Summary and Conclusions
Importance of small scale industries as an effective instrument in accele the rate of economic development has been realized the world over. Small-scale sector plays crucial role in labour surplus economics by creating employment opportunities. Even in the developed countries their importance is no less, they account for a considerable portion of the gross national product. The capital saving nature of these enterprises and their capability to stimulate the growth of indigenous entrepreneurship and thereby helping in industrial dispersal through the greater locational feasibility is unquestionable. Hence they are an important medium through which decentralized and balanced growth could be brought about. The small scale industries are differentiated from large scale industries on the basis of fixed capital investment that is in present rupees one crore.

The small industries in India are greatly influenced by the impact of globalizational during the last decade. The process of liberalization and globalization has opened up new vistas for various sectors of the economy and also has posed certain challenges. While on the one hand, it expands the scope of cross-border transaction, on the other hand, the new order folds different perception about protection and safeguards that a global trading system aspects have significant implications on the Indian economy as a whole and the SSI sector in particular. The process of globalization reached its crucial sate in India when the withdrawal of quantitative Restrictions (QRs) was complete from 1st April 2001.

Small scale industries playing a vital role in gearing up the economy are encountered by other innumerable problems also, like non availability of credit on easy terms, problem of raw material shortage of
power, technological Backwardness, skilled labour problems, marketing of finished goods and competition from large scale and foreign industries. To overcome difficulties experience by small scale industries, The government of India appointed in May 1999 a committed under the chairmanship of S.P.Gupta Deputy Chairman of Planning Commission the study group submitted its report in March 2001 and on their recommendations government announced a capital subsidy of 12% for investment in technology, continue the grant of Rs. 75000 for ISO 9000 certification with a view to encourage quality management raise the excise exemption limit introduce Credit Guarantee Scheme and ushering in of Credit Guarantee Trust and to help the marketing of SSI products, price preference policy was made a permanent measure to protect the interests of SSI units.

Thus recognizing the importance of small scale sector their substantial contribution to the national economy and keeping in mind the issues relating to size, growth, productivity capital intensity, employment opportunity during pre and post new industrial policy and effect of new industrial policy, a study of small scale industries in Faizabad district has been conducted. The principal objectives of the study are as follows:

1. Study the role of small industries in economic development and significant of its promotion in the district.

2. Study the impact of new economic policy on small scale industries.

3. Examine the problems of small-scale enterprises under the study area.
4. Study the income and employment creation by small scale enterprises in the district of Faizabad

5. Study the development of small-scale industries in district Faizabad.

The study attempts to test the following hypothesis on the basis of quantitative analysis of primary and secondary data-

1. There is no creation of employment by small-scale enterprises in district Faizabad and its development is also not up to the mark.

2. The new economic policy will hindered the development of small scale industries not only in district Faizabad but also all over India.

3. On income from the units of small-scale industries in Faizabad district capital investment is less effective.

4. Production in comparison to employment under the units of small-scale industries is scanty in district of Faizabad.

5. Production under the units of small scale industries in district of Faizabad is very little in comparison to investment of capital

As for as India is concerned small-scale industries have registered a phenomenal growth in the post- independence period. This was mainly because to accelerate the pace of industrial development on 6th April 1948 the first Industrial Policy Resolution was announced by the government. This policy aimed at balance growth of different manufacturing sectors and focused on the co-existence of large industry along with cottage and small industries.
An emphasis was laid on the promotion of cottage and small scale industries, as the former could play a crucial role in the rehabilitation of displaced person through the establishment of individual or co-operatives enterprises and in this context central government together with the co-operation of state Government have to solve their problem of raw materials cheap power, technical advice, organized marketing of the product etc. so that their development can be boosted. Though this policy has lack-ness of preferential order, but it provides the foundation for the development of small industries.

Government considering the socialist pattern of society as the basic aim of social and economic policy on 30th April 1956 announced the second Industrial Policy. This policy developed three-tier organization. This policy give high preference to the small industries for providing basic consumables items to large industries thus the state concentrate on various measures designed to improve the competitive strength of the small-scale producer, therefore this policy evidenced by the number of registered units moved to 36 thousand. But the policy not give due consideration on the dependency of agriculture and industry and cementing their relations, yet it give a right direction together with the elasticity for the development of small industries and provide a strong industrial ground which would be more rational in coming future.

With the object of effective promotion of cottage and small industries widely dispersed in rural areas and small towns on 23rd December 1977 new industrial policy was announced. This policy announced that whatever can be produced by small and cottage industries must only be so produced. To provide al the services and support required
by small entrepreneurs under a single roof District Industries Centre were set up. The Government revamped the Khadi and Village Industries Commission with a view to enlarge its areas of operation, so as to progressively increases the production of footwear and soaps in the small sector. But the policy failed to impose a ban on multinationals or Indian big business to produce ordinary items like bread, biscuits, toffees footwear, leather products etc. as it is not clearly mentioned in the policy which should have been legitimately reserved for small sector in this way this policy give unlucid instructions for public as well as private sectors but it accelerate the development of small industries.

On 23rd 1980 government announce another Industrial Policy Statement, which endorsed the 1956 Industrial Policy and intended to follow a pragmatic approach. The Industrial Policy (1980) was guided merely by considerations of growth. Though this policy chose a more capital intensive path of development yet this is known for the period of industrial development because during 1980-90 employment record an increment of 67% (from 71 lacs in 1980 to 118.50 lacs in 1990), production accounted far 368% increment (from 28060 crore Rupees in 1980 to 131400 crore rupees in 1990) and an investment indicate an increment of 211 percent during 1980-90 (from rupees 5850 crore in 1980 to rupees 18196crore in 1990).Thus the decade of eighties is known for geared growth of small industries and therefore policy was also instigated by development.

Keeping in view the sectors potential for output employment and export the new industrial policy for small scale industries was announced by the government on August 6,1991 which has conferred
greater focus on the promotion and nurturing of tiny enterprises within the small scale sector. This policy enhanced the investment limits in plant and machinery, include industry related services and business enterprises as small scale industries, make easier access to institutional finance, widened the scope of the National Equity fund. The new policy instead of protection it intends to deregulate and debureaucratize this sector so as remove all fetters on its growth and potential. The new industrial policy make some head-way in the sense that it provides for continuous support to the tiny sector like easier access to institutional finance, preference in government purchased and relaxation of certain labour laws because it is a nursery of traditional skills of the rural areas therefore these help them to grow in strength. Despite those bright spots, the thrust of the small sector policy is to make the small sector an appendage of the big sector by introducing the provision of shareholding upto 24% by some other undertaking. A close scrutiny reveals that they are mostly controlled by large units with their nominees acting as benami owners. The government would describe this development as integration of the small sector with the large sector, but this in fact is the dependency model of the small sector, which makes it an underpinning of the large sector. and this would be exploited by big business. And the new industrial policy due to promotion of liberalization and globalisation policy gives a new watchword 'competition' rather than 'reservation' to the economy. Moreover new policy do not make any mention of medium sector and even does not take note of the large number of sick units in the small sector. This policy evidenced by the facts. That during the period of 1991-2002 employments registered an increment of 48.09 % i.e. 129.80 lacs in 1991 to 192.23 lacs in 2002. Production account for an increment of
286.41% i.e. rupees 178699 crore in 1991-to rupees 690522 crore in 2002. Whereas increment in investment is recorded to 66.38 % i.e. rupees 20.82 lacs in 1991 to rupees 34.64 lacs in 2002. All these increments are much below than the increments shown during eightees decades. This indicate that new policy hindered the development of small industries and thus prove our second hypothesis that the new economic policy will hindered the development of small scale industries out only in district Faizabad but also allover India.

Though there is the development of small industries yet these are witnessing a general slowdown. While during 1979-91 these industry grew by 137%, it grew by only around 21% during 1991-1998 The number of sheds in U.P. during 1984-85 was 1112 which reduced to 1060 while during 1984-85 employment was 850 thousand which increased to 1880 thousand in 2003-04 Investment also increases from rupees 1634 crore in 1991 to rupees 4846 crore in 2003-04. These development as compare to the growth of population is very little.

The social and economic analysis of district Faizabad shows that the district is very backward district of the state. The density population per sq./km. in 755 but the gender inequality (sex ratio) between males and females is 940 women to thousand men. In the growth of population, this district has been lower in comparison to the state level in the last decade. The ratio of SCs is higher than the average at state level. The process of urbanization in the district was very low, but the percentage population living in the villages is almost 85 percent. Education sector is very backward in the district, the averages number of
illiterates in the district was also two third. In terms of work participation the district figure is higher as compared to state level.

Under land development, the percentage size of marginal land holdings and the area in the district was higher than that of the state.

The land utilization in Faizabad district is only one percent of state level. In terms of agricultural development, it is very backward because agricultural development depends on the production of agricultural crops which ultimately depends upon irrigation factors, which is lower at district level in terms of percentage as compared to state level except private and public pump houses. The net irrigated area in Faizabad district in percentage is higher against its gross area as compared to state level. The percentage of main crops especially rices, wheat, Jav is higher than that at the state level.

In case of industrial development in the district a good deal of elasticity is found. Sometimes the numbers of registered industries has increased but on other occasion it reduced due to malfunctioning of industrial units. The number of small industries in 1992-93 was 651, which reduced to 378 in 2003-04. Investment in 1992-93 was Rs. 3.29 crore which increased to rupees 5.92 cores in 2003-04. Production also shows the tendency of increasing and decreasing but the employment in small industries is continuously falling from 2.354 thousand in 1992-93 to 0.805 thousand in 2003-04. In this way our first hypothesis that there is no creation of employment by small-scale enterprises in district Faizabad and its development is also not up the mark, is proved right. This shows that there is no proper development of small industries. 74.40 percent small
industries of district Faizabad are established by private ownership and among them most are belonging from youth generation but as for as the females participation in establishing small industries is concerned it is very very less i.e. 04.8 percent. Scheduled caste have very less share while general have highest and backward caste also have almost equal to general caste in establishing small industries in the district. Most of the entrepreneurs have matriculation or even less than it. Generally entrepreneurs are from agricultural families and established industries with the object of earning profits mostly small industries are established by locals residents.

Entrepreneurs of the district have maximum portion of their capital invested as working capital i.e. 59.14% (228.38 lac rupees) whereas fixed capital including land building 16.61% (rupees 64.13 lacs) and plant machinery 24.26% (rupees 93.69 lacs) totaled 40.86% i.e. 157.82 lacs. As for as investment in rural sector is concerned it have 41.37% fixed capital investment i.e. rupees 100.02 lacs which is shared by land building 17.31% and plant machinery 24.07% account for rupees 41.84 lacs and 58.18lacs respectively whereas working capital investment is 58.63% i.e. rupees 141.74 lacs; while urban sector have 59.50% of the total capital as working capital where fixed capital investment is 40.50% (rupees 58.50 lacs) including land building 17.94% (rupees 25.92lacs) and plant machinery 22.56% (rupees 32.58 lacs).

Major sources of finance for small industries in district are banks and development agencies i.e. 54.40% entrepreneurs got their funds from bank and development agencies and 35.20% entrepreneurs used their private funds while only 10.40% entrepreneurs got this capital funded
from indigenous bankers. This shows that banks participation in funding the capitals in the district is increasing it’s a good sign of awareness among small entrepreneurs in the district.

Average employment in small industries of district Faizabad is 6 employees per industries. The various categories of 125 industries are employing 759 persons in the district while 60.21 percent of total employment is created at rural sector with an average employment 6.01 employee per industries whereas urban sector have created 39.79 percent of employment but with a high rate of average employment per industry i.e. 6.16 person per industry. Thus average employment creation in urban sector is more than rural sector. The female employment in the district is very discontent because only 16.47 percent female got employment whereas 85.53 percent male got employment in small industries of district. Most of industries in the district have very very less or even zero percent participation of females. Generally employment in small industries of district is created by local entrepreneurs i.e. 72.33% of total employment than non-local entrepreneurs. Private owners of small industries created more employment i.e. 76.15 percent of total employment than co-operative societies and others, but average employment creation by private owners and co-operative societies are almost same. Rural sector small industries of district Faizabad provide 49.28% employment of the total employment to males while female employment creation is 10.94% of the total employment whereas urban sector provide 34.26% of the total employment to males and 5.53% employment to females. Thus percentage of employment creation in rural sector is more than urban sector.
The average income from small industries of district Faizabad is rupees 1.60 lacs which in rural sector is rupees 1.51 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 procuring income as compare from rural sector though the percentage of income creation in rural sector is high but their investment rate is also high in this way our third hypothesis that 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.

The product of small industries in district Faizabad are sold in and out of the district both, but major portion of production are consumed within the district, approximately 48% industries sold their product outside the district.

The average production in district is rupees 5.09 lacs rural sector small industries are producing 62.79 (Rs.399.14 lacs) percent of total production whereas 37.21 percent (rupees 236.55 lacs) of the total production produced by urban sector units of the district. The various small industries of district have rupees 3.52 lacs an average cost of production. The rural sector enterprises have rupees 3.65 lacs average cost of production whereas urban sectors enterprises have rupees 3.36 lacs average cost of production. Average investment per labour is 0.51 lacs per labour and the average cost per labour in district is 0.58 lacs rupees which
in rural sector is 0.54 lacs rupees whereas urban sector have 0.61 lacs rupees average cost per labour. While district have 0.84 lacs rupees average production per labour whereas rural sector industries have rupees 0.87 lacs average production per labour and urban sector industries have 0.78 lacs average production per labour. This states that district achieve better average production per labour as compare to average investment per labour. Thus our fourth hypothesis that production in comparison to employment in district Faizabad, is rejected that means there is production in proportion to employment in district faizabad.

Average investment per unit is rupees 3.09 lacs which in rural sector is rupees 3.18 lacs and urban sector is rupees 2.95 lacs per unit while average production per unit is rupees 5.09 lacs which in rural sector is rupees 4.83 lacs per unit. It therefore 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 good relation between investment and production and therefore our fifth and last 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.

**Conclusion:**

The following are the main conclusion of the study-

There is an intimate relation between the progress of small scale industries and the means of livelihood. In Faizabad district the adequate
opportunities of employment in small scale units of industries development evolved satisfactorily in good number. The development of small scale industries has been brought to stand still by the new industrial policy in India and specially in Faizabad district. Here in the district income is in proportion to investment and is achieved from small scale units of industries. Production is being emphasized in the ratio of employment in small scale industries of the district and it is also being achieved in the ratio of capital investment from this view point the opportunities of employment with the development of small scale industries increase excessively and at the same time a sources of income are extended as a consequence of which economic development is increased sufficiently. Doubtlessly with the development of small scale industries industrialization in developing economy prospers a good deal. Besides, entrepreneurship and utilization of capital of the self as well as that of laburers increases the production adequately

Suggestions:

Still, the growth-path of the SSI sectors is too long. Many more miles are to be passed and considerable number of steps need to be taken few Suggestions in this regard are as follows:

Finance-

The lending rates should be brought down and if it is not possible for RBI, Central and State Governments should jointly launch a scheme of interest subsidy which should reimburse the difference for SSI units which are regular in repayment. Extension of venture capital funds to many other potential sectors.
Sickness In SSI-

The government without doubt took some steps like margin money scheme, establishment of SLIICs etc. to tackle this problem. A district level empowered committee named as Sick Unit Rehabilitation Committee (SURC) may be constituted under the directives of RBI or under a statute. Rehabilitation package of RBI needs to be revised and supplemented by a government package.

Technology-

With the joint ventures of Government of India and State Government Technology Information Centers (TICs) must be established at places covering 5-6 DICs. A scheme for setting up a number of incubation centers for young aspiring entrepreneurs may be formulated to provide them space, computer, video conference, E-Commerce facilities at nominal cost during the start-up period. Technology up-gradation fund must be extended to other selected industries in the SSI sector.

Marketing-

Marketing consortium/companies for SSI, should be given status of SSI. An incentive package containing concessions in taxes and labour laws be offered to such Marketing Consortiums/companies. Export Development Companies in public/private/joint sector may be promoted. These companies should work like an international marketing wing for cluster of SSI units in a specific products. Incentive package with concessions in taxes and labour laws be offered to such companies. To start with, SSIDCs may start working like EDCs/
Infrastructure—

During the 8th and 9th five year plans, the Government attempted to tap private investments for infrastructure. However the result has not been encouraging. Government therefore again should take initiative in the development of infrastructure. This can be done by proper resource mobilization. Government may promote global joint ventures with access to global finance. The policy of Special Economic Zones (SEZs) may yield good results. More number of such SEZs are required to be established throughout the country.

Today bigger is no more synonymous of the better. The centripetal and flexible character of power unit and other technical adoptions have made small units quite efficient and capable of sustaining economic hazards, because of its achievements, the sector is to be viewed as a dynamic and efficient decentralized sector which is closely integrated on the one hand with agriculture and allied sector and on the other hand with large scale industry. Their important contribution in the economic development is unquestionable, small industries development can revolutionize a developing area; they can galvanize the economy and bring a new measure of prosperity to the state of Uttar Pradesh and India as a whole.