CHAPTER – IV

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

4.1 Industrialisation in Assam:

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

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

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

Industries in Assam can be broadly classified into three heads:\(^3\):

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

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

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

4.2 **Industrial Scenario of Assam:**

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

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

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

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

4.2.2 Registered Factories in Assam:

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

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

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

4.2.4 Fourth Economic Census:

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

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

4.3 **Industrial Sector in Assam**

4.3.1 **Large and Medium Scale Industries:**

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

4.3.2 **Tea Gardens:**

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

4.3.3 **Small Scale Industries:**

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

Table-3

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

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

Source: Directorate of Industries, Assam.

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

**INDUSTRY GROUP-WISE SSI UNITS IN ASSAM**

(At end March 1999)

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

Source: Directorate of Industries, Assam.

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

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

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

4.4.1 Problem of Infrastructure:

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

4.4.2 Problem of Finance:

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

**4.4.3 Problem of Marketing:**

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

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

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

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

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

4.6 Scenario of Industrial Sector in Kamrup District:

4.6.1 Medium and Large Scale Industries:

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

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

4.6.3 Small Scale Industries:

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

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

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

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

Source: Directorate of Industries, Assam.

4.6.4 Registered Factories:

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

4.7 General Problems of SSIs in Kamrup District:

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

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

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

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

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

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

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

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

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


2. Ibid, p.192.


7. Ibid., p.68.