr>
<td></td>
<td>2.10%</td>
<td>18.50%</td>
<td>16.36%</td>
</tr>
<tr>
<td>Services</td>
<td>4,73,682</td>
<td>41,50,187</td>
<td>46,23,869</td>
</tr>
<tr>
<td></td>
<td>34.45%</td>
<td>45.38%</td>
<td>43.95%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of Organization</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Proprietary</td>
<td>12,21,702</td>
<td>88,62,548</td>
<td>1,00,84,250</td>
</tr>
<tr>
<td></td>
<td>88.85%</td>
<td>96.90%</td>
<td>95.80%</td>
</tr>
<tr>
<td>Partnership</td>
<td>99,190</td>
<td>1,03,662</td>
<td>2,02,852</td>
</tr>
<tr>
<td></td>
<td>7.21%</td>
<td>1.13%</td>
<td>1.90%</td>
</tr>
<tr>
<td>Private Company</td>
<td>33,284</td>
<td>38,153</td>
<td>71,437</td>
</tr>
<tr>
<td></td>
<td>2.42%</td>
<td>0.42%</td>
<td>0.68%</td>
</tr>
<tr>
<td>Cooperatives</td>
<td>4,715</td>
<td>9,854</td>
<td>14,569</td>
</tr>
<tr>
<td></td>
<td>0.34%</td>
<td>0.11%</td>
<td>0.14%</td>
</tr>
<tr>
<td>Others</td>
<td>16,083</td>
<td>1,31,999</td>
<td>1,48,082</td>
</tr>
<tr>
<td></td>
<td>1.17%</td>
<td>1.44%</td>
<td>1.41%</td>
</tr>
<tr>
<td>No. of units managed by</td>
<td>Registered SSI Sector</td>
<td>Un Registered Sector</td>
<td>Total SSI Sector</td>
</tr>
<tr>
<td>------------------------</td>
<td>-----------------------</td>
<td>----------------------</td>
<td>------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SC</td>
<td>1,07,934</td>
<td>9,43,969</td>
<td>10,51,903</td>
</tr>
<tr>
<td></td>
<td>7.85%</td>
<td>10.32%</td>
<td>10%</td>
</tr>
<tr>
<td>ST</td>
<td>48,560</td>
<td>4,74,271</td>
<td>5,22,831</td>
</tr>
<tr>
<td></td>
<td>3.53%</td>
<td>5.19%</td>
<td>4.97%</td>
</tr>
<tr>
<td>OBC</td>
<td>5,29,406</td>
<td>38,11,372</td>
<td>43,40,778</td>
</tr>
<tr>
<td></td>
<td>38.50%</td>
<td>41.67%</td>
<td>41.26%</td>
</tr>
<tr>
<td>Others</td>
<td>6,89,074</td>
<td>39,16,604</td>
<td>46,05,678</td>
</tr>
<tr>
<td></td>
<td>50.12%</td>
<td>42.82%</td>
<td>43.80%</td>
</tr>
<tr>
<td>No. of units managed by women</td>
<td>1,14,361</td>
<td>8,80,780</td>
<td>9,95,141</td>
</tr>
<tr>
<td></td>
<td>8.32%</td>
<td>8.37%</td>
<td>9.46%</td>
</tr>
</tbody>
</table>

Source: SSI Annual Report 2005-06

Table 3.3 shows the details of SSI units on the basis of activity, ownership, management pattern etc. About 95.8 per cent of the units were of proprietary type of ownership. Entrepreneurs belonging to socially backward classes managed about 56 per cent of the units. The number of women enterprises was 10.11 per cent. The number of enterprises actually managed by women was 9.46 per cent. The number of women employees was of the order of 13.31 per cent. The employees belonging to socially backward classes numbered 57.45 per cent. The details of SSI units, rural units, ancillary units, tiny units and women enterprises are shown in table for information.
FIGURE 3.2
ALL INDIA LEVEL SSI UNITS – ACTIVITY BASED

<table>
<thead>
<tr>
<th>Nature of activity</th>
<th>Registered unit</th>
<th>Unregistered unit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing/Assembling/Processing</td>
<td>63.45</td>
<td>36.12</td>
<td>39.69</td>
</tr>
<tr>
<td>Repairing &amp; Maintenance</td>
<td>2.1</td>
<td>18.5</td>
<td>16.36</td>
</tr>
<tr>
<td>Services</td>
<td>34.45</td>
<td>45.38</td>
<td>43.95</td>
</tr>
</tbody>
</table>
3.7 SICKNESS IN SSI SECTOR

Rapid industrial growth has brought in its wake incidence of sickness in the industrial sector including small scale industries. Sickness in industrial units is a gradual process and does not develop suddenly\(^5\). In the initial stages, it gets reflected in the form of defects and mistakes in the unit’s functional areas like production, finance, and management. Later it is observed in the form of symptoms like irregular or unsatisfactory turnover in the account, slow and unsatisfactory movement of stock, variation in production, sale and profitability etc. The maximum numbers of sick units were located in West Bengal, Kerala, Maharashtra, Karnataka and Andhra Pradesh. About 59.53 per cent of the sick units were located in these five States. In the Total SSI sector, this percentage was 17.8. Incipient sickness identified in terms of continuous decline in gross output was 11.5 per cent in the registered SSI sector and 6.48 per cent in the unregistered SSI sector. In the Total SSI sector, this percentage was 7.4.

The States of Kerala, Tamil Nadu, Andhra Pradesh, Karnataka, and Maharashtra had maximum number of sick or incipiently sick SSI units. These five States together accounted for 54.28 per cent of the sick or incipiently sick SSI units in the country. 'Lack of demand' and 'Shortage of working capital' were the main reasons for sickness or incipient sickness in both the registered and unregistered SSI sectors.

3.8 REASONS FOR SICKNESS

Sickness is easy to be understood but difficult to be defined, it is a relative term a unit is incipiently sick, if it has eroded 50 per cent or more of its peak net worth during any of the preceding five financial years. The table shows the reasons for sickness as given by the government statistics.

Table 3.4 shows that the major reasons for sickness are lack of demand, shortage of working capital, non-availability of raw materials, power shortage, labour problems, marketing problems, equipment problems and management problems.
FIGURE 3.3

REASONS FOR SICKNESS

- Lack of demand
- Shortage of working capital
- Non-availability of raw material
- Power shortage
- Labour problems
- Marketing problems
- Equipment problems
- Management problems

Total SSI Sector

Registered unit
Unregistered unit
Total
3.9 BANK CREDIT TO SMALL SCALE INDUSTRY

Finance is one of the essential requirements of any enterprise. Before actually setting up their units, small entrepreneurs need to know very clearly about the type and extent of their financial requirements. Integral to financial requirements is to know about the possible alternative sources from which finance can be availed of. Given the shortage or lack of entrepreneurs' own fund or sources, the Government of India as a part of its policy of promotion of small scale sector in the country has set up a host of institutions to meet the financial requirements of small entrepreneurs.

The introduction of Credit Guarantee Scheme in 1960 was a big fillip in the field of commercial bank finance to small scale industries. Initially, this scheme was introduced in 22 districts on experimental basis. Later, it was extended to all over the country. Further the RBI set up a committee under the Chairman of Nayak, to look into the adequacy of institutional credit to small scale industries.

The Nayak Committee⁶ had recommended a desirable norm of 20 per cent 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 per cent was set for fixed capital assets whereas actual availability was only 55 per cent. Lack of finance has been one of the major causes of sickness in the Small Scale Industry sector.

⁶Nayak, P. R. (2000), Committee Report, Reserve Bank of India.
### TABLE 3.5

**BANK CREDIT TO SSI**

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Accounts</th>
<th>Per cent to All India</th>
<th>Amount (Rs. Crore)</th>
<th>Per cent to All India</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 90</td>
<td>1606146</td>
<td>3.0</td>
<td>1198563</td>
<td>11.5</td>
</tr>
<tr>
<td>March 91</td>
<td>2095396</td>
<td>3.4</td>
<td>1551199</td>
<td>12.5</td>
</tr>
<tr>
<td>March 92</td>
<td>2187874</td>
<td>3.3</td>
<td>1640863</td>
<td>12.0</td>
</tr>
<tr>
<td>March 93</td>
<td>2070868</td>
<td>3.3</td>
<td>1826393</td>
<td>11.2</td>
</tr>
<tr>
<td>March 94</td>
<td>1994446</td>
<td>3.3</td>
<td>1992001</td>
<td>11.3</td>
</tr>
<tr>
<td>March 95</td>
<td>1946931</td>
<td>3.4</td>
<td>2172196</td>
<td>10.3</td>
</tr>
<tr>
<td>March 96</td>
<td>1752054</td>
<td>3.1</td>
<td>2582270</td>
<td>10.1</td>
</tr>
<tr>
<td>March 97</td>
<td>1737692</td>
<td>3.1</td>
<td>2679332</td>
<td>9.4</td>
</tr>
<tr>
<td>March 98</td>
<td>1605370</td>
<td>3.0</td>
<td>2862829</td>
<td>9.7</td>
</tr>
<tr>
<td>March 99</td>
<td>2029920</td>
<td>3.9</td>
<td>3142843</td>
<td>8.2</td>
</tr>
<tr>
<td>March 00</td>
<td>2126150</td>
<td>3.9</td>
<td>3506987</td>
<td>7.6</td>
</tr>
<tr>
<td>March 01</td>
<td>1742544</td>
<td>3.3</td>
<td>3690487</td>
<td>6.9</td>
</tr>
<tr>
<td>March 02</td>
<td>1572798</td>
<td>2.8</td>
<td>3197030</td>
<td>4.9</td>
</tr>
<tr>
<td>March 03</td>
<td>1431421</td>
<td>2.4</td>
<td>3794034</td>
<td>5.0</td>
</tr>
</tbody>
</table>

Source: RBI report-2005-06

Table 3.5 shows that the bank credit to small scale industries for the year 1990 to 2003. It is found that, bank credit to small scale industries has declined from 11.5 per cent in 1990 to 5.0 per cent in 2003. The amount recorded of Rs. 1198563 crore to Rs. 3794034 crore during the year 1990 - 2003.
3.10 STATE INDUSTRIAL DEVELOPMENT CORPORATIONS

The State Industrial Development Corporations were incorporated under the Companies Act; 1956. The main functions of State Industrial Development Corporations are to provide assistance in the form of term loans, underwriting, direct subscription to share or debentures and guarantees. They also undertake a verity of promotional activities like preparation of feasibility reports, conducting industrial potential surveys, entrepreneurship development programmes and developing industrial estates.

3.11 SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA

With a view to ensuring large flow of financial and non financial assistance to small scale industrial sector, the Government of India set up the Small Industries Development Bank of India under a special Act of the Parliament in October 1989. The Small Industries Development Bank of India financial assistance to small scale industries is canalized through the existing credit delivery system comprising State Financial Corporation, State Industries Development Corporation of India, commercial banks and Regional rural banks. The important functions of Small Industries Development Bank of India are technological up gradation and modernization of existing units, marketing the small industries products, and to promote employment oriented industries in semi urban areas to create more employment opportunities and thereby checking migration of people to urban areas.
3.12 STATE FINANCIAL CORPORATIONS

State Financial Corporations were set up by a special Act in 1951 in order to cater the financial requirements of a large number of small scale industries. The main functions of State Financial Corporations has been provide long term finance to small and medium sized industrial units organized as proprietary, partnership, co-operative, public or private company concerns. Its other functions are to undertake the non financial assistances.

Tamil Nadu Industrial Investment Corporation limited, established in 1949 under the companies Act as Madres Industrial Investment Corporation also functions as a full fledged State Financial Corporation. The performance of the corporation for the year 2005-06 is amounting to Rs.283.92 crores to SSI sector.

Aggregate assistance sanctioned by State Financial Corporations to small units and small road transport operators amounted to Rs. 1992 crore. The share of SSIs in total sanctions accounted for 90.1 per cent in 1994-95. Cumulatively, up to end march 2006 small sector aggregated to Rs.34, 897 crore accounting for 81.3 per cent of the total sanctions.

As regards the purpose wise assistance, assistance sanctioned to the new projects during 2005-06 continued to claim the largest share (68.5%) in State Financial Corporations sanctions distantly followed by expansion or diversification (22.9%). The balance was accounted for by modernization, balancing equipments, rehabilitation and other purpose.
3.13 REVISED GUIDELINES FOR FINANCIAL ASSISTANCE

The following is the revised guidelines for Financial Assistance Small Scale Industries under SSI-MDA Scheme for Registration for bar coding and it came into effect from 01st Jan 2003.

Financial assistance will be given to SSI or Tiny sector units for adoption of international numbering standards used in Bar-Coding or E-commerce applications. The first step towards adoption of bar coding consists of applying to EAN India (Under Ministry of Commerce) for an EAN number to enable universal identification of their products worldwide for use with the bar code printed or labeled on the product package/consignment. However, SSI or Tiny sector units intending to export exclusively to the USA and Canada need to use only a UPC number which would be allocated through EAN India. This same UPC number will be valid for exports to European countries as well. In case any SSI wants to export to countries other than USA and Canada, they need to use only an EAN-Code.

3.13.1 Quantum of Assistance:

EAN India charges one time registration fee of Rs.20,000 from all categories of industries. Financial assistance under the SSI-MDA Scheme will be limited to 75 per cent of the above amount i.e. Rs. 15,000 for all categories of industries i.e. both SSI & Tiny units. In addition, Rs. 4000 is charged by EAN India as annual renewal fee from all units. The one-time

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registration fee and annual renewal fee as mentioned above refer to the current fee structure stipulated by EAN India with effect from 1st January, 2003.

3.13.2 Procedure for obtaining financial assistance:

Reimbursement under the Scheme will be available to registered SSI or Tiny sector units. Applicant unit should not have availed any subsidy or financial assistance for the same purpose through any other scheme available through an industrial body or association with whom the company may be affiliated. In order to avail the financial assistance, an SSI or Tiny sector unit should first register with EAN India for allocation of their unique EAN or UPC company prefix along with the necessary documents as detailed herein and requisite payment as detailed above (Rs. 20,000+Rs. 4000 amounting to Rs. 24000).

In the event of any changes in the fee structure by EAN India, the revised fee structure will be applicable. Financial assistance remains unchanged at 75 of the one-time registration fee. After allocation of the EAN or UPC number, the concerned SSI or Tiny sector unit may apply to the Development commissioner (SSI) in Form VI along with the Annexure I to IV and the following documents. Copy of the allotment letter received from EAN India towards allocation of the EAN or UPC Company prefix number.
3.14 THE PRODUCT GROUP MATRIX – SMALL SCALE INDUSTRIES

There are about twenty-one major industry groups\(^8\) in the small-scale sector. These are listed below:


A survey of indices of industrial production (IIP) maintained for these major industry groups reveals what the sunrise industries are and on what segments the sun has set. SSI units produce an amazing variety and type of products. Over 7500 products are known to be manufactured in this sector. Even in a particular product, there would exist a wide range of qualities or specifications catering to different market segments, particularly in consumer or household products.

Small Scale sector has emerged as a major supplier of mass consumption items like;

\(^8\) op.cit, p.123.
Leather and leather goods, plastic and rubber goods, ready-made garments, hosiery goods, sheet metal goods, stationery items soap and detergents, domestic utensils, toothpaste and toothpowder, safety matches, preserved foods and vegetables, wooden and steel furniture, paints and varnishes etc.

Among the sophisticated items mentioned may also be made of Television sets, calculators, microwave components, plastic film capacitors, carbon film registers, electro medical equipments, electronic teaching aids, digital measuring equipments, air-conditioning equipments optical lenses, drugs and pharmaceuticals, electric motors, pesticide formulators, photographic sensitized paper, razor blades, collapsible tubes, etc.

3.15 VILLAGE AND SMALL INDUSTRIES

Village and Small Industry Sectors have become prominent players in the total manufacturing sector of the Country. The State of Tamil Nadu with a vibrant SSI Sector has carved out a niche for itself among other States. The importance of these sectors stems from the fact that they make a substantial contribution to the State Domestic Product (SDP) and serve as a large employment provider next only to agriculture, facilitating equitable distribution of national wealth, reduction of inter and intra regional disparities, accentuating the rural mobilization and utilization of resources and by exploiting the rural skills preventing exodus to urban agglomerations. As an important sector of the economy as a whole, Small

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9 op.cit, p.260.
Scale industrial sector accounts for 95 per cent of industrial units, 40 per cent output in manufacturing sector and 35 per cent of exports. There are nearly 5.16 lakh registered SSI Units in Tamil Nadu with total investment of about Rs.16,199 crore as on 30.06.2006. Employment is provided for more than 36 lakh persons.

SSI sector is undergoing a big transformation. The sector is set to shed its old skin and emerge in the market as a dynamic player. The role of Government would be constructively expanded during the XI Plan period to provide advisory and other support to enable these industries to go in for capital up-gradation, product diversification and quality and cost controls to ensure that they remain competitive in the fast changing market.

In consonance with current trends, Government changed the nomenclature of SSI sector into SME sector, giving due importance to the enterprise segment and at the same time bringing or merging the medium sector into its fold. The new Micro Small and Medium Enterprises Development (MSMED) Act which came into force on 2nd October 2006, is expected to bring about a sea change in the SME sector as it envisages the establishment of an apex statutory body (National Small & Medium Enterprises Board), the introduction of the concept of an enterprise rather than industry, the classification of enterprises as Micro, Small, Medium etc., including services, the enactment of the establishment procedure for setting up SME units, the procurement policy, dispute resolution policy, the
delayed payment penalty policy, the exit route policy besides enabling provisions for facilitating credit for the sector.

3.16 DIRECTORATE OF INDUSTRIES AND COMMERCE

The nodal agency for implementing programmes for the development of Small Scale or Tiny Sector Industries is the State Directorate of Industries and Commerce. It has been entrusted with the responsibility to register small scale industrial units, to assist them under the 'Single Window' system to get statutory approvals and clearances, providing testing facilities for electrical, electronic and chemical industries, etc. District Industrial Centers are functioning in 29 Districts in Tamil Nadu except Chennai District where Regional Joint Directorate renders all help to the prospective entrepreneurs for starting Small, Rural and Tiny industries. District Industries Centers provide escort services to the entrepreneurs, i.e., in identification of industries, in the preparation of project profile, obtaining financial assistance from financial institutions and sanction and disbursement of State subsidies and incentives. Export Guidance cells have been created in all the District Industrial Centers to provide information relating to export activities, potential for further exports and to provide necessary assistance in procedural matters. The Directorate has also established and maintained Industrial Estates for various activities such as chemical, ceramics, electrical, electronic and allied industries.

Entrepreneur Development Programmes are being conducted by the Department of Industries and Commerce with a view to motivating first
generation Entrepreneurs to take up self-employment ventures. On completion of the above training programme, financial assistance is tied up for the entrepreneurs through financial institutions to enable them start their own industrial/business ventures. Around 1,36,399 women were trained during the period from 2001-02 to 2005-06 under the Women EDP Scheme.

The Prime Minister's Rozgar Yojana (PMRY)\textsuperscript{10} for Educated Unemployed Youth was launched by Government of India on October 2\textsuperscript{nd} 1993. The scheme is fully funded by GOI. 24,773 beneficiaries have been disbursed with financial assistance for about Rs.85.41 Crore under the scheme during 2005-06. The Government, in December 2003, introduced a scheme to provide Back Ended Interest Subsidy to SSI units with the objective of reducing the interest burden on SSI and tiny units for loans obtained for Technology Upgradation or Modernization etc.

3.17 NUMBER OF COMMERCIAL BANKS IN SALEM

Commercial banks, besides performing the traditional banking function, play a significant role in the economic development of a country. The role of commercial banking assumes much importance especially in a developing country like India. Salem District is the study district and the role of commercial banks in this district is studied. The details detailing the number of commercial banks, deposits, advances and Credit Deposit ratio are shown in table for analysis.

\textsuperscript{10} op.cit, p.223.
TABLE 3.6

COMMERCIAL BANKS IN SALEM DISTRICT—CD RATIO

<table>
<thead>
<tr>
<th>Name of the bank</th>
<th>Number Of banks</th>
<th>Deposits (Rs.in Crore)</th>
<th>Advances (Rs.in Crore)</th>
<th>Credit Deposit ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government bank</td>
<td>164</td>
<td>3639.18</td>
<td>364.28</td>
<td>106.19</td>
</tr>
<tr>
<td>S.C.B</td>
<td>36</td>
<td>430.65</td>
<td>535.39</td>
<td>124.3</td>
</tr>
<tr>
<td>S.L.D.B</td>
<td>6</td>
<td>--</td>
<td>35.93</td>
<td>N.A</td>
</tr>
<tr>
<td>T.I.I.C</td>
<td>1</td>
<td>1.70</td>
<td>21.49</td>
<td>1265.61</td>
</tr>
</tbody>
</table>

Source: lead bank Annual Credit Plan Report-2007-08

Table 3.6 shows the details of number of bank branches, deposits, advances and Credit Deposit ratio. It is found that there are 164 Government banks, 36 State Cooperative banks, 6 State Land Development Banks and one Tamil Nadu Industrial Investment Corporation.

Deposits in Government banks amount to Rs.3639.18 crores; advances amount to Rs.364.28 crores and Credit Deposit Ratio is 106.19. Deposits in State Cooperative Banks are Rs.430.65; Advance is Rs.535.39 crores and the CD ratio is 124.3. This shows that advances are more in cooperative banks than that of government banks. CD ratio is also higher in Cooperative banks than government banks.
3.18 SMALL SCALE INDUSTRIES IN SALEM DISTRICT

An entrepreneur who wants to set up a Small Scale Industrial unit has to obtain a number of licenses and clearances from various Government Departments and Agencies like local bodies, Inspector of Factories, Town and Country Planning Department, Public Health Department, Fire, Pollution Control Board, Electricity Board etc., which are pre-requisite for starting industrial units under various Acts and Rules of the Government which are in force from time to time.

In order to assist the entrepreneur, the General Manger, District Industries Centre will act as Nodal Officer for getting clearance from various Government Departments under Single Window Clearance Committee Meeting which is convened every month under the Chairmanship of the District Collector, to speed up the clearance of industrial plans from various agencies like Health department, Town and Country Planning, Fire Service, Inspector of Factories, Pollution Control Board etc and power supply for the newly started units; Incentives to small scale industries units; Issue of Eligibility Certificate to the new/expanded industrial units to avail the power subsidy.

To sanction and disburse 15 and 20 per cent Capital investment subsidy who have started industries in Blocks which have been declared by the Government as industrially backward in Salem District. The details of small scale industries and the number of units in Salem are shown in the table for analysis.
### TABLE 3.7

**SMALL SCALE INDUSTRIES IN SALEM – 2005-06**

<table>
<thead>
<tr>
<th>S. No</th>
<th>Details of Major Products</th>
<th>No. of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cutting and Polishing of granite slabs</td>
<td>21</td>
</tr>
<tr>
<td>2</td>
<td>Wet Grinding of Food grains and Allied Food industries</td>
<td>46</td>
</tr>
<tr>
<td>3</td>
<td>Extraction of edible oil and oilcake</td>
<td>8</td>
</tr>
<tr>
<td>4</td>
<td>Beverages &amp; Tobacco products</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>Mfg. of unprocessed cotton fabric using power loom</td>
<td>44</td>
</tr>
<tr>
<td>6</td>
<td>Twisting of silk yarn</td>
<td>11</td>
</tr>
<tr>
<td>7</td>
<td>Tailoring</td>
<td>887</td>
</tr>
<tr>
<td>8</td>
<td>Mfg. of Jacquired designed koraimates</td>
<td>3</td>
</tr>
<tr>
<td>9</td>
<td>Book binding</td>
<td>12</td>
</tr>
<tr>
<td>10</td>
<td>Leather products</td>
<td>5</td>
</tr>
<tr>
<td>11</td>
<td>Mfg. of PVC bends pipes and couplers</td>
<td>8</td>
</tr>
<tr>
<td>12</td>
<td>Mfg. of computer tables and plastics</td>
<td>3</td>
</tr>
<tr>
<td>13</td>
<td>Mfg. of concrete doors</td>
<td>12</td>
</tr>
<tr>
<td>14</td>
<td>Silver wire drawing</td>
<td>3</td>
</tr>
<tr>
<td>15</td>
<td>Mfg. of stainless steel, Milk tankers etc</td>
<td>12</td>
</tr>
<tr>
<td>16</td>
<td>General Engineering. Works</td>
<td>25</td>
</tr>
<tr>
<td>17</td>
<td>Mfg. of automobile batteries, battery plates</td>
<td>6</td>
</tr>
<tr>
<td>18</td>
<td>Mfg. of silver balls used in silver chain</td>
<td>9</td>
</tr>
<tr>
<td>19</td>
<td>DTP work and internet browsing</td>
<td>12</td>
</tr>
<tr>
<td>20</td>
<td>Beauty parlour</td>
<td>8</td>
</tr>
<tr>
<td>21</td>
<td>Repairing &amp; servicing work of electrical</td>
<td>70</td>
</tr>
<tr>
<td>22</td>
<td>Cold storage</td>
<td>1</td>
</tr>
</tbody>
</table>

Sources: District Industrial Centre Report-2005-06

Table 3.7 shows the details of small scale industries and member of units in Salem district in the year 2005-06. It is observed that, there are 1207 small scale industries registered with the district industrial centre. Among these industries, 887 units belong to tailoring, 70 units to Repairing
and service work of electrical, 46 units to wet Grinding of food grains and allied food industries, 44 units are manufacturing unprocessed cotton fabric using Power looms, 25 units belong to general engineering works, 21 units to cutting and polishing of granite stabs and 12 units belong to book binding units, manufacturing of concrete doors and Stealers steels of 12 units each, nine units belong to manufacturing of silver balls, beauty parlors, extraction of edible oil, manufacturing of PVC bends pipes in Salem district, six units belong to manufacturing of automobile batteries, five units belong to leather products. Manufacturing of Jacquired designed Koraimates, manufacturing of computer tables and silver wire drawing units are three each. Beverages and tobacco products and cold storage units are also included in the small scale units in Salem district.

3.19 KHADI AND VILLAGE INDUSTRIES 2005-06

Rural industries are generally associated with agriculture. According to the Khadi and Village Industries Commission, Village industry or rural industry means any industry located in rural area, village or town with a population of 20,000 and below and an investment of Rs.3 crores in plant and machinery”. As a result of widening of the scope of village industries, 41 new village industries have been added making a total of 101 as against 70 industries earlier. Performance of Khadi and village industries in Salem in terms of production and sales are shows in the table for analysis.
### TABLE 3.8

**KHADI AND VILLAGE INDUSTRIES 2005-06**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Production (Rs in lakhs)</th>
<th>Sales (Rs in lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton</td>
<td>19.05</td>
<td>32.41</td>
</tr>
<tr>
<td>Woollen</td>
<td>--</td>
<td>14.24</td>
</tr>
<tr>
<td>Silk</td>
<td>49.62</td>
<td>49.62</td>
</tr>
<tr>
<td>Polyster</td>
<td>0.82</td>
<td>12.63</td>
</tr>
<tr>
<td>Soap</td>
<td>27.08</td>
<td>40.59</td>
</tr>
<tr>
<td>Foot</td>
<td>4.17</td>
<td>2.05</td>
</tr>
<tr>
<td>Others</td>
<td>--</td>
<td>2.85</td>
</tr>
</tbody>
</table>

Sources: District Industrial Centre Report-2005-06

Table 3.8 shows the production and sales turnover of the Khadi and village industries in Salem during the year 2005-06. Khadi and Village Industries include leather and leather products industry, hand made paper industries, bee keeping industry, pottery, non-edible oil & soap industry, service sectors, gem cutting industries etc. It is noted that, cotton industry produced Rs 19.05 Lakhs and the sale recorded Rs 14.24 lakhs. Rs 49.62 lakhs as production and sales of the silk industries polyester industry production is Rs 0.82 lakhs and sales is Rs 12.63 lakhs. Soap industry produced for Rs 27.08 lakhs and sold for Rs 40.59 lakhs. Food industry production is Rs 4.17 lakhs and sales in Rs 2.05 lakhs other industries sales are amounted to Rs 2.85 lakhs during the year 2005-06 in the Salem district.
FIGURE 3.4

KHADI AND VILLAGE INDUSTRIES 2005-06

Rs. in Lakhs

Cotton  32.41
Woollen  0
Silk  49.62
Polyester  49.62
Soap  40.59
Foot  4.17
Others  2.85

Production
Sales
3.20 COMMERCIAL BANKS ADVANCES TO PRIORITY SECTOR

Priority sector advances are of the major components of the commercial banks lending money which is around 30-40 of the net bank credit. The details of commercial banks advances to priority sector in Salem district are shown in the table for analysis.

TABLE 3.9

COMMERCIAL BANKS ADVANCES TO PRIORITY SECTOR

<table>
<thead>
<tr>
<th>Year</th>
<th>Bank</th>
<th>Total Advances (Rs. Crore)</th>
<th>Agriculture Products (Rs. Crore)</th>
<th>Industrial Amount (Rs. Crore)</th>
<th>Services sector (Rs. Crore)</th>
<th>Total Priority Sector (Rs. Crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>L</td>
<td>356.19</td>
<td>39.22</td>
<td>32.26</td>
<td>39.95</td>
<td>46.44</td>
</tr>
<tr>
<td></td>
<td>Nationalised Banks</td>
<td>675.47</td>
<td>74.66</td>
<td>233.61</td>
<td>328.46</td>
<td>1309.52</td>
</tr>
<tr>
<td></td>
<td>Private Sector Banks</td>
<td>516.51</td>
<td>12.84</td>
<td>593.37</td>
<td>213.99</td>
<td>935.80</td>
</tr>
<tr>
<td></td>
<td>Commercial Banks</td>
<td>1548.16</td>
<td>126.72</td>
<td>859.27</td>
<td>582.43</td>
<td>2709.78</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>415.05</td>
<td>93.86</td>
<td>120.65</td>
<td>134.73</td>
<td>1193.97</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1963.21</td>
<td>2205.85</td>
<td>979.92</td>
<td>717.16</td>
<td>3903.77</td>
</tr>
<tr>
<td>2003</td>
<td>SBI Group</td>
<td>450.39</td>
<td>243.40</td>
<td>68.80</td>
<td>248.56</td>
<td>560.75</td>
</tr>
<tr>
<td></td>
<td>Nationalised Banks</td>
<td>32.79</td>
<td>962.79</td>
<td>260.27</td>
<td>490.35</td>
<td>1713.41</td>
</tr>
<tr>
<td></td>
<td>Private Sector Banks</td>
<td>529.35</td>
<td>164.35</td>
<td>480.37</td>
<td>233.28</td>
<td>877.99</td>
</tr>
<tr>
<td></td>
<td>Commercial Banks</td>
<td>1812.52</td>
<td>1370.54</td>
<td>809.43</td>
<td>972.19</td>
<td>3152.16</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>950.44</td>
<td>930.04</td>
<td>135.96</td>
<td>62.17</td>
<td>1128.17</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>2762.96</td>
<td>2300.58</td>
<td>945.39</td>
<td>1034.36</td>
<td>4280.33</td>
</tr>
<tr>
<td>Year</td>
<td>Bank</td>
<td>Total Advances  (Rs. Crore)</td>
<td>Agriculture Products  (Rs. Crore)</td>
<td>Industrial Amount  (Rs. Crore)</td>
<td>Services sector  (Rs. Crore)</td>
<td>Total Priority Sector  (Rs. Crore)</td>
</tr>
<tr>
<td>------</td>
<td>---------------------</td>
<td>-----------------------------</td>
<td>----------------------------------</td>
<td>-------------------------------</td>
<td>----------------------------</td>
<td>---------------------------------</td>
</tr>
<tr>
<td>2004</td>
<td>SBI Group</td>
<td>535.72</td>
<td>124.05</td>
<td>44.67</td>
<td>166.97</td>
<td>335.69</td>
</tr>
<tr>
<td></td>
<td>Nationalised Banks</td>
<td>986.04</td>
<td>226.68</td>
<td>106.02</td>
<td>141.34</td>
<td>474.04</td>
</tr>
<tr>
<td></td>
<td>Private Sector Banks</td>
<td>689.69</td>
<td>28.26</td>
<td>132.64</td>
<td>77.96</td>
<td>238.76</td>
</tr>
<tr>
<td></td>
<td>Commercial Banks</td>
<td>2211.45</td>
<td>378.99</td>
<td>283.23</td>
<td>386.28</td>
<td>1048.50</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>483.02</td>
<td>190.68</td>
<td>15.49</td>
<td>16.80</td>
<td>222.97</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>2694.47</strong></td>
<td><strong>569.67</strong></td>
<td><strong>298.73</strong></td>
<td><strong>403.08</strong></td>
<td><strong>1271.47</strong></td>
</tr>
<tr>
<td>2005</td>
<td>SBI Group</td>
<td>659.06</td>
<td>198.89</td>
<td>66.39</td>
<td>125.32</td>
<td>390.60</td>
</tr>
<tr>
<td></td>
<td>Nationalised Banks</td>
<td>1158.8</td>
<td>264.40</td>
<td>124.32</td>
<td>188.69</td>
<td>577.41</td>
</tr>
<tr>
<td></td>
<td>Private Sector Banks</td>
<td>993.37</td>
<td>52.49</td>
<td>94.74</td>
<td>171.66</td>
<td>318.89</td>
</tr>
<tr>
<td></td>
<td>Commercial Banks</td>
<td>2811.23</td>
<td>515.78</td>
<td>25.46</td>
<td>458.67</td>
<td>1286.90</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>539.69</td>
<td>229.74</td>
<td>17.00</td>
<td>14.63</td>
<td>260.78</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>3350.93</strong></td>
<td><strong>745.52</strong></td>
<td><strong>302.46</strong></td>
<td><strong>499.70</strong></td>
<td><strong>1547.68</strong></td>
</tr>
<tr>
<td>2006</td>
<td>SBI Group</td>
<td>1176.76</td>
<td>358.51</td>
<td>96.52</td>
<td>170.67</td>
<td>625.70</td>
</tr>
<tr>
<td></td>
<td>Nationalised Banks</td>
<td>1478.99</td>
<td>322.95</td>
<td>153.19</td>
<td>250.99</td>
<td>727.12</td>
</tr>
<tr>
<td></td>
<td>Private Sector Banks</td>
<td>1208.54</td>
<td>89.62</td>
<td>99.19</td>
<td>233.40</td>
<td>422.21</td>
</tr>
<tr>
<td></td>
<td>Commercial Banks</td>
<td>3864.28</td>
<td>771.08</td>
<td>248.90</td>
<td>655.06</td>
<td>1775.04</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>593.7</td>
<td>242.56</td>
<td>28.52</td>
<td>12.67</td>
<td>283.92</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>4456.98</strong></td>
<td><strong>1013.63</strong></td>
<td><strong>377.43</strong></td>
<td><strong>667.89</strong></td>
<td><strong>2058.96</strong></td>
</tr>
</tbody>
</table>

Sources: Lead bank annual credit plan report - 2006-07
Table 3.9 shows the details of the commercial banks advances to priority sector with reference to Salem district during the year 2002 to 2006. It is found that, during the year 2002, total advances of commercial banks amounted to Rs 1548.16 crores of which SBI group advance is Rs 356.19 crores, Nationalised bank advances, Rs 675.47 crores, private sector advance is Rs 516.57 crores. Commercial banks provide advances to agricultural sector are Rs 126.72 crores, industrial sector is 856.27 crores, service sector is 582.43 crores and total priority sector advances are Rs 2709.78 crores. During the year 2003 total advances of the commercial bank is Rs 1812.52 crores ,of which Rs 1370.54 crores to agricultural sector, Rs 809.43 crores to industrial sector, 972.19 crores to service sectors and Rs 3152.16 crores to total priority sectors.

During the year 2004, commercial banks advances amounted to Rs 2211.45 crores, agricultural sector advances amounted to Rs 378.99 crores, industrial sector advances amounted to Rs 283.23 crores service sector advance amounted to Rs 386.28 crores and total priority sector advances amounted to Rs 1048.50 crores. During the year 2005, total priority sector advances recorded to Rs 1286.90 crores which includes Rs 515.78 crores to agricultural sector, 25.46 crores to industrial sector, Rs 458.67 crores to service sectors. During the year 2006, Rs 1775.04 crores provided to priority sector advances by commercial banks including Rs 771.08 crores to agricultural sectors, 248.90 crores to industrial sector, and 655.06 crores to industrial sector.
It is seen that, the nationalized banks provide more advances to priority sectors during the period 2002-06. As regards the sector wise advances, agricultural sectors gained more advances from the commercial banks and then the service sectors.

TABLE 3.10
DETAILS OF INDUSTRIES

<table>
<thead>
<tr>
<th>S.No</th>
<th>Industries</th>
<th>Year 2005-2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No of Working Factories (Registered)</td>
<td>1319</td>
</tr>
<tr>
<td>2</td>
<td>No of Mandays Worked (Lakh)</td>
<td>116.6</td>
</tr>
<tr>
<td>3</td>
<td>No of Trade Unions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. During 2005-2006</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>b. Upto March 2006</td>
<td>1268</td>
</tr>
<tr>
<td>4</td>
<td>No of Strikes</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>No of Lockouts</td>
<td>1</td>
</tr>
<tr>
<td>6</td>
<td>Large Scale Industries</td>
<td></td>
</tr>
<tr>
<td></td>
<td>}</td>
<td>48</td>
</tr>
<tr>
<td>7</td>
<td>Medium Scale Industries</td>
<td></td>
</tr>
<tr>
<td></td>
<td>}</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Small Scale Industries</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. During 2005-2006</td>
<td>1186</td>
</tr>
<tr>
<td></td>
<td>b. Upto March 2006</td>
<td>31375</td>
</tr>
<tr>
<td>9</td>
<td>Cottage Industries</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. During 2005-2006</td>
<td>240</td>
</tr>
<tr>
<td></td>
<td>b. Upto March 2005</td>
<td>5586</td>
</tr>
<tr>
<td>10</td>
<td>Others</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. During 2005-2006</td>
<td>180</td>
</tr>
<tr>
<td></td>
<td>b. Upto March 2006</td>
<td>5484</td>
</tr>
</tbody>
</table>

Source: Report of District Industrial Center- 2005-06
Details of the industries are shown in the table for analysis. There are 116.6 lakh of persons worked in the 1319 registered working factories in the Salem District during 2005-06. Upto March 2006, there were 1268 trade unions of these factories and it recorded two strikes and one lock out during the year 2005-06. There are 48 large and medium scale industries in Salem District. As per records, Small Scale Industries during 2005-06 were 1186, industries upto March 2006, 31375 in Salem District. Upto March 2006, there were 5586 cottage industries and 5484 other industries in the Salem district.

The following are the major and important industries in Salem District

Salem Steel Plant, Salem –13
Salem Dairy, (Aavin) Salem – 636 302
Hutson Dairy (P) Ltd., Karumapuram
L.S.P. Oil Mills
B.S.P. Refineries
Jawahar Mills, Salem –5
Narasus Roller Flour Mills, Salem, -3
Burn & Company, Salem –5
Salem District Co-op Spinning Mill, Salem –3
Dalmia Magnesite, Karuppur
Tamilnadu Magnesites, Salem –5
Tata Refractories, Karuppur, Salem –12
In this chapter, the concept of Micro, small and medium enterprises is studied. The data relating to SSI at all India level and regional levels are given. Significant role of SSI with reference to study area is shown. Quantitative data of commercial banks in the study area and their role in priority sector advances are given bank wise and analyzed in detail.
FIGURE 3.5
SALEM DISTRICT MAP

Salem District
(Map Not to Scale)