

AN INSIGHT INTO THE GROWTH OF SMALL SCALE INDUSTRIES IN ASSAM

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Abstract:

The present study outlines the performance of small scale industries in terms of its investment, production and employment in the urban centres of Assam with special reference to Goalpara town. The urban centres of India have been regularly witnessing higher concentration population because of rural to urban migration. Generally, the countryside population migrate to urban centres for employment purposes. But unfortunately, the weak industrial development of India had failed to generate employment for the mounting number of migrants. It could be seen that some of the fortunate migrants managed to work in industries and unorganized sector while rest of them had to wait for getting engaged. In due course, the number of urban unemployed swelled terrifically. In this work, an attempt has been made to underscore the role of small scale industries towards the generation urban employment in Goalpara town. This town is one of the industrially backward towns of the state of Assam with total absence of heavy industries. Moreover, the town had poor transport and communication facilities up to the opening of *Narnarayan Setu* (Rail cum Road Bridge) over the river Brahmaputra.

Key words: Urbanization, Industry, Migration, Employment, Goalpara Town, Population

I. Introduction

The relationship between urbanization and economy is complementary. Urbanization, by its very nature, is known as the transformation of agricultural economy to non-agricultural economy and encourages specialization of work. Urbanization has been viewed as a product of increased economic specialization. Hence, urban economy must have to be active and creative, otherwise it cannot endure.

The rural to urban migration is an important determinant of urbanization. The countryside population over and over again appear to their nearest urban settlements for various reasons like availability of jobs in factories, shops, offices, public services, facility of vocational and higher education, better medical services, entertainment, civic amenities etc. Indubitably, this magnetization of population fabricates a variety of affirmative and negative impact on the existing demography and geography of the urban settlements ranging from unemployment to congestion, sprawling etc.

It is worth mentioning that in economic sphere, migration affects the prevailing employment index. The term 'unemployed' refers to those who are searching employment or willing to work but fail to obtain it at suitable wages. In case of developed countries, migration generates affirmative results since the industries can easily procure labourers for production and processing. On the contrary, the conditions of underdeveloped countries are adverse. Due to their poor industrial growth, the migrants had to wait for their chance to get employed which unremittingly creating pressure on employment index. Undeniably, the slow industrial growth was instrumental towards this phenomenon of urban unemployment. This ultimately raises a question, "What substance will fill up this vacuum and save the country from the menace of unemployment? Can the small scale industries be an alternative to employment generation of the industrially weak towns of the country? "

Geographically, Assam is the second largest state of the North-East India and economically, it was evaluated as a prosperous state of the country during 1950s. But in later decades, its economy pessimistically dropped and failed to correspond with the other states of the country. Furthermore, the socio-economic development process of Assam had been retarded by two wars (Indo-China War of 1962 and Indo-Pak War of 1965) and large-scale illegal immigration from Bangladesh.

The *Human Development Index Report (HDI) 2004* has noted that the gap between Assam and the National average in terms of economic indicators has been gradually widening since independence. The growth of the national economy since the mid nineties has not really percolated to the region in general and Assam in particular. In 1950-51, Assam's per capita income was 4.1% higher than that of the average of the country. By 1980-81, Assam's per capita income went down to 27% of the national average. Again in 1998-99, the gap had been widened to 45.5%. Importantly, with the commencement of liberalisation era the gap had been considerably widened. The HDI further reported that the contribution of primary sector to the Net State Domestic Product (NSDP) declined from ~47.5% in 1980-81 to ~40% in 2003-04. Regarding urban educated unemployment, it registered 9.8% in the year 2000 which seems alarming. Hence, being delinked from the national growth spectrum, the need for enhanced government interventions in the economic development of the state is necessary.

Therefore, taking the weak economy of Assam into account, an attempt has been made to assess the performance of the small scale industries regarding its investment, production and employment in the urban centres of Assam with special reference to Goalpara town. The town of Goalpara is one of the industrially backward towns of the state of Assam with total absence of heavy industries. The towns had poor transport and communication facilities till the opening of *Narnarayan Setu* (Rail cum Road Bridge) over the river Brahmaputra.

II. General Profile of Small Scale Industries (SSI) in India

The small scale industries played crucial role in the employment generation in lower capital cost compared to the heavy industries. Over the past five decades, the government framed policies towards protecting the interests of the small scale industrial sector which assisted its rapid development. Government adopted various supportive measures periodically, which include reservation, revision of investment ceilings, modernization of technology, marketing assistance, fiscal incentives etc.

The SSIs had been boosting the process of rapid industrialization in India. We can observe remarkable growth of these industries since the last two decades, which implies 95% of the total industrial activities of India. It is worth mentioning that the small scale industries played essential role in mitigating the problem of unemployment. Presently, the small scale industrial sector is providing an annual employment to over 250 lakh persons. The architects of our economy seem aware of the importance of the small scale industries pertaining to employment potential and productivity by utilizing the indigenous resources. Therefore, Dr. Manmohan Singh said, *“the key to our success of manufacturing is the small scale sector”*.

The small scale sector is important not only for its contribution to GDP but also for its stellar performance in exports and employment generation. In 1979-80, the small scale and cottage industries provided annual employment to 233.7 lakh persons, whereas, the large industries provided employment to only 45 lakh persons. Notably, the small scale industries alone provided employment to 67 lakh persons during the same year. The number of persons employed in the small increased to 315 lakh persons in 1984-85 and the small scale industries occupied a share of annual 90 lakh persons. Again in 1988-89, the number of employment generation of the small scale industries rose to 113 lakh population. It has also emerged as a vibrant and dynamic sector of the Indian economy which contributes around 40% of the total industrial production and 34% of the national exports.

Table -I
ROLE OF THE SMALL SCALE INDUSTRIES
(Units, Production, Employment, Investment and Export)

Year	Total No. of Units (Lakh)	Employment (Lakh persons)	Total Investment (Rs. Crore)	Production of current prices (Rs. Crore)	Exports (Rs. Crore)
1991– 1992	70.63 (4.07)	165.99 (4.83)	1,00,351.00 (7.26)	80,615.00 (2.30)	13,883.00 (43.66)
1992– 1993	73.51 (4.07)	174.84 (5.33)	1,09,623.00 (9.24)	84,413.00 (4.71)	17,784.00 (28.10)
1993– 1994	76.49 (4.07)	182.64 (4.46)	1,15,795.00 (5.63)	98,796.00 (17.04)	25,307.00 (42.30)
1994– 1995	79.60 (4.07)	191.40 (4.79)	1,23,790.00 (6.9)	1,22,154.00 (23.64)	29,068.00 (14.86)
1995 –1996	82.84 (4.07)	197.93 (3.42)	1,25,750.00 (1.58)	1,47,712.00 (20.92)	36,470.00 (25.46)
1996 –1997	86.21 (4.07)	205.86 (4.00)	1,30,560.00 (3.82)	1,67,805.00 (13.60)	39,248.00 (7.62)
1997 –1998	89.71 (4.07)	213.16 (3.55)	1,33,242.00 (2.05)	1,87,217.00 (11.57)	44,442.00 (13.23)
1998 –1999	93.36 (4.07)	220.55 (3.46)	1,35,482.00 (1.68)	2,10,454.00 (12.41)	48,979.00 (10.21)
1999–2000	97.15 (4.07)	229.10 (3.88)	1,39,982.00 (3.32)	2,33,760.00 (11.07)	54,200.00 (10.66)
2000–2001	101.1 (4.07)	238.73 (4.21)	1,46,845.00 (4.90)	2,61,297.00 (11.78)	69,797.00 (28.78)
2001–2002	105.21 (4.07)	249.33 (4.44)	1,54,349.00 (5.11)	2,82,270.00 (8.03)	71,244.00 (2.07)
2002–2003	109.49 (4.07)	260.21 (4.36)	1,62,317.00 (5.16)	3,11,952.00 (10.52)	86,013.00 (20.73)
2003–2004	113.95 (4.07)	271.42 (4.31)	1,70,719.00 (4.87)	3,57,733.00 (14.68)	NA
2004–2005	118.59 (4.07)	282.57 (4.11)	1,78,699.00 (4.98)	4,18,263.00 (16.92)	NA

Main source: SSI, Ministry of Industry, figures in brackets illustrate the percentage growth over the preceding year

III. Development of SSIs in North East India: Assam

Compared to the national level, the development of SSIs in North Eastern region is very sluggish. In 1972, the whole North Eastern region shares only 1.42% of these units. The region occupied only 3650 units against the national total of 2,57,797 units. The data shows that it takes two decades to register a mere increase of below one percent (0.43%). The total number of registered units of the region increased to 25,525 in December 1990, against 13,78,485 of the country, showing a nominal increase from 1.42% to 1.85% in 1990.

The first *All India Census* on small scale industrial units, conducted in 1971-72, revealed that there were only 2235 registered SSI units in Assam. Over a period of fifteen years, in 1989 when the second Census was undertaken for the reference year 1987-88, the number of registered units increased to 8290. The total investment in the industry on fixed assets increased from Rs.1109 lakh to Rs.9369 lakh and per unit fixed investment from Rs. 0.672 lakh to Rs.2.12 lakh during the mentioned period.

In 1971-72, the SSI units generated employment for only 19,652 persons and the number increased to 34,475 persons in 1987-88. The value of total production also increased from Rs.2,264 lakh to Rs.30,325 lakh. However in 1988, only 4430 units were seemed to be functioning out of 8290 registered units while the other 3860 (46.6%) units were either closed, non-responding or outside the purview of Small Industries Development Organisation. Among these working units, 51.6% were engaged in manufacturing, 26.5% in processing, 12.6% in repairing and servicing while the remaining had been involved in multiple activities. Moreover, 17% units producing food products, machinery and parts, chemicals and chemical products, wood products, metal products, hosiery and garments and doing repairing services which was exporting goods worth Rs. 2482 lakh. The largest numbers of exports were conducted from the wood industries, recording an annual amount of Rs. 519 lakh. However, food industry group topped the list in terms of export value of food products worth Rs. 2400 lakh. The ownership pattern of the units showed that 3.9% of units were run by scheduled caste entrepreneurs, 2.6% by scheduled tribe entrepreneurs and the remaining 93.5% by the entrepreneurs belonging to the general category of existing population. Significantly, 150 units were run by women entrepreneurs.

In recent years, the small scale industries helped in the development of industrialization, employment generation and the fulfilment of socio-economic objectives in Assam. Presently, the small scale industries have been sub-divided into Micro, Small and Medium Enterprise under the *Micro, Small and Medium Enterprises Act of 2006*. The categorisation of enterprises has been made based on their investment in plant and machineries of the manufacturing units. For speedy growth of this sector, the Government of Assam has brought some simplification in its procedures regarding its registration by *Industrial Policy of 2008*. Consequently, we can see an increase of 32,984 SSI/MSME units in Assam which produced employment to 1,67,216 persons up to the end of 2009-10. Herein, Table- II shows the annual statistics of the establishment of SSI/MSME units' up to 31-03-2010.

Table-II
Growth of SSI/MSME Units, Employment, Investment and Production in Assam¹

Year	No. of SSI Units	No. of Employment	Investment on Plants & Machinery (Rs. In lakh)	Production value (Rs. In lakh)
Up to 31.03.2001	14,453	64,623	22,009.00	1,15,303.00
2001-02	2,528	11,538	4,888.95	16,013.81
2002-03	2,246	11,115	4,868.94	16,379.60
2003-04	2,364	11,795	7,198.82	18,976.90
2004-05	2,067	9,396	7,120.18	19,698.20
2005-06	2,082	10,780	23,776.88	22,940.86
2006-07	2,172	11,852	9,282.72	25,514.67
2007-08	1,692	10,471	26,637.42	44,720.97
2008-09	1,711	12,914	26,348.26	49,635.10
2009-10	1,667	12,732	30,049.26	58,429.86
Up to 2010	32,982	1,67,216	1,62,180.46	3,29,183.11

¹ Economic Survey, Assam, 2010-11, Directorate of Economics and Statistics, Planning and Development Department, Govt of Assam, p. 109

IV. Role of Small Scale Industries in Goalpara District (Urban)

The present Goalpara district was created in 1983 with two sub-divisions namely Goalpara Sadar sub-division and North Salmara Civil sub-division, carving out of erstwhile Goalpara district. The district of Goalpara is situated on the southern bank of the river Brahmaputra. The district is primarily agrarian as 90% of the population depend for their livelihood on agriculture. The district is industrially backward and has been suffering from the plight of the total absence of heavy industries. In 2006, Goalpara has been ranked as 250 most backward districts of the country out of the total 640 districts. The deplorable condition of the district is easily visible from the declining rate of urban population of Goalpara town. A table has been prepared to demonstrate the declining rate of urban population.

Table-III
Urban Population (Goalpara Town)

Year	Total Population of the District	Urban Population of the Town	Percentage
1991	6,68,138	43,077	6.44
2001	8,22,035	48,037	5.84
2011	10,08,183	53,430	5.29

Source: Calculated from Census of India 1991-2011

From the above table, it can be clearly noted that the population of the town was gradually declining and hence, it becomes crucial to find out the causes compelling the population to move out of the town. Indubitably, the sluggish industrial development of the town is one of the sole factors towards this plight because an urban area cannot survive without industrial growth. Therefore, an attempt has been made to assess the role of the SSIs in the employment generation of the town.

Industrial Profile of Goalpara District

- Large Scale Industries/Public Sector undertakings: Nil.
- Major exportable item: Nil.
- Medium Scale Enterprises: Nil.

Table-IV
Details of Micro & Small Enterprises and Artisan Units in Goalpara District²

Sl. No.	Type of Industry	Number of Units	Investment (Lakh Rs.)	Employment
1	Agro Based	63	378.20	688
2	Soda Water	Nil	-	-
3	Cotton Textile	55	35	285
4	Woollen, silk and artificial thread based cloths	Nil	-	-
5	Jute & Jute Based	13	3	70
6	Ready-made Garments and Embroidery	283	397.8	1252
7	Wood/wooden Based furniture	28	14	142
8	Paper and Paper Products	38	114.12	162
9	Leather Based	5	3	20
10	Chemical/Chemical Based	22	44	138
11	Rubber, Plastic & Petro Based	Nil	-	-
12	Mineral Based	Nil	-	-
13	Metal Based	Nil	-	-
14	Engineering Units	32	88.15	216
15	Electric machinery and transport Equipments	Nil	-	-
16	Repairing and servicing	153	70.08	569

² Government of India, Ministry of MSME, Brief Industrial Profile of Goalpara District, p. 11

17	Others	152	82.10	630
Total		844	1,229.45	4,172

It is evident from the table that out of total urban population of 66,902 only 4,172 working populations were employed in SSI units which constitutes only 6% of the population.

Table-V
Year-wise Registration of SSI Units³

Year	No. of Registered Units	Employment	Investment (Lakh Rs)
1984-85	NA	NA	NA
1985-86	NA	NA	NA
1986-87	10	59	6.43
1987-88	35	210	24.00
1988-89	40	250	35.11
1989-90	25	153	18.15
1990-91	36	215	27.22
1991-92	42	275	33
1992-93	45	285	41.05
1993-94	30	172	23
1994-95	32	183	25.14
1995-96	28	160	20.16
1996-97	65	285	33.79
1997-98	22	85	14.46
1998-99	26	81	4.14
1999-2000	13	93	8.6
2000-01	16	105	16.91
2001-02	20	125	34.21
2002-03	24	100	25.55
2003-04	48	242	112.14
2004-05	53	200	43
2005-06	51	230	41.91
2006-07	57	232	100.59
2007-08	60	288	159.03
2008-09	58	241	388.55
2009-10	31	147	41.59
2010-11	20	238	35.20
Total	844	4,172	1,229.45

VI. Conclusion

The above statistics very aptly portray the miserable industrial profile of the district and its depressing impact on the overall urbanization process of the town. The district has not only been deprived of heavy industries but also suffered from the absence of some important small scale industries like soda water, woollen, silk and artificial thread based cloths industries, rubber, plastic and petro based, mineral based, metal based, electric machinery and transport equipments etc. Therefore, there is an utmost need to bring the attention of the Government towards the industrial development of the district otherwise its consequences will aggravate the economic condition of the population.

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