CHAPTER 5

PERSPECTIVES OF SSIs OF VIDARBHA - TRANSITION PHASE
CHAPTER – 5

PERSPECTIVES OF SSI\textregisteredS OF VIDARBHA
- TRANSITION PHASE

Come the final decade of 20\textsuperscript{th} century, and the whole world was caught in global fever. The first half of this decade has been termed as the transition phase for the purpose of the present research work.

5.1 The Transition Phase:

The phase spanning over five years from 1991-1995 was marked by significant event. This included successful conclusion of the Uruguay round negotiations on Dec, 15, 1993 signing of Final Agreement of GATT on April 1994 and establishment of World Trade Organization on Jan 1, 1995.

The member nations of the World Trade Organization started introducing first generation reforms in the light of global economic order led by the WTO phenomenon in their respective countries during the last decade of the 21\textsuperscript{st} century that included transition phase. The period also saw evoked reactions in member nations by their people and polity against and in favour of WTO agreements. The Governments of many country had to face the wrath of its people by being blamed as puppets in the hand of international bodies like IMF, World Bank and WTO\textsuperscript{1} etc. At the same time policy changes were introduced by the governments of member nations in their respective countries in accordance with the agreed provisions of WTO. The members of the trade circle were ones who initiated several measures within their control in the respective trade areas to reap maximum benefit out of these agreements at the global level.
The phase was however characterized in India by a progressive trend in its industrial sector which marked a growth rate of 0.6% in 1991-92 and grew further at a rate as high as 9.4% by 1994-95. The table number T-5.1 given below shows that the growth of Small Scale Industrial sector was greater than that of overall industrial sector in the country. Beginning with 3.1% growth rate in 1991-92, the Small Scale Industries sector touched the growth rate of 10.1% in 1994-95. The sector achieved a growth rate of 5.6% in the year 1992-93 as against the total industrial sector growth rate of 2.3% in the similar year. In the year 1993-94, SSI sector marked a growth rate of 7.1% whereas the overall industrial sector growth rate in India was just 6% in this year.

Table No. T-5.1: Showing Growth Rate of SSI Sector with that of India Industrial Sector as a whole

<table>
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<tr>
<th>Year</th>
<th>SSI Sector</th>
<th>Industrial Sector</th>
</tr>
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<tr>
<td>1991-92</td>
<td>3.1</td>
<td>0.6</td>
</tr>
<tr>
<td>1992-93</td>
<td>5.6</td>
<td>2.3</td>
</tr>
<tr>
<td>1993-94</td>
<td>7.1</td>
<td>6.0</td>
</tr>
<tr>
<td>1994-95</td>
<td>10.1</td>
<td>9.4</td>
</tr>
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</table>

The overall Industrial Sector growth in this phase was larger but then the contribution of SSI sector in this growth was greater as clear from the following graph no. 5.1. The height of the bars shown in this graph indicates this trend in both the sectors i.e. overall Industrial and Small Scale Industries (SSI) Sector.
The India govt. targeted an employment generation of 1.28 lakhs at a growth rate of 2.3% in the year 1992-93. The target for the year 1993-94 was fixed at 133 lakhs employment generation at the growth rate of 3.9% and so was fixed for 1994-95 at 138.6 lakhs at a growth rate of 2.4% during this transition phase like success in the growth rate of overall industrial sector and SSI sector described above. The govt. succeeded in achieving employment generation more than its target level both in terms of number as well as growth rate as shown in following table T-5.2. It achieved employment generation of Rs. 134.1 lakhs, Rs. 139.4 lakhs and Rs. 146.6 lakhs in the years 1992-93, 1993-94, and 1994-95 at the respective growth rates of 3.3%, 4% and 5.2%.

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Growth Rate</th>
<th>Achievement</th>
<th>Growth Rate</th>
</tr>
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<td>1992-93</td>
<td>128.0</td>
<td>2.3</td>
<td>134.1</td>
<td>3.3</td>
</tr>
<tr>
<td>1993-94</td>
<td>133.0</td>
<td>3.9</td>
<td>139.4</td>
<td>4.0</td>
</tr>
<tr>
<td>1994-95</td>
<td>138.6</td>
<td>4.2</td>
<td>146.6</td>
<td>5.2</td>
</tr>
</tbody>
</table>
5.2 Registered Small Scale Units of Vidarbha During Transition Phase:

During the transition phase i.e. from 1991 to 1995 the number of SSI units increased to a cumulative total of 18423 in whole of Vidarbha as against 11927 in 1990. Out of these numbers of SSI units 13221 SSI units fell under Nagpur region while remaining i.e. 5202 SSI units fell under Amaravati region.

Nagpur region alone observed a characteristic increase in permanently registered SSI units, which was more than the double number as existed in the year 1990. Thus there were a cumulative total of 9526 number of permanently registered SSI units in Nagpur in 1995 as against 4714 SSI units in 1990. The yearly registration of SSI on permanent basis in Vidarbha saw a decreasing level during the transition phase starting from 1990-91 in its Nagpur region. However total number of yearly permanent registrations of SSI’s in Vidarbha kept on increasing beyond the pre WTO phase level due to increased in number of registration in Amravati region. The number of permanently registered SSI in Nagpur region fell to 276 in 1991 from 465 in 1989-90. In the subsequent years it had permanently registration of SSI units numbering 354 in 1991-92, 274 in 1992-93, 482 in 1993-94 and 1047 in 1994-95 as shown in the table no. T-5.3 given below. In contrast, Amravati region got greater number of permanent registration of SSI units greater than the pre-WTO phase and also than those of Nagpur region in transition phase itself. The numbers in Amravati region for permanently registered SSI units stood at 508 in 90-91, 544 in 91-92, 533 in 92-93, 500 in 93-94 and 699 in 1994-95. Thus the transition phase observed a complete change in the share of two regions ie Amravati and Nagpur region with respect to permanent registration of SSI units in Vidarbha. Whereas in pre-WTO phase Nagpur region had greater share, during transition phase Amravati region staked greater share.

Districts like Yavatmal, Amravati & Akola show bigger bars in the following graph no. G-5.2 indicating increased number of permanently registered SSI units on district basis. But trend that existed in pre WTO phase in favour of Nagpur district continues during the current phase also where except for few initial years upto 1992-93, Nagpur district marked permanent registration of SSI units in greater number among all the districts of Vidarbha.
Table No. T-5.3: Showing Permanently Registered Units of SSI in Vidarbha during Transition Phase

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Nagpur</td>
<td>174</td>
<td>242</td>
<td>149</td>
<td>318</td>
<td>792</td>
</tr>
<tr>
<td>Wardha</td>
<td>22</td>
<td>33</td>
<td>44</td>
<td>34</td>
<td>52</td>
</tr>
<tr>
<td>Chandrapur</td>
<td>21</td>
<td>18</td>
<td>18</td>
<td>23</td>
<td>68</td>
</tr>
<tr>
<td>Gadchiroli</td>
<td>NA</td>
<td>NA</td>
<td>11</td>
<td>19</td>
<td>16</td>
</tr>
<tr>
<td>Bhandara</td>
<td>59</td>
<td>61</td>
<td>52</td>
<td>88</td>
<td>119</td>
</tr>
<tr>
<td><strong>Nagpur Region</strong></td>
<td><strong>276</strong></td>
<td><strong>354</strong></td>
<td><strong>274</strong></td>
<td><strong>482</strong></td>
<td><strong>1047</strong></td>
</tr>
<tr>
<td>Amravati</td>
<td>153</td>
<td>148</td>
<td>149</td>
<td>108</td>
<td>182</td>
</tr>
<tr>
<td>Akola</td>
<td>79</td>
<td>83</td>
<td>80</td>
<td>67</td>
<td>93</td>
</tr>
<tr>
<td>Yavatmal</td>
<td>229</td>
<td>250</td>
<td>274</td>
<td>282</td>
<td>374</td>
</tr>
<tr>
<td>Buldhana</td>
<td>47</td>
<td>63</td>
<td>30</td>
<td>43</td>
<td>50</td>
</tr>
<tr>
<td><strong>Amravati Region</strong></td>
<td><strong>508</strong></td>
<td><strong>544</strong></td>
<td><strong>533</strong></td>
<td><strong>500</strong></td>
<td><strong>699</strong></td>
</tr>
<tr>
<td>Vidarbha Total</td>
<td><strong>784</strong></td>
<td><strong>898</strong></td>
<td><strong>807</strong></td>
<td><strong>982</strong></td>
<td><strong>1746</strong></td>
</tr>
</tbody>
</table>

Graph No. G-5.2: Showing Permanently Registered Units of SSI in Vidarbha during Transition Phase
The registration to SSI units is also granted on provisional basis in the State of Maharashtra. Accordingly, a cumulative total of 18520 SSI units were registered on provisional basis up to 1995.

The provisional registration of SSI units continued to observe similar trend in transition phase as set in during pre-WTO period as shown in table no. T-5.4 given below. The Nagpur region continues to contribute in greater share than Amravati region with regard to provisional registration of SSI units in Vidarbha whereas Nagpur district (graph no. G-5.3) alone had more number of SSI units registered provisionally than that of the total of Amravati region. Nagpur district had provisionally registered SSI units numbering 914 in the year 1990-91 as against 908 SSI units in whole of the Amaravati region in this year. Similarly, there were 1462 SSI units in Nagpur district in 1991-92 against 1017 units in Amravati region. In the subsequent years also Nagpur had SSI units numbering 1723 in 1992-93 against 1012 of Amravati region, 1724 units in 1993-94 against 1113 units in Amravati region and 1747 units in 1994-95 against 1723 units in Amravati region. Among the districts of Amravti region, Amravati and Akola districts, however, had registered most of the provisional SSI units. Wardha district of Nagpur region of Vidarbha had registered the lowest number of provisional small scale industries.

Table No. T-5.4 : Showing Provisionally Registered Units of SSI in Vidarbha during Transition Phase

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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nagpur</td>
<td>914</td>
<td>1462</td>
<td>1723</td>
<td>1724</td>
<td>1747</td>
</tr>
<tr>
<td>Wardha</td>
<td>110</td>
<td>157</td>
<td>182</td>
<td>165</td>
<td>312</td>
</tr>
<tr>
<td>Chandrapur</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Gadchiroli</td>
<td>NA</td>
<td>NA</td>
<td>97</td>
<td>82</td>
<td>120</td>
</tr>
<tr>
<td>Bhandara</td>
<td>192</td>
<td>258</td>
<td>266</td>
<td>313</td>
<td>356</td>
</tr>
<tr>
<td>----------</td>
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<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td></td>
<td>Amravati</td>
<td>1216</td>
<td>1877</td>
<td>2268</td>
<td>2284</td>
</tr>
<tr>
<td></td>
<td>Akola</td>
<td>373</td>
<td>390</td>
<td>333</td>
<td>451</td>
</tr>
<tr>
<td></td>
<td>Yavatmal</td>
<td>351</td>
<td>371</td>
<td>397</td>
<td>408</td>
</tr>
<tr>
<td></td>
<td>Buldhana</td>
<td>229</td>
<td>250</td>
<td>274</td>
<td>282</td>
</tr>
<tr>
<td></td>
<td>Amravati Region</td>
<td>908</td>
<td>1017</td>
<td>1012</td>
<td>1133</td>
</tr>
<tr>
<td></td>
<td>Vidarbha Total</td>
<td>2124</td>
<td>2894</td>
<td>3280</td>
<td>3417</td>
</tr>
</tbody>
</table>

The following graph no. G-5.3 clearly shows the position of different districts of Nagpur and Amravati region of Vidarbha in terms of provisional registration of SSI units. All the districts except Wardha, Gadchiroli and to some extent Amravati show an increasing trend in the provisional registration of SSI units during transition phase. Amravati district observed a downfall in the registration of these units during the year 1992-93. The district had only 333 SSI units provisionally registered in this year as against 390 SSI units provisionally registered in the district during the preceding year i.e. 1991-92. Still, Amravati district stands next to Nagpur district in terms of the numbers of these units followed by Akola, Yavatmal and Buldhana districts in that order.
5.3 Capital Investments in Small Scale Units of Vidarbha During Transition Phase:

Investments in permanently registered SSI units have shown a marked increase to the tune of nearly eight times to the investments made up to the year 1990 in Vidarbha region. The total investment in SSIs of Vidarbha amounted to a cumulative total of Rs. 3273365 lakhs upto 1995 as against an investment of Rs. 40792 lakhs upto 1990. Of this investment, Amaravati region accounted for a cumulative total of Rs 92438 lakhs, which is nearly more than triple the amount of investment made up to year 1990. Investment in Nagpur region amounted to a cumulative total of Rs. 234927 lakhs which is more than 20 times of investment made up to the year 1990.

Capital investment in permanent by registered SSI units slightly increased in the beginning of transition phase from that in the ultimate year of pre-WTO phase. It stood at Rs.2049.5 lakhs in 1989-90 and Rs. 2054.07 lakhs in 1990-91 as shown in Table T-5.5 given below. During 1992-93 and 1993-94 the trend changed from increasing to
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decreasing so much so that the capital investment in 1993-94 in permanent registered SSI units amounted to Rs. 1504.11 lakhs i.e. the lowest in the last eight years. Amravati region had comparatively much lower investment in its permanent SSI units as during the same period there were more number of SSI units registered on permanent basis in this region.

Table No. T-5.5 : Showing Investments in Permanently Registered Units of SSI in Vidarbha during Transition Phase

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Nagpur</td>
<td>356</td>
<td>1099</td>
<td>1149</td>
<td>1563</td>
<td>1563</td>
</tr>
<tr>
<td>Wardha</td>
<td>98.69</td>
<td>59.67</td>
<td>43.33</td>
<td>85.26</td>
<td>85.26</td>
</tr>
<tr>
<td>Chandrapur</td>
<td>195.59</td>
<td>189.75</td>
<td>189.75</td>
<td>202.45</td>
<td>202.45</td>
</tr>
<tr>
<td>Gadchiroli</td>
<td>NA</td>
<td>NA</td>
<td>0.65</td>
<td>0.56</td>
<td>0.56</td>
</tr>
<tr>
<td>Bhandara</td>
<td>147</td>
<td>263</td>
<td>169</td>
<td>349</td>
<td>349</td>
</tr>
<tr>
<td>Nagpur Region</td>
<td>797.28</td>
<td>1611.42</td>
<td>1551.73</td>
<td>2200.27</td>
<td>2200.27</td>
</tr>
<tr>
<td>Amravati</td>
<td>305.00</td>
<td>295.50</td>
<td>553.39</td>
<td>227.35</td>
<td>227.35</td>
</tr>
<tr>
<td>Akola</td>
<td>176.76</td>
<td>517.00</td>
<td>389.10</td>
<td>398.71</td>
<td>398.71</td>
</tr>
<tr>
<td>Yavatmal</td>
<td>650.00</td>
<td>810.00</td>
<td>770.00</td>
<td>800.00</td>
<td>800.00</td>
</tr>
<tr>
<td>Buldhana</td>
<td>125.03</td>
<td>180.03</td>
<td>75.01</td>
<td>78.05</td>
<td>78.05</td>
</tr>
<tr>
<td>Amravati Region</td>
<td>1256.79</td>
<td>1802.53</td>
<td>1787.5</td>
<td>1504.11</td>
<td>1504.11</td>
</tr>
<tr>
<td>Vidarbha Total</td>
<td>2054.07</td>
<td>3413.95</td>
<td>3339.23</td>
<td>1504.11</td>
<td>8032.89</td>
</tr>
</tbody>
</table>

Nagpur district continued to show its dominance even with regard to investment in permanently registered SSI units as shown in following graph no. G-5.4 however,
Small Scale Industries in WTO Regime

Yavatmal district showed an impressive improvement in capital investment in its permanent SSI units standing next to Nagpur district followed by Akola and Amravati districts. Thus it becomes obvious that Nagpur region has its small scale industrial development mostly located in the Nagpur district. Amravati region has its small scale industrial development spread at least in three of its districts namely Amaravti, Akola, and Yavatmal.

Graph No. G-5.4: Showing Investments in Permanently Registered Units of SSI in Vidarbha during Transition Phase

Trends in capital investment to provisionally registered SSI units are no different than those for permanently registered SSI units as may be seen in the table no. T-5.6 except that there was no patch period in the middle of the transition phase as observed for permanently registered units. The investments kept on increasing throughout this phase in both the regions of Vidarbha except sudden downfall in Nagpur region in the year 1994-95. The investment in Nagpur region amounted to Rs. 5799.68 lakhs in 1990-91, Rs. 9980.72 lakhs in 1991-92, Rs. 12072.04 lakhs in 1992-93 and Rs. 14041.42 lakhs in 1993-94. However, in the last year of the transition phase this investment in SSIs of Nagpur region fell down sharply to Rs. 9596.32 lakhs. Amaravti region had however
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shown a consistently progressive investment in its provisionally registered SSI units during the entire transition phase. It had an investment of Rs. 1346.21 lakhs in 1990-91, Rs. 1958.75 lakhs in 1991-92, Rs. 2155.90 lakhs in 1992-93, Rs. 2388.62 lakhs in 1993-94 and Rs. 3848.65 lakhs in the year 1994-95. However, this increase in investment took place at a decreasing rate during the first four years of the transition phase while in the last year the investment increased at an increasing rate. Thus it is noted here that Nagpur region observed a steep downfall in capital investments in provisionally registered unit in 1994-95 while Amravati region observed a steep rise in capital investments in its provisionally registered SSI units in the year 1994-95 – a just opposite trend. Bhandara district (since data for Chandrapur and Gadchiroli districts are not available) in Nagpur region and Amravati district in Amravati region accounted for the lowest level of capital investments in its provisionally registered SSI units as shown in the said table given below.

Table No. T-5.6: Showing Capital Investments in Provisionally Registered SSI Units of Vidarbha during Transition Phase

<table>
<thead>
<tr>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Nagpur</td>
<td></td>
<td>5024</td>
<td>8434</td>
<td>10628</td>
<td>11520</td>
<td>7375.96</td>
</tr>
<tr>
<td>Wardha</td>
<td></td>
<td>487.68</td>
<td>638.72</td>
<td>712.04</td>
<td>1798.42</td>
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<tr>
<td>Chandrapur</td>
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<td>NA</td>
<td>NA</td>
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<td>NA</td>
</tr>
<tr>
<td>Gadchiroli</td>
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<td>NA</td>
<td>NA</td>
<td>241</td>
<td>108</td>
<td></td>
</tr>
<tr>
<td>Bhandara</td>
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<td>288</td>
<td>908</td>
<td>732</td>
<td>482</td>
<td>540.15</td>
</tr>
<tr>
<td>Nagpur Region</td>
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<td>5799.68</td>
<td>9980.72</td>
<td>12072.04</td>
<td>14041.42</td>
<td>9596.32</td>
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<tr>
<td>Amravati</td>
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<td>18.65</td>
<td>19.50</td>
<td>16.65</td>
<td>55.50</td>
<td>32.75</td>
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<tr>
<td>Akola</td>
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<td>919.62</td>
<td>1391.25</td>
<td>1687.25</td>
<td>1791.12</td>
<td>2944.90</td>
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<td>Yavatmal</td>
<td></td>
<td>650</td>
<td>810</td>
<td>770</td>
<td>800</td>
<td>1120</td>
</tr>
<tr>
<td>Buldhana</td>
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<td>408.00</td>
<td>548.00</td>
<td>452.00</td>
<td>542.00</td>
<td>871.00</td>
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<td>Amravati Region</td>
<td></td>
<td>1346.27</td>
<td>1958.75</td>
<td>2155.9</td>
<td>2388.62</td>
<td>3848.65</td>
</tr>
<tr>
<td>Vidarbha Total</td>
<td></td>
<td>7145.95</td>
<td>11939.47</td>
<td>14227.94</td>
<td>16430.04</td>
<td>13444.97</td>
</tr>
</tbody>
</table>
More than 50% of the capital investment in provisionally registered SSI units of Vidarbha is accounted for by the Nagpur district SSIs alone as clear from the following graph No.G 5.5. Yavatmal district, which had greater investment in permanent SSI units during the pre-WTO phase, found comparatively smaller investment in its provisionally registered SSI units during the transition phase.

Graph No. G-5.5: Showing Capital Investments in Provisionally Registered SSI Units of Vidarbha during Transition Phase

5.4 Employment Generated by Small Scale Units of Vidarbha During Transition Phase:

During the transition phase period number of employments created in Vidarbha's SSI sector also increased to a cumulative total of 94142 as against 65103 upto the year 1990. What is noticeable in employment growth is that it has not occurred parallel to the growth in registration of SSI units and also investment in these SSI units (table number T-5.7 & T-5.8). Since this period started taking ride for the phenomenon of globalization, employment appears to have taken back seat due to technological development.
Employment generation trend in Vidarbha by both permanently as well as provisionally registered SSI units observed more or less an increasing trend during the transition phase except for the year 1992-93 and 1993-94 as shown in table numbers T-5.7 and T-5.8 given below. Thus the years 92-93 and 93-94 could be well identified as the patch period of transition phase in which years development of Small Scale industries in Vidarbha had shown downfall with regard to all the three parameter discussed i.e. registration of SSI units, investments in SSI units and employment generation by SSI units. It is only to repeat here that the Nagpur district continued its prominence among all other districts of Vidarbha in terms of employment generation of SSI units as shown in following graphs number G-5.6 and G-5.7. Districts like Wardha, Gadchiroli, Chandrapur and Buldhana had a dicmal performance in terms of employment generation by its provisionally registered small scale industrial units. The taller bars indicating employment generation levels in the year 1994-95 for almost all the districts of Vidarbha show that there started improvement in the employment situation in SSI units towards the end of the transition period.

Table No. T-5.7: Showing Employment Generated by Permanently Registered Units of SSI in Vidarbha during Transition Phase

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</thead>
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<tr>
<td>Nagpur</td>
<td>1751</td>
<td>2473</td>
<td>1421</td>
<td>2925</td>
<td>5996</td>
</tr>
<tr>
<td>Wardha</td>
<td>113</td>
<td>162</td>
<td>121</td>
<td>268</td>
<td>341</td>
</tr>
<tr>
<td>Chandrapur</td>
<td>168</td>
<td>144</td>
<td>144</td>
<td>207</td>
<td>408</td>
</tr>
<tr>
<td>Gadchiroli</td>
<td>NA</td>
<td>NA</td>
<td>60</td>
<td>77</td>
<td>49</td>
</tr>
<tr>
<td>Bhandara</td>
<td>420</td>
<td>388</td>
<td>377</td>
<td>695</td>
<td>1466</td>
</tr>
<tr>
<td>Nagpur Region</td>
<td>2452</td>
<td>3167</td>
<td>2123</td>
<td>4172</td>
<td>8260</td>
</tr>
</tbody>
</table>
Small Scale Industries in WTO Regime

(Contd..)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amravati</td>
<td>560</td>
<td>465</td>
<td>506</td>
<td>545</td>
<td>1037</td>
</tr>
<tr>
<td>Akola</td>
<td>474</td>
<td>632</td>
<td>574</td>
<td>428</td>
<td>641</td>
</tr>
<tr>
<td>Yavatmal</td>
<td>682</td>
<td>710</td>
<td>825</td>
<td>850</td>
<td>1135</td>
</tr>
<tr>
<td>Buldhana</td>
<td>335</td>
<td>385</td>
<td>235</td>
<td>278</td>
<td>382</td>
</tr>
<tr>
<td>Amravati Region</td>
<td>2051</td>
<td>2192</td>
<td>2140</td>
<td>2101</td>
<td>3195</td>
</tr>
<tr>
<td>Vidarbha Total</td>
<td>4503</td>
<td>5359</td>
<td>4263</td>
<td>6273</td>
<td>11455</td>
</tr>
</tbody>
</table>

Graph No. G-5.6 : Showing Employment Generated by Permanently Registered Units of SSI in Vidarbha during Transition Phase
Small Scale Industries in WTO Regime

Table No. T-5.8: Showing Employment Generated by Provisionally Registered Units of SSI In Vidarbha during Transition Phase-

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Nagpur</td>
<td>10340</td>
<td>21365</td>
<td>24970</td>
<td>22870</td>
<td>14326</td>
</tr>
<tr>
<td>Wardha</td>
<td>392</td>
<td>598</td>
<td>635</td>
<td>495</td>
<td>1035</td>
</tr>
<tr>
<td>Chandrapur</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Gadchiroli</td>
<td>NA</td>
<td>NA</td>
<td>320</td>
<td>294</td>
<td>402</td>
</tr>
<tr>
<td>Bhandara</td>
<td>960</td>
<td>2055</td>
<td>1438</td>
<td>1107</td>
<td>1270</td>
</tr>
<tr>
<td>Nagpur Region</td>
<td>11692</td>
<td>24018</td>
<td>27363</td>
<td>24766</td>
<td>17033</td>
</tr>
<tr>
<td>Amravati</td>
<td>746</td>
<td>780</td>
<td>666</td>
<td>902</td>
<td>1310</td>
</tr>
<tr>
<td>Akola</td>
<td>1439</td>
<td>1558</td>
<td>1663</td>
<td>1591</td>
<td>2443</td>
</tr>
<tr>
<td>Yavatmal</td>
<td>682</td>
<td>710</td>
<td>825</td>
<td>856</td>
<td>1135</td>
</tr>
<tr>
<td>Buldhana</td>
<td>692</td>
<td>741</td>
<td>399</td>
<td>520</td>
<td>867</td>
</tr>
<tr>
<td>Amravati Region</td>
<td>2877</td>
<td>3079</td>
<td>2728</td>
<td>3013</td>
<td>4620</td>
</tr>
<tr>
<td>Vidarbha Total</td>
<td>14569</td>
<td>27097</td>
<td>30091</td>
<td>27779</td>
<td>21653</td>
</tr>
</tbody>
</table>

Graph No. G-5.7: Showing Employment Generated by Provisionally Registered Units of SSI In Vidarbha during Transition Phase
Small Scale Industries in WTO Regime

5.5 Export Performance:

The government of India issued number of letters of intents, 100% export oriented licenses and industrial licenses for establishing industries in the State. Year-wise statistics pertaining to letters of intents issued by govt. of India and receipts of industrial entrepreneurs memorandums for establishing industries in State of Maharashtra during 1991-1995 are presented in the tables number T-5.7 & T-5.8. These statistics are indicative of the fact that there took place rise in the letter of intents issued and industrial entrepreneur memorandums during the first two years of this phase i.e. 1991-1992 & 1992-1993. During the remaining two years i.e. 1993-94 & 1994-95 this trend reversed showing decline in the number of letters of intent issued and number of industrial entrepreneurs memorandums received. It is worth mentioning here that the global mechanism of trade and industry took concrete shape in year 1991 with the conclusion of Uruguay round of GATT agreement probably giving SSI sector a hope of free and easy international access. In two years since then the Euphoria seems to have evaporated with the sector’s interface to the ground realities that might have dumped their enthusiasm causing a downward trend in terms of export orientation of these SSI units.

Table Number T-5.9 : Showing Details of Letter of Intent Issued by the Govt. of India and Receipt of Industrial Entrepreneurs Memorandums for Establishing Industries in the State (1991 – 1995)

<table>
<thead>
<tr>
<th>Year</th>
<th>Letter of Intent</th>
<th>Industrial Entrepreneurs Memorandums</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>Investm t Rs. in Crore</td>
</tr>
<tr>
<td>1991 – 1992</td>
<td>79</td>
<td>827</td>
</tr>
<tr>
<td>1992 – 1993</td>
<td>92</td>
<td>1,058</td>
</tr>
<tr>
<td>1993 – 1994</td>
<td>75</td>
<td>1,226</td>
</tr>
<tr>
<td>1994 – 1995</td>
<td>56</td>
<td>874</td>
</tr>
</tbody>
</table>

Shri Sant Gajanan Maharaj College of Engineering, Shegaon, Maharashtra
The rising trend in the SSI sector of Vidarbha also took to rise in export orientation of these units and their entrepreneurs during the phase covered under during 1991-1995 as obvious from the following table

This trend is synonyms to the export trend observed on all India basis as shown in the table. However it can be seen from the similar table that during transition phase Indian exports were lesser than Indian Imports causing an unfavourable trade balance. This is indicative of the rising pressure of neo-economic world order on the Indian industry due to GATT Negotiations.

Table No. T-5.10 : Showing Export Performance of Small Sector

<table>
<thead>
<tr>
<th>Year</th>
<th>Export (Rs. Crores) (at current prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-91</td>
<td>9,664 (26.74)</td>
</tr>
<tr>
<td>1991-92</td>
<td>13,883 (43.65)</td>
</tr>
<tr>
<td>1992-93</td>
<td>17,785 (28.11)</td>
</tr>
<tr>
<td>1993-94</td>
<td>25,307 (42.29)</td>
</tr>
<tr>
<td>1994-95</td>
<td>29,068 (14.86)</td>
</tr>
</tbody>
</table>

Table No. T-5.11 : Showing India’s Foreign Trade during Transition Phase (In Rs. Crore)

<table>
<thead>
<tr>
<th>Transition Period</th>
<th>Year</th>
<th>Export</th>
<th>Import</th>
<th>Trade balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1990-91</td>
<td>32,553</td>
<td>43,198</td>
<td>- 10,645.0</td>
</tr>
<tr>
<td></td>
<td>1991-92</td>
<td>44,041</td>
<td>47,851</td>
<td>- 3,810.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(35.29)</td>
<td>(10.8)</td>
<td>(64.21)</td>
</tr>
<tr>
<td></td>
<td>1992-93</td>
<td>53,688</td>
<td>63,375</td>
<td>- 9,687.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(21.9)</td>
<td>(32.4)</td>
<td>(154.25)</td>
</tr>
<tr>
<td></td>
<td>1993-94</td>
<td>69,751</td>
<td>73,101</td>
<td>- 3,350.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(29.91)</td>
<td>(15.3)</td>
<td>(65.42)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>82,674</td>
<td>89,971</td>
<td>- 7,297.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(18.62)</td>
<td>(23.1)</td>
<td>(117.82)</td>
</tr>
</tbody>
</table>
Small Scale Industries in WTO Regime

<table>
<thead>
<tr>
<th>1994-95</th>
<th>--</th>
<th>--</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quinquennial Average-I</td>
<td>56.541.4</td>
<td>63,499.2</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>17,873.17</td>
<td>17,029.2</td>
</tr>
<tr>
<td>Coefficient of variation</td>
<td>31.61</td>
<td>28.81</td>
</tr>
</tbody>
</table>

5.6 Industrial Sickness:

Sickness in the SSIs financed by banks during 1990-1995 is given below in the table no. T-5.12. The yearly number of sick SSI units has been hovering beyond 2 lakh numbers on all India basis blocking capital investment to the tune of more than Rs. 2000 crores in each year. However potentially viable SSI units stand at well below the number of 20,000 each year employing investment of Rs. 600 to 800 crores annually. Although the statistics are not available regarding sick SSI units of Vidarbha for the transition phase, the trend in sickness during this phase is considered no different in Vidarbha than the one prevailing on all India basis.

Table No. T-5.12 : Showing Sickness in SSI Sector during Transition Period

<table>
<thead>
<tr>
<th>As at the end of March</th>
<th>Total sick units</th>
<th>Potentially viable</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Amount (in Rs. Crores)</td>
</tr>
<tr>
<td>1990</td>
<td>218828</td>
<td>2426.94</td>
</tr>
<tr>
<td>1991</td>
<td>21422</td>
<td>2792.00</td>
</tr>
<tr>
<td>1992</td>
<td>245575</td>
<td>3100.00</td>
</tr>
<tr>
<td>1993</td>
<td>238176</td>
<td>3442.97</td>
</tr>
<tr>
<td>1994</td>
<td>256452</td>
<td>3690.37</td>
</tr>
<tr>
<td>1995</td>
<td>268815</td>
<td>3547.16</td>
</tr>
</tbody>
</table>
5.7 Policy Support to Small Scale Units of Vidarbha During Transition Phase:

Two important policy resolutions were made during the transition phase by Govt. of India namely industrial policy 1990 and industrial policy 1991. The Industrial policy 1991 was an exclusive small scale Industrial Policy. The significant features of these policies which were also observed by different State Governments including State of Maharashtra are briefly described below:

The Industrial Policy 1990: To re-orient industrial growth serve the objective of employment generation, dispersal of industry in the rural areas and to enhance the contribution of SSIs in exports, important measures decided under this policy were:

1. Investment ceiling in plant and machinery for SSI (fixed in 1985) raised to Rs.6 million and for ancillary units to Rs.7.5 million, further SSI units undertaking exports of at least 30 per cent of annual production (by the third year) permitted to step up their investment in plant and machinery to Rs.7.5 million.

2. Investment ceiling in respect of tiny units also increased to Rs.0.5 million, however, locational condition of population limit of 50,000 as per 1981 census continue to apply.

3. A new scheme of Central Investment Subsidy exclusively for SSI sector in rural and backward area capable of generating higher level of employment at lower capital cost implemented.

4. A targeted approach adopted to channelise need-based, higher flow of credit, both by way of term loan and working capital to the tiny and rural industries by the new apex Bank – SIDBI and other commercial banks/financial institutions.

5. A special cell established in SIDO and State Directories of Industries to assist women entrepreneurs, impart training and conduct Entrepreneurship Development Programming with a view to widen entrepreneurial base.
6. To reduce bureaucratic controls and simplify procedures particularly in the field of labour legislation as a step to eliminate interference of inspectors in SSI units.

The Industrial Policy, 1991: It contained for the very first time a special thrust on measures for promoting and strengthening small, tiny and village enterprises. The main highlights of this Policy are summarized below:

1. Investment limit for tiny enterprises was raised to Rs.0.5 million and locational conditions were withdrawn.
2. All industry-related service and business enterprises (with investment ceilings as those of tiny enterprises) irrespective of location, were recognized as SSIs.
3. A separate package for the promotion of tiny enterprises was urged.
4. The SSI sector was entitled to a one-time benefits only (land allocation, power connection and skill up-gradation facilities).
5. Tiny enterprises continued to be eligible for additional support on a sustained basis (i.e. access to institutional finance, priority in Government purchases and relaxation from certain provisions of labour laws).
6. Equity participation by other industrial undertakings was permitted up to a limit of 24 per cent of shareholding in SSIs on boost ancillarisation and strengthen the capital base.
7. A Limited Partnership Act (where the liability of at least one partner is unlimited and that of the other partners are limited to the capital invested) as a new legal form of business organization was envisaged with the aim of attracting a fresh influx of equity capital into SSI sector.
8. A new scheme of Integrated Infrastructural Development (including technological back up services) for SSIs was provided for with the participation of State Governments and financial institutions.
9. A proactive role for non-governmental organizations (NGOs) such as industry/trade organizations was mooted.

10. Several measures for strengthening the handloom and handicraft sectors as well as other village industries were listed.

Package of facilities and incentives for tiny sector: As announced in August 1991, as a part of policy, separate package of incentives\(^1\) was urged for promotion of tiny enterprises. The measures introduced thereafter to promote the tiny sector, included the followings:

1. Launching of the Prime Minister's Rozgar Yojana in October 1992.

2. Enhancement of loan limit under composite Loan Scheme of SIDBI in 1994 from Rs.0.05 million to Rs.0.2 million.

3. Tiny enterprises though not registered as SSIs, were made entitled to the same rate of excise exemption since 1994-95.

4. Upward revision in investment ceilings in plant and machinery up to Rs.2.5 million in December 1997 to re-define a tiny enterprise.

5. Earmarking of 60 per cent of total credit flow to SSI sector (1998).

6. Other additional measures for promotion of tiny enterprises announced in August 1998.

The significant features of policy resolutions and the important policy changes made during the transition phase have been presented in the following table\(^1\) no. T-5.13 and T-5.14. These features are self explanatory in nature. It may, however, be mentioned here that there took place policy changes almost every year except the year 1994 during the transition phase.
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Table No. T-5.13: Showing Significant Features of Post Liberalization Policy Resolutions

<table>
<thead>
<tr>
<th>Policy Resolution</th>
<th>Features of Policy Resolution Significant for Small Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPR 1991</td>
<td>The investment limit for tiny enterprises was raised to Re.0.5 million and locational conditions were withdrawn. All industry related services and business enterprises (with an investment ceiling as those of tiny enterprises) irrespective of location were recognized as SSIs. Equity participation by other industrial undertakings was permitted up to a limit of 24% of shareholding in SSIs to boost ancillaryisation and a strengthening of the capital base. A new scheme of integrated infrastructural development – including technological back up services – for SSIs was provided for with the participation of state governments and financial institutions.</td>
</tr>
</tbody>
</table>

Table No. T-5.14: Showing Policy changes in the post liberalization era (Transition Period)

<table>
<thead>
<tr>
<th>Year</th>
<th>Policy proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>A national renewal fund set up to protect workers affected by technological upgradation and modernization</td>
</tr>
<tr>
<td>1993</td>
<td>To mitigate the delayed payment problems of SSI units and an early settlement of their dues from large scale enterprises, “the interest on Delayed Payment To Small Scale And Ancillary industrial Undertakings Act, 1993” was promulgated</td>
</tr>
<tr>
<td>1994</td>
<td>Financial assistance for Quality certification scheme was launched to enable small industries to acquire ISO 9000 or similar international quality standards</td>
</tr>
<tr>
<td>1995</td>
<td>A technology development fund scheme to promote modernization and upgradation of technology and capital goods imports (in operation since 1976) was notified by raising the ceiling to Rs. 50 million per unit</td>
</tr>
<tr>
<td></td>
<td>The eligibility limit for availing of the SSI excise duty exemption scheme was raised from Rs. 20 million to Rs. 30 million.</td>
</tr>
<tr>
<td></td>
<td>A technology development and modernization fund with an initial corpus of Rs. 2 billion was set up in SIDBI</td>
</tr>
</tbody>
</table>
Reservation of Items for Exclusive Purchase from SSIs: The National Small Industries Corporation Ltd. (NSIC) was designated as the nodal agency to promote the marketing of SSI produces to the Government under the Preferential Purchase Policy. Under the Government Stores Purchase Programme, the Director General of Supplies and Disposal (DGS&D) was made responsible for arranging purchases and delivery to all stores required by different Ministers of the Government of India and attached offices. The Government duly emphasized an increase in the quantum of purchases of various items from SSIs.  

NSIC enlisted SSIs under a single point registration programme with a view to avoiding multiplicity in the registration of SSIs with various Government agencies. The units, so registered, were treated at par with those registered with the DGS&D and did not require any separate registration with any other Central Government department or public enterprise. Special concessions were provided to SSI units to participate in the Government’s Stores Purchase Programme and include the free supply of tender forms, exemption from registration fees and security deposit etc.

SSIs had been provided protection from competition in the matter of purchases of different products by the DGS&D. Store Purchase Policy of the Government prior to 1989 was in the form of categorization of items in six major groups  as detailed below:

- **Group I:** Items, which were of no interest to SSI units and could be solely procured only from large scale units (128 items).
- **Group II:** Items, which could be purchased solely from large scale units but where it was possible for the large scale units to job contract accessories and components to SSI units (159 items).
- **Group III:** Items, which could be purchased both from small scale and large scale industrial units.
- **Group IV:** Items which were reserved for exclusive purchase from SSI units (409 items).
- **Group V:** Items which were to be purchased from SSI to the extent of 75 per cent of the requirements (13 items).
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Group VI: Items that were to be procured exclusively from the SSI units to the extent of 50 per cent of the requirement (28 items)

However, with effect from 28 July, 1989, the Purchase Policy of the Government changed in a major way and the categorization of the items was reduced to the following two major groups, viz.

(i) Items of stores reserved for exclusive purchase from KVIC/Women’s Development Corporation/Small Scale Units, and
(ii) Others not so reserved

The first groups comprised of 409 items earlier reserved for exclusive purchase from the small scale sector. To consider the question of inclusion of additional items in the Group IV (reserved exclusively for purchase from SSI units), a Committee was constituted and its structure underwent changes from time to time. The list of 409 items reserved for purchase from SSI sector was reviewed by the Committee in is meeting held on December 18, 1997 and 358 items (including 8 Handicraft items) were reserved for preferential purchase. The remaining items (not falling under the Reservation list) were provided a price preference up to 15 per cent over quotations from units in the large scale sector. Since the year 2002, complete dereservation of items has been introduced in the country as announced in the central financial budget of this year.

For a speedy growth of SSI sector, the Government of Maharashtra brought about many measures one of which was simplification in the small scale industrial registration unit’s registration procedure on the lines of central government. Maharashtra also modified its policy about SSI sector by reducing investment limit for SSI unit from Rs. 3 crore to Re. 1 crore. Policy changes were also introduced for investment limit of small scale service and business enterprises and for loan limit of SSI units. Measures like this and others saw a steep rise in the number of permanently registered SSI units.

5.8 An introspection of Transition Phase:

It now clearly indicates that growth in SSI sector of Vidarbha region speeded up during the transitation phase with more inclination towards Nagpur region while
Amaravati region of this area continued to remain under shadow defeating the fundamental SSI policy of uniform distribution of small scale industries throughout the region of the State or its any pocket. Nagpur district has been emerging in this period as the central place for all SSI activities may it be establishment and registration of SSI units or investment in the same or even SSI’s contribution in employment generation. The transition phase was characterized by the following significant features.

1. The GATT agreement finally arrived at during this phase in the year 1993.
2. The WTO came into effect on Jan, 1 1995 formally establishing the global trade regime
4. An exclusively Small Scale Industrial policy was resolved by Govt. of India in the year 1991.
5. Global transaction increased in volume where India’s share in exports was superseded by its share in Import causing an unfavourable trade balance.
6. There were initiated policy changes during the transition period almost every year except for the year 1994-95 which speaks volume about the mindset of the government to adjust itself to the WTO provisions.

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