CHAPTER - 7

SUMMARY AND CONCLUSION

The basis of distinction between large-scale, medium-scale and small-scale industrial units is generally the production size, amount of capital employed and number labourers employed of the individual units. The investment limit of plant and machinery for cottage and small-scale industry has continuously been raised upwards. The investment limit was Rs.5 lakh in 1955; in 1966 it was raised to Rs.7.5 lakh, it was raised to Rs.10 lakh in 1974, to Rs.20 lakh in 1980, to Rs.35 lakh in 1985, to Rs. 60 lakh in 1990 and to Rs. 3 crore in 1997. Such investment limit in plant and machinery has been fixed at Rs. 1 crore with effect from 24.12.1999 at present.

The cottage and small-scale industries can be divided into two categories (a) traditional cottage and small-scale industries and (b) modern small-scale industries. The traditional cottage and small-scale industries can be further sub-divided into two categories - (i) handicrafts and (ii) village and household industries.

The cottage and small-scale industrial sector plays an important role in the Indian economy in terms of employment generation and the economic development of India. The number of registered cottage and small-scale units was 16000 in 1950 and this rose to 32.25 lakh in 1999-2000. The cottage and small-scale units employed 39.7 lakh people in 1973-74 and this number has consistently risen to 178.50 lakh people in 1999-2000. As far as output of cottage and small-scale units is concerned it was Rs.7200 crore in 1973-74 and this rose considerably to Rs. 5,78,470 crore in 1999-2000 (at current prices). The value of total exports of the cottage and small-scale sector products was Rs. 393 crore during 1973-74 and it was estimated at Rs. 53,975 crore in 1999-2000 which was 33 percent of total exports in that year.
The study has the following objectives:

(i) To assess the importance of cottage and small-scale industries in the economy of Bishnupur sub-division in terms of generation of income and employment.  
(ii) To identify the problems faced by such units and to suggest solutions of those problems.  
(iii) To highlight the conditions of workers engaged in these units.  
(iv) To consider the future prospect of these units and to estimate their future potential in terms of generation of income and provision of employment opportunities.  
(v) To consider the existing facilities provided by the government to these units and to suggest policy measures to be adopted by the government agencies for helping these units.  
(vi) To suggest measures for improving the efficiency of such cottage and small-scale industrial units.  

The Bishnupur sub-division is included in the Bankura district of West Bengal and lies between the latitudes of 23°05' N and the longitudes of 87°20'E. The tropic of cancer passes through this sub-division which has undulating topography. To the west of this sub-division, lies the Bankura District headquarter i.e. Bankura itself, to the south lies Midnapur district, to the north lies the Burdwan district and to the east lies the district of Hooghly. The important rivers of the sub-division are Damodar, Dwarakeswar, Birai, Sali and Amodar. The total population of this sub-division is 7,69,235 according to 1991 census. The density of population and sex ratio are 426 and 957.98 respectively. Literacy rate is 41.36% according to 1991 census. The climate is normally moderate in this sub-division. The temperature becomes very high during summer days and it ranges from 45°C to 41°C and becomes
very low in winter and it ranges from 11°c to 9°c. Rainfall is erratic and maximum rainfall occurs during the monsoon period from June to September. Various types of soil are found in this sub-division such as alluvium, alluvial, laterite and lateritic. The geographical area of this sub-division is 1,84,800 hectares of which net area for cultivation is 1,09,791 hectares (59%). The cropping intensity works out to be 141% (1997-98). Per capita cultivable land as per 1991 census is 0.14 hectare. The percentage of cultivators in the total population is 13.71 and the percentage of agricultural labourers in the total population is 12.34. The major crops grown are paddy, wheat, potato, jute, mustard seeds, pulses, sugarcane and vegetables etc. No large-scale industry is found in this sub-division. However, medium scale industrial units are coming up at Dwarika near Bishnupur. The cottage and small-scale units in this sub-division are slightly better placed than the medium-scale units. The number of registered cottage and small-scale industry is 1948 employing around 9204 workers. The notable traditional cottage and small-scale industries are: manufacturing Baluchari sarees and silk sarees, producing conch shell products, handicrafts producing terracota objects, bell metal products, docra products and painting *Das Avatar Tas*. The modern small-scale industrial units are cold storage units, rice mills, flour mills, engineering firms producing gates and grills, ice-cream manufacturing units, xerox units, confectionary units, coke briquetting units, studio units, lantern-making units, candle-making units and saw mills units. This sub-division finds a distinct position in the field of breeding of seeds of Indian major carps. Net area available for pisciculture is 5257 hectares of which net area under effective pisciculture is 3995 hectares. Total number of persons engaged in this profession are 39,008 and approximate annual production is 55,925 quintals. The forest area covers around 23.22 percent of the total geographical area of this sub-division and covers an area of around 42,914 hectares. The important trees found in the forest are: sal, mohua, teak,
kendu, eucalyptus, akashmoni, sishu etc. Products available from the forest are pulpwood, firewood, sabaigrass and kendu leaves. Sal leaves are important means of fuel to the inhabitants of rural and lower middle classes in this sub-division.

The study area of the research work is Bishnupur sub-division of Bankura District, West Bengal. There are six administrative blocks namely Joypur, Bishnupur, Kotulpur, Sonamukhi, Indus and Patrasayer within the jurisdiction of this sub-division. The necessary data for the study have been collected both from secondary source and from primary source. The secondary source includes Block Development Offices in this sub-division, District Industries Centre, Bankura, Census records of the district, District Statistical Handbook-2001 and the Department of small-scale industries of Govt. of West Bengal. For the purpose of collection of primary data, an unstructured questionnaire has been framed and used for interviewing the cottage and small-scale entrepreneurs directly. Primary data for the present study have been collected from 150 cottage and small-scale industrial units including 15 non-registered cottage and small-scale units covering each block and taking all types of industries. Out of 1948 registered cottage and small-scale units only 135 registered cottage and small-scale units have been considered which is about 6.93% of the total registered cottage and small-scale units lying in this sub-division. The survey has been conducted during the period 2002-2003. Purposive sampling method has been adopted for the selection of cottage and small-scale units. Emphasis has been placed on tabular method for the analysis of primary data. Of the total 150 industrial units, primary data of 34 units from the block of Joypur, 21 units from Kotulpur, 39 units from Bishnupur, 16 units from Sonamukhi, 21 units from Patrasayer and 19 units from Indus have been collected. For the purpose of discussion all the sampled industrial units have been divided into five categories: (1) Agro-based (2) Traditional arts and crafts (3) Manufacturing (4) Service (5) Seasonal. For the collection of primary data in this regard, 47 agro-
based industrial units, 39 traditional arts and crafts units, 42 manufacturing industrial units, 8 service industrial units and 14 seasonal industrial units have been included in the sample.

The survey data reveal that of the total sample units, 86% are running under proprietorship concern, 11% are in the form of partnership business, 3% are formed as private limited companies. Of the proprietors, 69% are of general caste while 2.32%, 0.78% and 27.90% belong to scheduled castes, scheduled tribes and other backward classes respectively. Of the proprietors, 92% belong to Hindu community and 8% are of Muslim community. Again among the proprietors, 58.14% are matriculates or below, 18.60% have passed higher secondary, 21.71% are graduates and only 1.55% are professionally qualified. 10.85% of the proprietors received training to run the units and the rest 89.15% did not receive any training for this purpose. 89.92% of the proprietors are engaged in the industrial units throughout the year (whole-time activity) and the remaining 10.08% are involved in the industrial units as seasonal activities. From the survey data it is found that out of 243 family member-workers, 90.53% and 9.47% are employed on permanent basis and on temporary basis respectively. Out of 447 non-family workers, only 10.07% workers are permanently employed and the remaining 89.93% are engaged on temporary basis. On the other hand out of 265 permanent workers, 83% and 17% are family members and non-family members respectively. Out of 425 temporary workers, 5.42% and 94.58% are family members and non-family members respectively. Regarding average wages of workers per month it is found that of the total, 27.07% workers belong to the average monthly income group of lowest grade (up to Rs. 500) while only 0.45% workers do enjoy highest average wage level of Rs. 3501 or more per month. It is found that 17%, 37.14%, 11.19%, 2.90%, 1.79% and 2.46% workers belong to the average monthly level of income group of Rs. 501-1000, Rs. 1001-1500, Rs. 1501-2000, Rs. 2001-2500, Rs. 2501-3000 and Rs. 3001-3500 respectively.
As regards production capacity of different industrial units and their utilisation it is found that among the agro-based industries, cold storage units have attained remarkable performance. Similarly, in the case of traditional arts and crafts, manufacturing industries, service industries, handcrafts, lantern making units, saw mills have also achieved remarkable performance.

As regards capital employed, we have considered fixed capital and working capital only as tools of analysis of capital employed. Of the total sample units, 30% entrepreneurs run their business with their owned capital while 70% entrepreneurs do their business with the capital partly owned and partly borrowed. Of the total units, 26.67% entrepreneurs had taken loan from banks in the last five years (from the survey period) while 73.33% entrepreneurs did not take any loan from banks in this regards. Average amount of loan taken is found to be Rs. 1,08,750 and average rate of interest is found to be 14.46%.

Of all the entrepreneurs, only 12% entrepreneurs had received subsidy or financial assistance from the Govt. in the last five years (from the survey period), while 88% entrepreneurs did not receive any subsidy or financial assistance from the Govt. in this regard. No entrepreneur did receive any subsidy or financial assistance from any sources other than Govt. All the units (150) have earned profit in the survey period. Average profit earned by these units is found to be Rs. 59,500 per year. Average rate of profit is found to be 22.36%. Of the total 150 industrial units, 80.08% of the total cost accounts for the cost of materials, 6.44% for wages, 1.78% for interest payment, 6.47% for electricity and fuel and the remaining 5.23% for other expenses. This implies that a larger amount of raw materials is required for continuing the process of production. From the survey data; it is found that average cost of production at actual output level of all the units is higher than average cost of production at full capacity level. This is because of the fact that production capacity of all the units is not being fully utilized. If production capacity can be utilized fully, then average cost of production at
actual output level will fall. Of all only 13.33% units are maintaining profit and loss A/c and balance sheet while 86.67% are not maintaining the same. Out of 150 sample units, 148 entrepreneurs have collected their necessary raw materials from the local market and only 2 entrepreneurs have collected the same from the national market. No entrepreneur is found to be collecting their raw materials from international market. Regarding source of collection of raw materials, 146 entrepreneurs have collected their necessary raw materials from individual sources and only 4 entrepreneurs have collected the same from firm sources. Of all the units, 52.67% units have faced the problems regarding availability of raw materials while 47.33% units are free from problems in this regard. Of the total 150 industrial units, 61 units purchase raw materials in cash, 38 units purchase on credit, 26 units buy both in cash and on credit and the remaining 25 units work on bani system. As regards the nature of marketing of products, 133 units sell their products through their own channels, 14 units through agents and 3 units through middlemen. The role of distributors is found to be nil in this regard. Regarding the problems of marketing, 101 units have faced different types of problem of marketing while 49 units are free from any problem in this regard. Of the total 150 industrial units, only 11 units have sufficiency in capital to run their business while 139 units do not have sufficiency in capital in this regard. Of all the units, 139 units have plans to increase capital while only 11 units have no plan in this regard. Out of 139 units, 125 units like to have additional capital from banks while 14 units like to have the same from other sources. The DIC had helped 135 units in different ways, while 15 units did not receive any assistance from the DIC. Out of 150 sample units, 71 units have sufficiency of power supply to run their business while 79 units do not have any sufficiency of power supply as required for the business. Of all the units, the future prospect of 57 units is encouraging, while the future prospect of 55 units is not-so-encouraging and that of the 38 units is bad, as revealed by the perception of the owners of the sample units.
Some problems have been observed at the time of interviewing the cottage and small entrepreneurs. These are as follows:

(i) The scarcity of finance and credit is the main obstacle in the development of cottage and small-scale units in this subdivision. The artisans or craftsmen either run their business with whatever little capital they possess or take credit from the mahajans or the traders who supply raw materials to them. In many cases such credit is obtained on a very high rate of interest and is thus exploitative in character. However, the profit earned by them is often not high enough for ploughing back.

(ii) Another problem faced by the cottage and small-scale units is in the field of marketing. These units often do not form any marketing organisation. Their products are sometimes inferior to the products of the large-scale units with respect to quality.

(iii) Machinery and other instruments used in many cottage and small-scale industrial units have become obsolete. As a result, the cost of production in those units is relatively high.

(iv) Frequent power cut hampers the production of these units very much.

(v) Spare parts in some units are not available in the local market. To collect those, they have to go to Kolkata. As a result, much time is wasted due to disruption in production and costs involved are also high.

(vi) Another problem faced by these units is the competition from among the same industrial units. As there are 10 to 12 units of the same trade in each block, they have to face stiff competition among them.
SUGGESTIONS FOR IMPROVEMENT

In the light of the above discussions, some suggestions may be put forward for the future improvement of the small-scale units in this sub-division.

1. The small entrepreneurs are required to move from pillar to post to meet different agencies like IDO, DIC, Panchayat and banks etc. for the sanction and early implementation of their projects. This causes a lot of strain and stress to them. To save time and hassle the DIC should maintain a close liaison with all other concerns involved in the process and take the entire responsibility of clearing the project as soon as possible. Perhaps, the DIC should be strengthened with skilled staff to meet the specific needs. Co-operation and co-ordination between the Banks and the DIC should also be improved.

2. DIC should assure the supply of scarce inputs on quota basis at subsidised rates so that the small entrepreneurs carrying on small industrial units are saved from the exploitation of the middlemen.

3. Marketing is an important factor, particularly in case of cottage and small scale units producing goods and services. It will be simply disastrous if the products or the services fail to find sustained and steady market which not only spells financial loss but also leads to eventual closures of the units. For the survival of these small units the Government should create marketing facilities through different channels like 'Tantuja', 'Tantushree', 'Manjusa' which purchase the products of cottage and small units. Also payment made by such channels to the SSI units should be as quickly as possible so that the
production process of the SSI units can continue without any interruption. Besides, different Government and Quasi-Government sectors should give due preference to SSI goods and services while placing their orders.

4. It is advisable to clear the projects at an early date keeping in mind the continuous price hike of inputs, machinery and other equipments so that it is possible for the entrepreneurs to purchase the same with their limited investible funds.

5. DIC should take care regarding the prevention of haphazard location/growth of small-scale units with similar nature in the same locality or market. For this purpose, DIC should undertake location-specific potential surveys and reassess the market potentiality so that non-viable projects are avoided. For example, Xerox copying units are suitable only at busy places where the Govt. offices, schools and colleges are located.

6. In order to serve the technical needs and to improve their entrepreneurship qualities a sound training programme is urgently needed for the some units. It would be better if a single training centre under the roof of the DIC is established.

7. With the persistence of inflation in the country, the maximum ceiling of subsidy at present Rs. 10,000 provided by Bengal State Aid to Industries to some poor artisans at village level through DICs should be enhanced. Considering the genuine demands, more finance should be facilitated to large number of poor artisans with relaxation of terms and conditions.

8. As there is no insurance cover some entrepreneurs are found incurring losses on account of theft and fire. The entrepreneurs should be encouraged to become insurance-minded so that they realize that with incurring a paltry amount towards insurance premium the possibility of huge losses can be solved.
9. It is advisable that Government should make arrangements through DIC by which spare parts are available all the time in the district.

10. For better functioning of cottage and small-scale units and to overcome their financial position more capital is needed by them. In this regard banks should come forward and more finance should be given to the small entrepreneurs. There should be all-out efforts on the part of Block and Panchayat level officials to help the banks in the matter of recovery of past loans. There must be political will on the part of Panchayats for this purpose.

11. Government should employ such persons as IDOs at block levels who will be well equipped with training and having technical knowledge by which they would have a good idea about various cottage and small scale industries.

12. For entrepreneurship development and for prospective small entrepreneurs, Government should arrange seminars and awareness camps regarding cottage and small-scale industries with the help of DIC and Block and Panchayat level officials.

13. Government should make necessary arrangements in which different Govt. circulars and current information regarding cottage and small scale industries should reach the small entrepreneurs as soon as possible.

14. For smooth functioning of cottage and small-scale units, Government should improve the position regarding the supply of electricity.

15. To meet the changing demands of the local customers as well as on the part of the tourists, some units like Baluchari units, terracota, handcrafts, conch shell and ice candy should change their products accordingly.
16. For the development of agro-based industries, the development of agriculture is necessary. The larger amount of production of wheat, til and mustard seeds will accelerate the production of agro-based small scale units.

17. The State Govt. should make arrangements for the exhibition of Baluchari sarees, terracota handicrafts in other provinces so that cottage and small-scale units will be able to enjoy larger market.