Analysis of Data
The data collected from the small industrial units of district Faizabad have been classified and tabulized under this chapter, and an intensive analysis of these facts with the help of statistical tools and methods are carried down to find out the ground reality of SSI not only in district but also cover all over state. The present chapter makes an attempt to comprehensively analyse the findings reported in the earlier chapters.

**Development of Small Industries:**

The analysis of progress chart of small industries in district Faizabad reveals that the registered units in 1992-93 was 651 which reduced to 378 units in 2003-04, this also affected the employment in the district which was 2.354 thousand in 1992-93 reduced to 0.805 thousand in 2003-04 and in the mean time production also decreased to rupees 10.83 crore in 2003-04 from rupees 11.49 crore in 1992-93 though it shows a good deal of elasticity in production as it reduced to rupees 1.78 crore in 1994-95 and then increase to rupees 15.16 crore in 1998-99 then again decreased to 6.16 crore in 2000-01. It thus proved our 1st hypothesis that there is no creation of employment by small-scale enterprises in district Faizabad and its development is also not up to mark.

**Development of Small industries in India:**

The analysis of the development of small industries in India with in two decades i.e. nineties and eighties of twentieth century reveals that during 1980-90 there was 108 percent increment of industrial units, 211 percent increment of investment in small industries, 67 percent increment
of employees and 368 percent increment of production in small industries. This shows that there was a meaningful development of small-scale industries during these days. The decade of 1990s was an eventful one in terms of the beginning of new era of economic liberalization and globalisation, which directly effected the accomplishment of industrial sector. During 1991-92 there was an increment of 66.38 percent industrial units, 48.10 percent increment of employment, 286 percent increment of production and 334 percent increment of export in small industries of India. During Nineties decade in 1991-92 as compared from last year the increment of industrial unit wax 6.7 percent where as it reduced to 2.79 percent in year 2001-02 as compared from its last year i.e. 2000-01. In the same way production was also increase 15 percent in 1991-92 as compared from its last year i.e. 1990-91, which again reduced to 6.98 percent in 2001-02 as compared from its last year i.e. 2000-01.

In this way it is clear from the analysis of industrial units in nintees and eightees decades that during eightees decade i.e. before the period of liberalization there was rapid increment of industrial units, employment, investment and production in small industries of India but soon after the adoption of the liberalization policy this speed of increment in production, units, investment and employment slowed down. This shows the adverse effect of the policy of liberalization and Globalisation over the small industries of India.

The average investment in small industries of district Faizabad is 0.78 lac rupees. This average investment was 0.56 lac rupees in 1992-93 which increased to rupees 1.57 lacs in 2003-04. In the same way average
production is rupees 1.65 lacs in Faizabad district which was rupees 1.76 lacs in 1992-93 and this increased to rupees 2.87 lacs in 2003-04. If we take the figures of average employment in district Faizabad that is equal to three labour per small industrial units which was four labours per units in 1992-93 but it decreased to two labours per units in 2003-04.

Thus the above analysis make it clear that there is a close relationship between production and investment and production in small industries of district Faizabad is in proportion to investment in these units. If investment will increase production will also simultaneously increase. But there is a serious declination of employment creation in the district, which shows that entrepreneurs are upgrading their enterprises by using new technologies and displacing human labours by machines.

These facts concluded that our IIInd hypothesis that the new economic policy will hindered the development of small scale industries not only in district Faizabad abut also all over India is proved.

**Cost of production and production in small industries of study area:**

A comparative chart of average cost of production, average production, average cost per labour and per labour averaged production is given in table 6.1 which reveal that the various small industries of district Faizabad have rupees 3.52 lacs an average cost of production. The rural sector's enterprises have rupees 3.65 lacs average cost of production whereas urban sectors enterprises have rupees 3.36 lacs average cost of production.
<table>
<thead>
<tr>
<th>Particulars</th>
<th>Average cost (In lac Rs.)</th>
<th>Production (In lac Rs.)</th>
<th>Average cost per labour (In lac Rs.)</th>
<th>Average production per labour (In lac Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>3.53</td>
<td>5.09</td>
<td>0.58</td>
<td>0.84</td>
</tr>
<tr>
<td>Rural</td>
<td>3.65</td>
<td>5.25</td>
<td>0.54</td>
<td>0.87</td>
</tr>
<tr>
<td>Urban</td>
<td>3.36</td>
<td>4.83</td>
<td>0.61</td>
<td>0.78</td>
</tr>
</tbody>
</table>

The average cost per labour in district is 0.58 lacs rupees, which in rural sector is 0.54 lacs rupees whereas in urban sector it is rupees 0.61 lacs. In this way it is clear that the rural sector have high cost of production as compare to urban sector it is due to inefficient infrastructure, though rural sectors have cheap labour as compare to urban sector although rural sector have high cost of production because of paucity of power supply, trained labour and inefficient infrastructure.

The average production among various small industries of district Faizabad is rupees 5.09 lacs per industry. Those established in rural sector have an average production of rupees 5.25 lacs whereas urban secretors enterprises have rupees 4.83 lacs average production. If average production per labour have to be analysed it is find out that the district have rupees 0.84 lacs average production per labour, which in rural sector is rupees 0.87 lacs per labour whereas in urban sector it is rupees 0.78 lacs per labour. In this way it is clear that an average production in urban sector is less than rural sector small industries and an average production per labour in urban sector is also less than the average production per
labour in rural sector because there is less number of units in urban sector, due to cheap labours and raw material facilities entrepreneurs are interested to setup their industries in rural sector thus the share of rural sector is high.

The above analysis also clear that district have good production as compare to cost of production. Rural and urban sector small industries in rural & urban sector also have more production as compare to cost of production which indicates a positive relationship between production and cost of production in the district. In the same way production pre labour in the districts also more than the average cost of production per labour in small industries, this also indicates a positive relationship between average cost of production per labour and average production per labour

**Income creation in small industries of study area:**

**Table- 6.2: Average income in small industries of district Faizabad**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Income creation (In lacs Rs)</th>
<th>Average income per labour (in lac Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1.60</td>
<td>0.26</td>
</tr>
<tr>
<td>Rural Sector</td>
<td>1.51</td>
<td>0.25</td>
</tr>
<tr>
<td>Urban Sector</td>
<td>1.74</td>
<td>0.28</td>
</tr>
</tbody>
</table>

Table 6.2 shows that the district have rupees 1.60 lacs average income creation from the various small industries of the district. Small industries established in rural sector of district Faizabad have rupees 1.51 lacs average income whereas urban sector industries have rupees 1.74 lacs average income creation. If average income per labour have to be watched it gives that there is 0.26 lacs per labours average income in the district,
which in rural sector is rupees 0.25 lacs and urban sector have rupees 0.28 lacs per labour average income.

In this way on the basis of above discussion it can be analysed that urban sector small industries of district Faizabad have good potentiality of income creation than rural sector small industries, which shows that urban sector industries are very efficient as compare to rural sector small industries.

**Relationship between Income and Investment in district Faizabad:**

**Table 6.3- Average income and investment in small industries of district Faizabad.**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Investment (In lacs Rs)</th>
<th>Income Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>3.09</td>
<td>1.60</td>
</tr>
<tr>
<td>Rural Sector</td>
<td>3.18</td>
<td>1.51</td>
</tr>
<tr>
<td>Urban Sector</td>
<td>2.95</td>
<td>1.74</td>
</tr>
</tbody>
</table>

The average investment in small industries of district Faizabad are shown in table 6.3. It reveals that there is rupees 3.09 lacs average investment in the district, this in rural sector is rupees 3.18 lacs average investment in various categories of small industries whereas in urban sector it is rupees 2.95 lacs average investment. It shows that there was low investment in urban sector but rural sector industries have more investment even more than total average investment, it give conclusion.
that entrepreneurs rush to rural sector for establishing their industries it may be due to availability of raw material.

The average income from small industries of district Faizabad is rupees 1.60 lacs which in rural sector in rupees 2.51 lac whereas in urban sector it is rupees 1.74 lac in various small industries of district. In this way the rural sector small industries of district created 57.50 percent of the total creation of income whereas urban sector have created 42.50 percent of the total creation of income. Thus from analyzing the variation between investment and income creation it is said that urban sector small industries are in better position in obtaining income as compare from rural sector though the percentage of income creation in rural sector is high, but their investment ratio is also high. To analysis it more precisely statistical tools are used.

Regression analysis is used for analysing the effectiveness of investment on income here two variables are investment and income where investment is independent variable and income is dependent variable. Change in investment cause change in income as regression analysis states that regression of income on investment is income = -4.15 + 0.6578 investment. Coefficient of correlation between investment and income also give r= 0.9808 which states that there is good and positive relationship between income and investment. Positive increment of investment led to positive increment of income also. The significance test between income and investment at one percent significance level reveals that calculated value of t= 16.69 which is more than the critical
value 3.11 thus difference is significant and therefore our hypothesis is rejected.

Table 6.4: Statistical analysis of income and investment of small industries in district Faizabad

<table>
<thead>
<tr>
<th></th>
<th>Average Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment</td>
<td>29.71</td>
<td>31.19</td>
</tr>
<tr>
<td>Income</td>
<td>15.39</td>
<td>20.92</td>
</tr>
<tr>
<td>Standard Error</td>
<td></td>
<td></td>
</tr>
<tr>
<td>r</td>
<td>0.0105</td>
<td></td>
</tr>
<tr>
<td>r²</td>
<td>0.9808</td>
<td></td>
</tr>
<tr>
<td>t</td>
<td>0.9620</td>
<td>16.69</td>
</tr>
</tbody>
</table>

Regression equation

Income = -4.15 + 0.6578 investment

In this way on the basis of above statistical analysis it can be said that our third hypothesis on income from the units of small-scale industries in Faizabad district capital investment is less effective is rejected and can be stated that income is according to the proportion of investment

Employment and production in small industries of district Faizabad:

Table 6.5 reveals that average employment creation in district Faizabad is 6.07 units per industrial unit. If highest and lowest level of employment creation in all industrial units is to be seen it is between 3.6 to 9.80 in various types of small industries, which is not very enough. Rural sector small industries created 60.21 percent employment of the
total employment creation whereas urban sector units have created 39.79 percent employment of the total employment creation in the district. If male and female employment in small industries of district is to be analysed it is found that 83.53 percent of the total employment are in the hand of males whereas females participations in employment is only 16.47 percent in the district which is an indication of backwardness of females in the district. But crucial mater is that rural sector female's participation in employment from the total female employment in the district is more than the urban sector females' employment.

Table 6.5: Average productions per labour, averaged employment per units, average investment per labour.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Employment per units</th>
<th>Average production per labour (in lacs rupees)</th>
<th>Average investment per labour (in lacs rupees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>6.07</td>
<td>0.84</td>
<td>0.51</td>
</tr>
<tr>
<td>Rural</td>
<td>6.01</td>
<td>0.87</td>
<td>0.53</td>
</tr>
<tr>
<td>Urban</td>
<td>6.16</td>
<td>0.78</td>
<td>0.48</td>
</tr>
</tbody>
</table>

Table also states that average employment creation in rural sector is 6.01 labour per industrial units while urban sector have 6.16 labour average employment creation per industrial units. This concluded that rural sector units as compare to urban sector units have low capability of employment creation which suggested that rural sector units get much support from their family members.
Average investment per labour in various small industries of the district is rupees 0.51 lacs per labour. Average investment per labour in rural sector units of the district is 0.53 lacs per labour whereas urban sector units have rupees 0.48 lacs average investment per labour. This gives that rural sector have more investment per labour than urban sector. Districts have 0.84 lacs rupees average production per labour whereas rural sector industries have rupees 0.87 lac average production per labour and urban sector industries have 0.78 lac average production per labour.

In this way it can be said that district achieved better average production per labour as compare to averaged investment per labour, it mean there is a good relation between employment and production in the district but to make their relationship more precise statistical analysis carried down. Two variable employment and production are taken for regression analysis, here production is dependent variable and employment is independent variable. It explains the effects on production due to change in employment. Regression of production on employment is

\[ \text{Production} = -11.82 + 1.04 \text{ employment} \]

The coefficient of correlation between employment and production is that the value of \( r = 0.9847 \) that is high degree of positive correlation between employment and production.

The significance test between employment and production at one percent significance level reveals that calculated value of \( t = 18.73 \) which is more than the critical value 3.11 therefore difference is significant and
thus our fourth hypothesis that production in comparison to employment under the units of small-scale industries is scanty in district of Faizabad is rejected that means there is production in proportion to employment in district Faizabad. If employment would increase up to a limit production will also positively increased.

Table 6.6: Statistical analysis of employment and production in small industries of district Faizabad.

<table>
<thead>
<tr>
<th></th>
<th>Average Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>58.38</td>
<td>61.38</td>
</tr>
<tr>
<td>Production</td>
<td>48.89</td>
<td>65.04</td>
</tr>
<tr>
<td>Standard Error</td>
<td></td>
<td>0.0084</td>
</tr>
<tr>
<td>r</td>
<td></td>
<td>0.9847</td>
</tr>
<tr>
<td>r^2</td>
<td></td>
<td>0.9696</td>
</tr>
<tr>
<td>t</td>
<td></td>
<td>18.73</td>
</tr>
</tbody>
</table>

Regression Equation = -11.8252 + 1.04 employment.

Production and Investment in Small industries of district Faizabad:

The investment in small industries of district Faizabad are classified into fixed capital and working capital. The fixed investment is further classified into land and building i.e. 16.61 percent of the total investment and plant machinery 24.26 percent of the total investment of the district 59.14 percent of the total investment is invested in working capital. Rural and urban sector units also have invested major portion of this capital as working capital. If average investment per industry in the district is to be watched it reveals that average investment per units is rupees 3.09 lacs.
which in rural sector is rupees 3.18 lacs per unit while urban sector have rupees 2.95 lacs per unit. Thus it can be said that rural sector have more capital investment in small industries than urban sector. It is perhaps the agro-based economy of Faizabad district.

Table 6.7: Average investment and production in small industries of district Faizabad.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Average investment (in lacs Rupees)</th>
<th>Average Production (in lacs Rupees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>3.09</td>
<td>5.09</td>
</tr>
<tr>
<td>Rural</td>
<td>3.18</td>
<td>5.25</td>
</tr>
<tr>
<td>Urban</td>
<td>2.95</td>
<td>4.83</td>
</tr>
</tbody>
</table>

Production of rural sector industries of district Faizabad is 62.79 percent of the total production whereas urban sector units are producing 37.21 percent of the total production of the district. The various categories of industries in rural sector are producing between 33.76 percent to 73.25 percent of the total production while urban sector units are production between 26.75 percent to 66.24 percent of the total production of the district. The average production per units in the district is shown in table 6.6 which shows that total average production per unit is rupees 5.09 lacs which in rural sector is rupees 5.25 lacs and in urban sector is rupees 4.83 lacs per unit. In this way it can be said that rural sector are producing more than the urban sector industries of the district.

It reveals that production in small industries of district is much better as compare to investment. The average production per unit in both sectors i.e. rural and urban is also more than the average investment per
units in both sectors. Thus it can be said that there is a good relation between investment and production and to make this relation more lucid statistical methods are used in following ways.

**Table 6.8: Statistical analysis of capital investment and production in small industries of district Faizabad**

<table>
<thead>
<tr>
<th></th>
<th>Average Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment</td>
<td>29.71</td>
<td>31.19</td>
</tr>
<tr>
<td>Income</td>
<td>48.89</td>
<td>65.04</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Standard Error</th>
<th>( r )</th>
<th>( r^2 )</th>
<th>( t )</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.0067</td>
<td>0.9879</td>
<td>0.9760</td>
<td>21.15</td>
</tr>
</tbody>
</table>

Regression equation

*Production* = -12.31 + 2.06 *investment*

Regression analysis method is used for determining lucidity of relationship between investment and production. The two variables for regression analysis are investment and production, where investment is independent variable and production is dependent variable. This means that production is dependent on investment and change in investment cause change in production. The regression of production on investment is

*Production* = -12.31 + 2.06 *investment*

The analysis of coefficient of correlation states the value of \( r = 0.9879 \) it makes clear that there is a high degree of positive correlation between production and investment. Significance test between investment and production at one percent significance level states that calculated
value of $t=21.15$ which is more than the critical value 3.11 thus difference is significant and therefore our fifth hypothesis production under the units of small scale industries in district of Faizabad is very little in comparison to investment of capital, is rejected. It means production is according to the proportion of investment in the district. If investment increases positively production too move positively

**Conclusion:**

On the basis of above mentioned analysis it can be affirmed that before the liberalization in India there has been ample growth in the production, investment and employment in the small scale industries but after the liberalization the decrease in all these has been brought to light in the same ratio there has lessened the growth of employment in the small scale industrial units of regions. In our study region of Faizabad in the small scale industrial units a production is sufficiently gained in the proportion of employment. Indeed we are getting the production more than the cost of production the income is incurred more largely than the proportions of investment in industrial units of the district. Likewise the small scale units of industry established in the urban sector of the district greater income is being created whereas the investment over there comparatively in lesser. Whereas the small scale industries established in the rural region where the investment is greater, display clearly that the people of these rural regions are not able to do the proper scale of their production. In proportion to the average investment the greater average production is being made in the small industrial units of the district. Thus
it can be said with the degree of confidence that in these small scale units of district industries a production and income is being incurred more abundantly in comparison with the capital investment, production cost and employment.

Thus it can be concluded that there stands a positive relationship between capital investment and production, employment and production as well as the production cost and the price of the products.