Chapter Two

Review of Literature
A good deal of research work has been done on small scale industries in India during the last many years. Different aspects of the organization, management, finance, marketing and planning and policy formulations have been studied by academicians and researchers. Here an attempt is made to review some of the writings on small scale industries which have a bearing on the research study.

Gaikwad and Tripathi (1970)\(^1\) The author studied small entrepreneurs of Tanku region of West-Godavari district in Andhra Pradesh to bring out the prerequisites for successful entrepreneurship. The investigators observed that all entrepreneurs were persons with initiative, drive and hard work, though the majority of the entrepreneurs had no technical knowledge not strong economic base or strong political connections. Moreover very few had an idea of the work involved and the government policy. This study brings out an interesting finding regarding the option of traders about industrial entrepreneurship. The authors have opined that industrial entrepreneurship has a lot of scope and better status but it requires a large capital outlay, high managerial and

\(^1\) Gaikwad.V.K. and Tripathi R.N.: Socio-Psychological Factors Influencing Influencing Industrial Entrepreneurship in Rural Areas. NICD, Hyderbad.
organizational skills and technical knowledge besides a long gestation period before one gets returns that it becomes difficult for traders to venture into it.

J. M. L. Tambi (1973) makes a fervent plea for formation of consortia of marketing groups among the Small Industrial Units. In his article he pleads for co-operations among various small manufacturers engaged in allied lines of manufacture to pool together their resources, skill and ingenuity for an aggressive market promotion drive.

Nandy (1973) The author carried out an intensive study of small scale entrepreneurs with a matching group of non entrepreneurs from Howrah in West Bengal with the objective of comparing enterprising and non-enterprising cultures. The study revealed that in an enterprising community entrepreneurial exposures themselves contribute substantially to entrepreneurship and that such a phenomenon was an important determinant of entry and survival in business. In the study need for achievement was found to be the best predictor of entrepreneurial motives, followed by need for power and a sense of efficacy.

Bhatia (1974) The author studied the history and present status of 50 small manufacturing firms (with less than 50 workers) located in Punjab State.

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3 Nandy Ashish: Entrepreneurial Cultures and Entrepreneurial men-Economic and Political Weekly 8(47)-98-105.

He examined the socio-economic background of entrepreneurs, their attitude towards industry, the ways in which they made transition to industry and the problems they faced in establishing and building up their enterprises. His findings show that entrepreneurs belonged to all sectors, but in order of their contribution to entrepreneurship they are as follows: service, trading, factory workers, student manufacturers and farmers. The analysis showed no relationship between growth of firms and socio-economic background of entrepreneurs. However firms, which continuously expanded and had a gradual growth and were started with a relatively favourable capital base were mostly established by merchants. The entrepreneurs showed a tendency to diversity instead of expand after a particular point and Bhatia suggested that this is because they lack vital information about wider markets.

**SIET (1974)** The Small Industrial Extension Training Institute Hyderabad conducted a survey of small units situated in Hyderabad and Secunderabad. The study probed into the reasons for starting industrial units by interrogating 61 entrepreneurs. The study reveals that the reasons in order of importance were as follows. The most important reason for starting the small industrial unit was 'economic gains' followed by 'ambition', 'social prestige' and 'social responsibility'. However 'high demand' for the product perceived had been the

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5 SIET: Socio-Psychological Factors Influencing the Adoption of the Innovation for starting a Small Industry Unit Hyderabad. SIET-Institute 1974.
most encouraging factor. The study further revealed that 'capital shortage' and 'government red tapism' were the most discouraging factors. The study hypothesized six stages in the process of adoption and innovation of small industry and these are

i. The awareness stage

ii. The interest stage

iii. The preparation stage

iv. The trial stage

v. The evaluation stage and

vi. The adoption stage

The findings revealed that all entrepreneurs had not passed through all the six stages and the number and sequence was also not constant in all the cases. The study further showed younger age formal education urban background, experience in industry, high levels of aspiration, risk taking and adoption propensity were some of the characteristics that were positively associated with quality of entrepreneurship. However factors like technical education, high monthly income membership of organizations and need for achievement were found not to be related to entrepreneurship.
Bhattacharjee and Aukhouri (1975). The authors developed a profile of small industry entrepreneur on the basis of publications devoted to entrepreneurial characteristics. The empirically tested and significant characteristics appeared to be need for achievement, power, independence, propensity to take risk personal modernity, business experience, leadership, lack of social mobility, and symbolic, or actual rejection of father. The factors which were empirically tested but not statistically supported are autonomy aggression, conformity, recognition, benevolence, innovativeness, occupational background caste, family background, age and education.

Nafziger (1975). The author conducted a study on 54 entrepreneurs of small scale manufacturing enterprises of Vishakhapatnam. He found that a highly disproportional number of entrepreneurs (especially successful ones) are from higher castes and from high academic status families. He suggests that the socioeconomic class status of businessmen were substantially higher than that of the general population not only in India but probably also in a large part of the rest of non-socialist world.

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A. P. Sharma (1978) While tracing the evolution of a fast growing small scale industrial sector with active government support maintains that the perspective of marketing assistance to these industries has to undergo a change both in complexion and emphasis. He feels that they do need varying types of assistance to mechanizing market challenges in different types of markets i.e. urban, rural and exports markets.

K. N. Sapru (1978) dealing on the marketing problems of small industries feels that because of their small size and lack of resources the small industries, by and large, one is unable to adopt modern marketing methods. He feels that market research, market forecast, branding, effective publicity and even proper type of after sales service are beyond the means of many small industrialists. He concludes that unless small units in particular industries join hands and build up their own marketing organisation it will be impossible for them to capture national markets and to compete effectively with large industries.

Sharma K. L. (1978) Mr. Sharma studied 245 small scale entrepreneurs from Punjab and Uttar Pradesh and tested a model for entrepreneurial development. His model of entrepreneurship growth envisages

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it as a process with four stages viz. entry, expansion, perception of stability and commitment to sustained growth. He concluded that the role of government policies and their implementation become crucial to sustain the interest of the entrepreneurs in the continuous expansion of business.

D. B. Gosavi (1979) Study on marketing problems of small scale industries throws light on the inadequate efforts by government and other agencies in marketing of the products of small scale industrial units. He feels that National Small Industries Corporation has been helping Small Scale Industrialists in a small way enlisting the major marketing problems of Small Scale Industrial Units as sales promotion and media advertising, distribution, credit sales, financial assistance, taxes on sales and exports.

D. S. Vaidya (1979) Advocates for giving importance to creating of market than for meeting the needs of the market through advertising, sales promotional campaigns, fairs and exhibitions, sales contests, etc.

M. K. Ingle (1979) Suggests that help from outside should be only supplementary. The real solution according to him lies with the entrepreneur himself.

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Sudhir C. Bhave (1979) has made a study of marketing problems of 40 small scale industrial units in Poon region. He has recommended, among other suggestions, that a consortium be formed and follow some common strategy.

The common factors to be considered are:

i. A common brand name
ii. A common advertisement programme with a cess collected from members
iii. A common network of distributions agencies
iv. A standard system of discounts for the retailers/distributors commonly arrived at, and
v. A common pool of funds formed for designing and development of the product.

Arvind Karba (1982) makes a detailed study of marketing problems of small scale industrial units in his paper and concludes that structural limitations like inadequate resources for production promotion and quality control as well as lack of marketing experience and know-how have kept marketing to a low profile.

R. P. Singarvelu (1982) makes a critical study of the role of State in the marketing of small industry products. He maintains that in the procurement and execution of government order the accent should be on canalization of government purchase to the Small Scale Sector to ensure that substantial proportion of the government purchases are made from small scale industries.

Nisar Ahmed (1987) The research study on "Problems And Management of Small Scale and Cottage Industries" by Dr. Nisar Ahmed is a good addition to the existing literature on small scale industries. The work is a distinct departure from the usual approach to small scale and cottage industries. The author has traced the problems of varied nature both at micro and macro levels and has suggested some practical measures for the speedy development of small scale and cottage industries in India. Dr. Ahmed has provided in his book recent thinking on the subject such as entrepreneurial development, quality upgradation and industrial sickness. The author's contribution stresses the view that small scale and cottage industries, if scientifically organised and run along proper lines, can surely meet the socio-economic objectives of the planned development in the country. The study focused on the problem of development of small scale industries in the state of Jammu and Kashmir.

Sharma Anamika (1987) 18 The author studied innovative-adaptive behaviour in relation to personality and background factors of 200 small scale male and female entrepreneurs and non-entrepreneurs. Personality variables comprised of achievement motivation locus of control, originality and group/rule conformity. Background variables were age, sex, father’s education, mother’s education and occupation, and residential status. Results indicated that entrepreneurs were innovative and non-entrepreneurs were adaptive. It was also found that innovators were more achievement-oriented than adapters but gender differences were not found. Significant correlations were obtained between adaptiveness and group conformity and innovation and locus of control. Innovative behaviour can be predicted by originality, achievement motivation, father’s education, efficiency, and rule/group conformity. Factor analysis revealed that innovative behaviour is a function of characteristics like achievement motivation, internal LOC, nad low rigidity. Background characteristics found to be having a high loading were father’s occupation, mother’s occupation and younger age.

Ram.K.Vepa (1988) 19 In his study on "Modern Small Industry In India- Problems and Prospects". Dr. Vepa has made a scholarly study on the various issues of

small industry in India. The author has outlined the progress made by the small scale sector over a period of thirty years from 1955 to 1988. He has identified some key areas which need greater attention on the part of policy markers if the small industry sector is going to successfully meet the challenges posed by modern technology. These areas include technology support, credit flow and market assistance. The author has also identified thrust areas which are likely to gain in importance in the decades to come. He has suggested a strategy for micro planning at the field level.

Dr. Vepa's comparison of India's strategy for the development of the small industry sector with that adopted by Japan and China provides interesting insights. The author's study is succinct and critical and is of great interest to policy markers, planners, economists and for researchers.

**Vasant Desai (1989)** Dr. Vasant Desai has made an indepth study of the small scale industries in his book "Management of Small Scale Industries". The author has analysed varied economic aspects of the small scale industries. His conceptualisation of the small scale industry provides his deep insight into the economics of the subject. He has rightly elaborated the dimensions of the economic benefits of the small scale industry. His narration of the state policies and promotional measures towards the small industries was very revealing.

Dr. Vasant has extensively dealt with the various managerial aspects of the small industries. His analysis of institutional assistance and planning of production is very comprehensive. These aspects have been rightly followed by the explanations on cost, production and technical know how in the small scale sector.

Dr. Desai has provided a good analysis of capital structure of the small scale industries and the cash flow management by the small entrepreneurs. Other aspects studied in the area of capital and finance of the small scale units relate to working capital management, institutional finance, planning and control of profits and taxation benefits.

The author's study of marketing and promotion of small scale industries is very scholarly and has a high analytical value. This part of his study includes the discussion on methods of marketing, pricing policy, distribution channels, scales promotion and sales management, etc.

Dr. Desai’s study has much significance for the present work on small scale industries in North Karnataka.

Deolankar Vivek (1989). The author had asserted in his article on “Marketing Problems of Small Scale Industries” that the small scale industries should develop their marketing skills as marketing is the primary responsibility of small scale units and not that...

of the state. The state should not be expected to take the responsibility of marketing as the SSI units are privately owned and managed. The marketing initiative should come from the owner or the manager. The government can only assist and advise on such matters as quality, product, costing, pricing, promotion, selection of distribution channels or in evaluating contribution made by distribution intermediaries.

M.S. Varadan (1990) 22 In his article “Key Areas For Attention In Small Industry Development” Mr. M.S. Varadan pleaded for strategic planning mix for a small industry entrepreneur. The following strategic planning mix had been suggested by him.

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<th>Production:</th>
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<th>Marketing:</th>
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<td>i.</td>
<td>Production mix so that over reliance on one product and one technology is avoided.</td>
<td>Coping with problems when technology of the buying unit changes.</td>
<td>Supply to more than one unit and not becoming over dependent one</td>
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<td>ii.</td>
<td></td>
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<tr>
<td>iii.</td>
<td>Mix of full time and part time personnel</td>
<td>Coping with availability and turnover and keeping wage cost low.</td>
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<td>iv.</td>
<td>Mix of own and borrowed funds</td>
<td>For overcoming liquidity crisis for survival needs.</td>
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22 M.S. Varadan: Key Areas For Attention In Small Industry Development- The Hindu, 4th October, 1990, p24
Mr. Vadadan had specifically mentioned the marketing failures of small scale industrial units. According to him many small entrepreneurs were technically sound their greatest bugbear had always been marketing. Though they devoted sufficient attention to problems of production, the marketing front remained neglected. He had suggested to properly recognise marketing entrepreneurship as against manufacturing entrepreneurship. The survival of the small entrepreneur depends on the choice of judicious mix of four major areas namely production, personnel, marketing and finance.

Dr. C. Laxminarayana and D. Sakriya (1994) 23 The authors had stressed the significant role of small scale sector in promoting entrepreneurship in their article “Entrepreneurship And Small Scale Industry”. The authors had observed that small sector had enabled men with qualities of initiative, vision and leadership to become successful managers. They had maintained that the small scale industrial sector acts as a channel through which talented and motivated individuals can play a dynamic role. The small sector was considered as a seed bed or nursery of entrepreneurs and managerial talent.

The authors have made a comprehensive study of small scale industries in their publication “50 years of Small Scale Industries in India – Policies and Programmes”. The authors have contended in their study that “the small scale sector emerged as a highly vibrant and dynamic sector of the Indian economy it is one of the success stories of Modern India”. Dr.Prasad and Mr.Kaushik have observed that the sector has emerged victorious even in the face of rising threats from the large industrial sector inside and the multinationals outside. The sector is widely acclaimed for its undisputable role in employment generation, production and exports etc.

The authors have rightly mentioned that economic reforms through changes in industrial, financial, fiscal and trade polices have brought this sector within the ambit of extensive challenges and intense competition. had traced chronologically the significant role assigned to small sector in the different Industrial Policy Resolutions since 1948 up to the New Industrial Policy of 1991. They have mentioned the plan wise growth of the small scale industries under the different Five Year Plans.

The authors have narrated the governmental supports given to small scale sector through fiscal, monetary and infrastructural facilities, during the last fifty years. They have suggested to evolve a variety of linkages between

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large and small industries, between government and people through non-governmental organisations, between technology and quality and finally between economic cost and social benefits. The authors have supported the Abid Hussain Committee recommendation for adopting cluster approach as a future strategy for small scale industries growth.

Abid Hussain (1998) 25 Advocating a policy for promotion of small scale industries and their protection the Committee led by Dr. Abid Hussain had made some observations in “Small Enterprises – Protection to Promotion”

The Committee had made the following suggestions

1. Protection through reservation is unnecessary

2. Support must be for small-scale enterprises, not for small scale industry. Support from non-government sources must be encouraged such as through clusters.

3. District Industry Centres should be replaced by flexible broad based District Enterprise Promotion Boards.

4. The distinction between term lending and working capital institutions should be scrapped.

5. There should be more stringent provisions for non-payment to SSEs in the Delayed Payments Act.

6. There should be a limited Partnership Act to encourage venture capital.

7. There should be a separate law for SSEs.

Dr. Abid Hussain Committee has observed that the success of subcontracting is critically dependent on large firms being able to transfer the know how for quality production to ancillary units and to build up a relationship of healthy cooperation rather than dominance. The committee had mentioned that the cause of SSE development is best served by encouraging the potentially dynamic units to grow and prosper in any product group they operate in, rather than by favouring certain product group. Emphasis had been laid on clusters which have to be the centrepiece of the future strategy for promoting small and medium enterprises. An important observation of the Committee was that the centre piece of the new approach should be increasing public private partnership in setting up support system for small scale enterprises. The Committee felt that the removal of reservation will also pave the way for greater equity participation from large Indian companies and foreign investors along with greater sub contracting. Large companies will then have an incentive to establish long term relationships and transfer proprietary technology for improving the quality of products supplied by small scale companies.
Dr. C.S.Prasad (2001) In his paper on "The Third Census OF SSI Units" Dr. C.S. Prasad has provided a very comprehensive account of the significance, and problem areas of conducting the Census of the SSI units. He has referred to the previous census conducted in 1972-73 for the base year 1970, and the second census conducted in 1990-91 for the base year 1987-88. Now the third census is being conducted for the period 2001-2003. Dr. Prasad says that data are information and information helps in taking policy decisions depends on the quality of data. The author says the present database suffers from several handicaps such as a long gap in conducting census and sample surveys, collecting data only from registered SSI units, delay in collection, dissemination and processing of data. Dr. Prasad has mentioned in his paper that of poor response particularly due to apprehension on the part of SSI units that the disclosure of information or correct data might land them in sight land them in troubles. However Dr. Prasad is confident that inspite of all these gaps the database on SSI in India is much better than many other developing countries.

26 Dr. C.S. Prasad: The Third Census of SSI Units-Ibid pp14-20
Commending the significance of the Census of SSI units the author has mentioned that the Census will provide valuable information on the status of SSI in the light of policy of liberalization/globalisation and dereservation. This according to him will facilitate in undertaking appropriate corrective measures and future policy initiatives. The information collected through the Census will also throw light on closure and sickness of SSI units. The information will assume importance since it is being said that emergence of WTO and various Agreements under it and the removal of Quantitative Restrictions have been affecting the SSI sector adversely.

The author has concluded that the major achievement of the past two censuses has been a planned effort to create a sound database for the sector. But long gaps in holding census disrupts this base. The Third Census is considered as a matter of urgency. He considered the task as a stupendous one since it aims at collecting data from about 30 lakh SSI units spread in the various parts of the country. The task is challenging since it aims at collecting data both from registered SSI units and unregistered units.

*Mamta Shankar (2001)* In her paper “North-East Industrial Policy 1997 Incentives and Concessions for SSI Sector” Mamta Shankar, had provided a detailed picture of the new and synergetic incentives package under the North East Industrial

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Policy. She had detailed the infrastructural, fiscal, financial and marketing initiatives envisaged in the policy.

Neela Mukharjee (2001) 28 Smt. Mukharjee had studied the impact of WTO on the SMEs with special reference to India in her article "World Trade Organisation and Small and Medium Enterprises from Developing Country's Perspective: A study of Indian Small Scale Industries". The author suggested that until recently the high protectionist walls, surrounding India's SMEs (small and medium enterprises) helped them to cope with big business, globalisation efforts of the transnational firms and the progressive liberalisation under WTO trade regime such protectionist walls are now becoming increasingly vulnerable given the fast changing policy-scenario towards liberalisation and globalisation thus making rules of business compatible with agreements under WTO. For Indian small scale enterprises the new millennium will be structurally different from the earlier decades in terms of geo-politic-economic environment within which they are required to operate.

The vulnerability of India's SMEs is caused by, low capital base, difficulties in accessing technology, credit constraints, low access to business services, constraint of quality of human resources, low awareness and low

28 Neela Mukharjee: World Trade Organisation and Small and Medium Enterprises from a Developing Country's Perspectives; A Study of Indian small Scale industries. Ibid. pp 36-48
lobbying capacity, major exogenous forces affecting cost and returns of SMEs relate to the following:

- Advancement in generic technology of computers and telecommunications
- Rise to electronic commerce
- Globalisation and liberalisation policies including unilateral liberalisation.
- Multilateral trading rules under agreement of World Trade Organisation (WTO)
- Bilateral / regional agreements
- Mergers and acquisitions
- Labour and environmental standards' lobbies
- Liberalisation of services/infrastructure
- 'Sourcing out' of activities to outside firms
- Growth in world demand for a variety of services.

The author had opined that the main policy objectives for SMEs in India in the present setting could be;

1. Creating space enabling environment for a level playing field.

2. Providing them with a reasonable period of time and space for adjustment and

3. Providing adequate safeguards against 'unfair' trade and investment.
Nimbalkar P.B. (2001) in his paper on "Role of International Finance in the Development of Small and Medium Enterprises". Mr. Nimbalkar had emphasised that the key elements enhancing global competitiveness of small and medium enterprises revolved around an easy access to credit, technology, marketing, information and simplified systems. Globally the role of international finance in the development of SMEs has become an important element in the market determined strategies of development. The author felt that to provide financial assistance a unique range of financial products and services have been developed in the form of project financing, equity participation, guarantee, forfaiting and consultancy-cum-technical services. He further argued that improvement in the local skill and capabilities of SMEs and the financial institutions was a critical need for the development of SMEs. Mr. Nimbalkar opined that access to information via internet was very significant for SMEs to obtain industry knowledge, contacts about overseas markets, suppliers and sources of capital.

Author had suggested to study ways in which SMEs from abroad can assist indigenous entrepreneurs and vice versa. He had also suggested encouragement to transnational linkages/networks of SMEs and promoting partnership and networking between SMEs in different countries.

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Pankaj Jain (2001) 30 In his article "Making IT work for SMEs- An Information Network" Mr. Pankaj Jain observed that improving access of SMEs to information relevant to the sector should be one of the priorities of the Government. He referred to the Small Enterprise Network (SENET) programme launched by the Government with the idea of easing access to information for SMEs and making available to them this information in a user friendly format at their doorstep.

Author had observed that what needs to be remembered is that a knowledge portal like the one developed under SENET goes beyond making available information to a small group having access to computers. It is about the systematising the collation, organisation and retrieval of information. A portal helps in focusing on these tasks with the client groups in mind. The author maintained that when we seek to make SMEs competitive, it is important to equip them with the information that they can use.

S.K. Tuteja (2001) 31 The author in his paper "partnership for SMEs Development- Ancillarisation / Sub Contracting" observed that the shift from agrarian to

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industrial and to post industrial knowledge based societies was not through the large industrial houses but through individual and small initiatives by visionaries from the SMEs (small and medium enterprises). Mr. Tuteja had mentioned the new challenges to SMEs which included besides competitiveness, technology, credit, management practices and marketing strategies. The author had lauded the SMEs reactions to these problems.

S. Swaminathan (2001) 32 Highlighting the difficulties of small scale industries in his artice “SSI In The Doldrums” Mr. S. Swaminathan observed that the small industry sector is in a serious state of crisis. He had further mentioned that the malady of unviability set in long before the liberalisation process began in 1991. He had rightly observed that a whole era of protection going back of ‘stand alone’ SSI units in a dubious state of comfort almost in obstinate defiance of basic economic logic.

However, the author noted that the well-meaning argument infavour of reservation of production of SSI units turned on virtues of decentralisation of economic development, nurturing of entrepreneurship and propagation of employment at low levels of capital investment and of cost containment Through elimination of high overheads. The author had observed that the SSI sector did not emerge as the Achilles heel of Indian industry only because of

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economic liberalisation. He had observed that in the late 80s 'sickness' had become endemic in the SSI sector owing to a combination of factors of which managerial inadequacies, financial debility and mismatch with the large industrial units were the more chromic deficiencies. The author had mentioned the traditional weakness of the SSIs- technological inferiority, lack of marketing savvy, constraints of capital and credit.

Mr. Swaminathan opined that a bold new enabling framework needs to be developed in order that small units re-emerge as organic parts of a globally competitive industrial economy. The process would certainly involve the abandonment of the primitive notions of SSI as specially ordained entities permanently licensed to function sans commercial viability and accountability for the resources employed.

Dr. Sudhir. K. Jain (2001) Dr. Jain had discussed the challenges of globalisation to the small-scale enterprises in his paper "How Can Indian SSEs meet the Challenge of Globalisation?" The author observed that the emergence of WTO and the globalisation process have caused the greatest impact on the industry irrespective of their size. In developing countries probably the maximum impact has been on the small scale enterprises. Mr. Jain opined that every country

33 Dr. Sudhir. K. Jain: How Can Indian SSEs meet the Challenge of Globalisation? Ibid pp27-33
should have prepared for competing in the era of globalisation. The preparation for competitiveness needs to be done by the government as well as entrepreneurs and the corporate. The author further maintains that the government should provide good infrastructure and create level playing field for the industry that in turn, should respond by determination to succeed through upgrading technology, skills etc.

There have been substantial changes in the Indian economy consequent to the economic reforms initiated in 1991. Mr. Jain had summarised these changes as excessive control to decontrol, physical to financial control, regulatory to developmental role of the government, irrelevantly complex to rationalised fiscal structure, protection to competition for the public enterprises and SSEs, equity to efficiency considerations, low to higher importance of modern technology, rigidity to flexibility and so on.

Mr. Jain had made some observations on the basis of a survey on this aspect and had suggested some measures to ensure competitiveness of SSEs. He suggested that for competing internationally the firms and the entrepreneurs need to be proactive. Entrepreneurs should develop proactive attitude and approach and should upgrade technology used in their SSEs and also focus on upgrading skills and competence of their personnel through appropriate training. Entrepreneurs should initiate efforts towards global leadership. This way the Indian SSEs can successfully meet the challenge of globalisation.
Dr. V. Balachandran (2001) 34 Excise duty levy is one factor which has great impact on the small scale sector says Dr. Balachandran in his article “Excise and SSI.” The author had lauded the policy of the government in providing exemptions from payment of excise duties to SSI sector to improve its competitive position vis-a-vis the large manufacturing units. He mentioned that the Government of India had provided a major relief by granting full exemption from the payment of central excise duty on a specified output and thereafter slab-wise concessions of certain specified items in 1978. A general Small Scale Exemption Scheme in respect of specified commodities was introduced in 1985. The same was replaced in 1986 and subsequently amended from time to time by a number of notifications in 1993. With effect from 1/4/1994 Gate-pass System was replaced by manufacturer invoice to cover clearances of goods as the duty playing document.

The author had traced the subsequent changes in the provisions of the excise duty exemptions for SSI units till 1/4/1999. He had mentioned the norms for obtaining the exemptions from payment of excise duty till the introduction of exception schemes available for SSI sector as per the Finance Act 2000. The author had detailed the rate of duty on specified goods and had given an exhaustive list of goods exempted from whole of the duty of excise/ the

34 Dr. V. Balachandran: Excise and SSI. Ibid, pp 52-56.
additional duty of excise. The article was very comprehensive in providing the information on the excise duty exemption for the SSI sector and the concerned norms for obtaining the benefits under the excise duty exemptions.