



## A STUDY ON THE DEVELOPMENT OF SMALL - SCALE INDUSTRIES IN INDIA

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### ABSTRACT

*The small-scale sector has been assigned an important role in the industrial economy of the country on account of some of its inherent advantages like low capital intensity, high employment generation capacity, regionally balanced development and even distribution of wealth and income. The co-ordination committees were set up in almost all the states and officers were appointed at blocks and district levels. A number of new programmes were also conducted to create confidence in the minds of the small entrepreneurs about the assured marketability of their products.*

**Keyword:** *Small-Scale Industries, semi-log trend, Compound Growth Rate, Co-efficient of variation and five year plan*



## **INTRODUCTION**

The Small-Scale Industries units are supplementary and complementary to large and medium scale units as ancillary units. Considering the large employment level and backlog of creation of new jobs to provide employment to all able hands today, hopes are pinned on the small-scale sector. The government is making all efforts to provide conducive atmosphere, level playing ground and policy support to enable the SSIs sector to achieve higher levels of production, exports and employment.

### **Statement of the Problem**

Different national and state level institutions operating in the country for meeting the credit requirements of the SSIs sector include Small Industries Development Bank of India, Commercial Banks, Regional Rural Banks, Co-operative Banks (State, Central and Primary), State Financial Corporations/ State Industrial Investment Corporations, State Small Industries Development Corporation, National Bank for Agriculture and Rural Development, statutory bodies (KVIC, COIR Board, Handloom Board and Handicraft Boards), National Small Industries Corporations Limited and the like.

### **Review of Literature**

**Thilaka (1996)** in her study “A Study of Financing of Select Small-Scale Industries by Commercial Banks in Tamil Nadu”, stated that one of the important problems of the small-scale industries was bank finance. Restriction on term on loan facilities small-scale industries acted as a stumbling block in the promotion of SSIs units. She stated that commercial banks provided only 75 per cent of the financial needs of the small-scale industrial units. Further the borrowers complained that they had to visit the bank more than ten times for getting their loans.

**Rudra Murthy (2001)** in his study entitled “Institutional Finance for the Development of the SSI in Karnataka”, stated that availability of institutional finance has not met the demand from the SSIs sector. The educational background of the owner had little impact on the running of the unit. Proprietary and partnership firms were found to be more prompt and regular in repayment of loans than limited companies. The study suggests for setting up of an SSI mutual fund, more specialized SSIs branches and modification of Narasimham Committee report to suit the SSIs sector.



**Thillainayagam(2002)**, in his study entitled “Small-Scale Industries and World Trade Organization”, observed that large corporations could not do both production and marketing in an efficient way, but could concentrate on international marketing of products only. Large Corporation may develop horizontal networking through ancillarisation. Small units could be brought under sub-contract. The small and medium units could concentrate on production without worrying about marketing of their products. Wherever feasible, large international companies could function as assembling units, small and medium enterprises could produce intermediate products or ancillaries to the principal assembling units. There could be technological tie-up between the principal units and ancillary units. This joint venture production would take care of the equity problem of small-scale units.

**Rolland Le Brasseur, et al, (2003)**, utilized an empirical study of 145 new venture start-ups to explore a model of growth momentum as measured by sales. The primary interests are the relationship among pre-startup activities, intended and actual business expansion activities, and early stage performance. Results indicated that the sales level achieved in the second years had a positive correlation with (i) the breadth of pre-startup activities, and (ii) the range of expansion activities. Business performance had a negative correlation with the time’s relative dependence on the technical skills of the owner-manager. In addition, the study revealed a consistent gap between owner-manager’s expansion intentions and actual expansion.

**Vijay vayas (2005)**, outlined the essence of the strategies for the survival and growth of new ventures. According to him the productivity, profit and growth of an enterprise are closely linked to its ability to innovate successfully. The accelerating technological change, however, has made innovation increasingly difficult for the small business. Notwithstanding the high profile success of a few start-ups, innovation confrontations with mature business (sic) a large number of ordinary entrepreneurs are losing in this battle of the unequals. The very spirit of entrepreneurship embodied in over sprouting small enterprises it, a strategy of imitation facilitated entry and subsequent consideration through incremental innovation should be targeted at the lower part of the value chain.

**Muraliselvam (2007)** in his article “Small-Scale Industries for large employment”, mentioned that SSI sector in India creates the largest employment opportunities for the Indian populace,



next only to agriculture and noted that the problems of small-scale industries are problems of finance, lack of adequate raw material, scarcity of power and irregular availability of power poor marketing facilities, problem of technical know-how, poor transport facilities, competition from large scale industries, lack of machinery and equipment.

**Karthihaselvi, Neelamegam and Magesan (2010)** described that small-scale industries were dreams of Mahatma Gandhi come true. He supported the growth of small-scale industries in India, because he had the vision that it would help the poor people of India to come up. Small-scale and micro industries are not capital based, but the talent and effort based business. So even a middle class person can own and run this. According to new international poverty line of \$1.25, around 40 per cent of Indian population is under poverty line. As it is hard to provide employment to all, at least we can encourage

the self employment through small-scale industries. Fortunately the country is endowed with adequate natural resources. So it is a propitious time for the growth of small-scale industries, government can come up with the loan facility and proper training for these industries. This may encourage unemployed people to start their career in this sector. With the government's scheme and succor, the dream of Mahatma Gandhi can come true.

### **Objectives of the Study**

The specific objectives of the present study are

To study on the development of the SSI units in India. To conclude and suggest measures to ensure more flow of development to the SSI units on the basis of findings of the study.

### **Collection of Data**

The secondary data were collected from various published and unpublished sources such as annual reports of DIC, Lead Bank, THIC, Chennai, SIDBI, RBI and from relevant Journals, magazines, news papers and websites.

### **TOOLS OF ANALYSIS**

In order to analyse the trend and growth of financial assistances given by the bank under study to the SSI units the following semi-log trend equation was fitted.

$$\text{Log } y = a+bt$$

Where,



$y$  = Amount of loans granted to SSIs units

$t$  = Time Variable

$a$  and  $b$  are constants to be estimated.

The above model was computed by the method of least squares.

The following formula was used to calculate compound growth rate.

$$\text{Compound Growth Rate (CGR)} = (\text{Antilog } b-1) \times 100$$

The co-efficient of variation was calculated with the following formula in order to analyse the extent of variation in the loans granted by banks to the SSIs units.

$$\text{Co-efficient of variation} = \frac{\text{Standard deviation } (\sigma)}{\text{Arithmetic mean } (\bar{X})} \times 100$$

$$\sigma = \sqrt{\frac{\sum (x - \bar{x})^2}{N - 1}}$$

$$\bar{X} = \frac{\sum X}{N}$$

Where,

$\bar{X}$  = Loans given by banks to SSI units

$N$  = Number of years.

### **Small-Scale Industry and Five Year Plans**

The small-scale sector has been assigned an important role in the industrial economy of the country on account of some of its inherent advantages like low capital intensity, high employment generation capacity, regionally balanced development and even distribution of wealth and income. Special emphasis has been laid on the promotion and development of small-scale sector during the various plan periods. Various measures taken by the government to promote small scale sector under Five Year Plans are described as under.

### **Small-Scale Industries in Five Years Plan**



The plan outlay for the development of the small-scale industries from the first five year plan to the eleventh five year plan is presented in Table 1.

**TABLE 1**  
**PLAN OUTLAY FOR VILLAGE AND SMALL SCALE INDUSTRIES OVER THE**  
**PLAN PERIODS (VSSI)**

<b>Five Year Plan</b>	<b>Total Plan Outlay (Rs. In Crores)</b>	<b>Outlay for Industrial Sector (Rs. In Crore)</b>	<b>Outlay &amp; VSSI for (Rs.In crores)</b>	<b>Percentage VSSI of Industrial Sector Outlay</b>	<b>Percentage VSSI of Total Plan outlay</b>
<b>I Plan</b> (1951-1956)	1960	97	42.00	43.5	2.14
<b>II Plan</b> (1956-1961)	4672	1121	187.00	16.68	4.00
<b>III Plan</b> (1961-1966)	8577	1726	241.00	13.96	2.80
<b>IV Plan</b> (1969-1974)	15779	3107	243.00	7.8	1.50
<b>V Plan</b> (1974-1979)	39426	9581	592.60	6.18	1.50
<b>VI Plan</b> (1980-1985)	109292	16948	1829.90	10.80	1.70
<b>VII Plan</b> (1985-1990)	218730	29220	2752.70	9.20	1.50
<b>VIII Plan</b> (1992-1997)	434100	46922	6334.20	13.50	1.46
<b>IX Plan</b> (1997-2002)	859200	69972	12467.50	17.82	1.80



<b>X Plan</b> (2002-2007)	1525639	88939	23489.20	26.41	1.70
<b>XI Plan</b> (2007-2012)	2192078	107906	45196.40	41.88	1.90

**Sources:** 1. The Government of India – Economic Survey, 2009 – 2010.

2. Laghu Udyog Samachar-Various Issues.

3. The SIDBI Report on Small Scale Industrial Sector.

4. [www.indiabudget.in](http://www.indiabudget.in), industry.

#### **First Five Year Plan (1951 to 1956)**

During the First Plan period, new centers for small-scale production were opened and steps were taken to provide facilities for finance, research and training to the small-scale sector. Various Boards were established to assist and advise the small-scale industry in the formulation of its policies and programmes. The outlay on village and small-scale industry was amounted Rs. 42.00 crores, which was 2.14 per cent of the total outlay.

#### **Second Five Year Plan (1956 to 1961)**

During the second Five Year Plan period, three-tier organization was developed in order to strengthen the state departments of industries. Such organizations include;

- The Ministry of Commerce and Industry,
- State Department of Industries, and
- State Board of Industries.

The co-ordination committees were set up in almost all the states and officers were appointed at blocks and district levels. A number of new programmes were also conducted to create confidence in the minds of the small entrepreneurs about the assured marketability of their



products. Certain varieties of items were reserved for the production of the small-scale industry. The outlay of the small-scale industry during this Plan period was Rs.187.00 crores, which was four per cent of the total outlay.

#### **Third Five Year Plan (1961 to 1966)**

In the third Five Year Plan period, the total outlay of Rs. 241.00 crores was spent towards the organization of various programmes for promotion of small-scale industry. Employment opportunity for about 6.3 lakhs persons was given on full time basis during this plan period.

#### **Fourth Five Year Plan (1969 to 1974)**

The main objectives of the Fourth Plan were to correct regional imbalances, to create more employment opportunities and to reduce inequalities in income and wealth further. In the Fourth Plan period, a total outlay of Rs. 693.00 crores was allocated for the development of village and small-scale industries. Out of which, Rs. 293.00 crores was from the public sector and Rs. 400.00 crores was from private sources.

#### **Fifth Five Year Plan (1974 to 1979)**

During the Fifth Plan Period, the shortcomings of the programmes formulated and organized for the promotion of small-scale industry during the first four Plan periods were found out and a strategy was formulated to remove those shortcomings.

#### **The Main Objectives of the Programme Were**

1. Developing and promoting entrepreneurship and providing a package of consultancy service.
2. Improving the production techniques of small-scale industry in order to bring them to a viable level.
3. Facilitating the maximum utilization of the equipments and skill of the persons employed in small-scale industry.
4. Promoting small-scale industry in selected places in backward, rural and semi-urban areas.

The Fifth Plan was terminated in the year 1978 instead of 1979 due to the introduction of the Rolling plan.

#### **Sixth Five Year Plan (1980 to 1985)**





The sixth Five Year Plan also marked a significant stage in the promotion of small-scale industry. The total outlay of Rs.1829.90 crores was made available for small-scale industry during this plan period which was 1.70 times higher over the outlay during 1974-78.

The draft Plan for village and small industries was formulated keeping in view the new industrial policy. This programme was aimed at the generation of employment opportunities by developing and revitalizing the existing small-scale industry. A special emphasis was laid on increasing the earnings level of rural artisans, handloom weavers, craftsman and weaker sections of our community and to promote these industries in small towns and rural areas.

#### **Seventh Five Year Plan (1985 to 1990)**

During the Seventh Plan period, a special emphasis was laid on the up gradation of technology and modernization of small-scale sector. The small scale industry made a steady progress over the years.

The number of units in 1987-88 was 15.76 lakhs and in 1988-89 it was estimated to have increased to 17.01 lakhs. Employment in the sector was 107 lakh persons in 1987-88 and in 1988-89 it was estimated to have increased to 113 lakh persons. The share of small-scale sector in total export was about 28.8 per cent during 1987-88.

#### **Eighth Five Year Plan (1992 to 1997)**

For the Eighth Plan, a sum of Rs.6334.20 crores was allotted for the village and small-scale industries. In absolute terms, this amount seems to be very large. But in terms of proportion of the total expenditure in the Plan, it is very negligible. The amount is barely 1.46 per cent of the total outlay of the Eighth Plan; and this share has come down from 1.45 per cent in the Seventh Plan.

#### **Ninth Five Year Plan (1997 to 2002)**

The provision in the Ninth Plan is of the order of an outlay of Rs. 69972 crores which is slightly lower than the amount allotted to this sector during the Eight Plan period. Besides Plan-resources, quite a large investment has taken place on private account financed party by government financial institutions, and party from promoters own financial and non-financial sources.

#### **Tenth Five Year Plan (2002 to 2007)**



The expected overall annual growth of industry in the Tenth Plan period at around 8.7 per cent fell short of the targeted growth rate of 10 per cent for the Plan period.

#### **Eleventh Five Year Plan (2007 to 2012)**

Given the recent performance, however, the Eleventh Plan target of 10 per cent annual industrial growth appears eminently achievable. As the country enters into the first year of the 11<sup>th</sup> Plan, the sustained growth of the industrial sector is crucially dependent on removing the infrastructural impediments, especially, in the power sector. Capacity additions through investment are critical for accelerating growth in industry. The investment scenario looks quite optimistic, particularly with rising domestic savings rates and FDI inflows sustained economic growth, fiscal consolidation and an enabling policy environment will continue to provide incentive to capacity addition in industry and sustaining its high growth.

Adequate expansion of employment in the industrial sector, particularly in the organized segment, requires attention. The development of appropriate skills through a wide variety of vocational training as well as optimal degree of flexibility of labour laws are important aspects in this regard. Progress on these fronts will determine how much progress is made in generating employment in the organized industry in the years to come.

#### **PERFORMANCE OF SSI SECTOR IN INDIA**

The SSIs in India has an important role to play in its economic development. The modern small-scale industry had its beginning in India in the early part of the nineteenth century and prior to that only traditional-artisan based small-scale industrial units existed. The First World War induced the Swadesi Movement which made significant contribution to the development of Indian SSI sector during the inter-war period. After independence, India witnessed a rapid pace towards industrialization through Five Year Plans, Industrial Policy Resolutions, industrial licensing policies and specialized ad-hoc committees. The Industrial Policy Resolution gave emphasis to 'socialistic pattern of society' by given special assistance for the development of small industries and synchronized the development of small and large industries. The industrial licensing policy aimed at protecting and encouraging small and medium entrepreneurs, preventing concentration of ownership of industries and achieving balanced economic development of different regions. By raising the investment limit of small-scale industries



through every Five Year Plan, the government came forward to extend its extensive help. The significant growth of the SSI sector over the past five decades is on account of high priority accorded to this sector by the government and Reserve Bank of India.

Table 2 shows the performance of the SSIs sector in terms of the number of units.

**TABLE 2**  
**NUMBER OF SMALL-SCALE INDUSTRIES UNITS IN INDIA FROM**  
**1998-1999 TO 2010-2011**

<b>Year</b>	<b>No. of Units (Lakhs)</b>	<b>Increase/Decrease</b>	<b>Percentage Increase/ Decrease</b>
1998-99	93.36	-	-
1999-00	97.15	3.79	4.07
2000-01	101.10	3.95	4.07
2001-02	105.21	4.11	4.07
2002-03	109.49	4.28	4.07
2003-04	113.95	4.46	4.07
2004-05	118.59	4.64	4.07
2005-06	123.42	4.83	4.07
2006-07	261.01	137.59	111.48
2007-08	272.79	11.78	4.51
2008-09	285.16	12.37	4.53
2009-10	298.08	12.92	4.53
2010-11	311.00	12.92	4.33

**Sources:** 1. Ministry of Small-Scale Industry in India, 1998 to 2011.

2. Annual Report of Trend & Progress of Banking of India, RBI.

It could be observed from Table 2.2 that number of small-scale industries increased from 93.36 lakhs units in 1998-99 to 311.00 lakhs units in 2010-2011. The increase was the highest during the year 2006-2007, with the increase of 137.59 lakhs units comparing to that of previous year.

To study the trend in the growth of the number of units and the growth rate, the trend co-efficient was computed and is presented in Table 3.



**TABLE 3**

**COMPOUND GROWTH RATE AND MAGNITUDE OF VARIATION IN  
 NUMBER OF SMALL-SCALE INDUSTRIES**

Sl. No	Variable	Log Linear		R <sup>2</sup>	C.G.R (Percent/ annum)	C.V (Per cent)
		Constant (a)	Co-efficient (b)			
1.	No of Small Scale Industrial Units	4.1793	0.1110**	0.8477	11.72	53.26

**Source:** Computed Value

\*\* Significant at 1 per cent level.

It is observed from Table 3 that the number of small-scale industrial units in India has significantly increased which recorded a compound growth rate of 11.72 percent per annum. It is also inferred from the table that there was 53.26 per cent variation in the growth of the SSIs units in India during the period under study.

Table 4 shows the performance of the SSIs sector in terms of the number of employment.

**TABLE 4**

**EMPLOYMENT IN SMALL-SCALE INDUSTRIES IN INDIA FROM 1998-1999 TO  
 2010-2011**

(In Lakhs)

Year	No. of Employment (Person)	Increase / Decrease	Percentage Increase / Decrease
1998-99	220.55	-	-
1999-00	229.10	8.55	3.88
2000-01	238.73	9.63	4.20
2001-02	249.33	10.6	4.44
2002-03	260.21	10.88	4.36
2003-04	271.42	11.21	4.31



2004-05	282.57	11.15	4.11
2005-06	294.91	12.34	4.26
2006-07	594.61	299.7	101.62
2007-08	626.34	31.73	5.33
2008-09	659.35	33.01	5.27
2009-10	695.38	36.03	5.46
2010-11	731.41	36.03	5.18

**Sources:** 1. Ministry of Small-Scale Industry in India, 1998 to 2011.

2. Annual Report of Trend & Progress of Banking of India, RBI.

It could be observed from Table 4 that the number of employment created by small-scale industries increased from 220.55 lakhs in 1998-99 to 731.41 lakhs in 2010-11. The increase was the highest during the year 2006-07 with the increase of 299.7 lakhs compared to the previous year.

To study the trend in the growth in number of employment the compound growth rate and the trend co-efficient were computed and are presented in Table 5.

**TABLE 5**  
**COMPOUND GROWTH RATE AND MAGNITUDE OF VARIATION IN**  
**EMPLOYMENT IN SSI UNITS**

Sl. No	Variables	Log Linear		R <sup>2</sup>	C.G.R (Percent/ annum)	C.V (Per cent)
		Constant (a)	Co-efficient (b)			
1.	No of Employment in Small-Scale Industries	5.0481	0.1092**	0.8580	11.53	52.16

**Source:** Computed Value

\*\* Significant at 1 percent level.

It is observed from Table 5 that the number of employment in small-scale industrial sector in India significantly increased at the rate of 11.53 per cent per annum. It is also inferred from the table that there was 52.16 percent variation in the growth of the SSI units in India during the period under study.



Table 6 shows the performance of the SSIs sector in terms of investment.

**TABLE 6**  
**INVESTMENT IN SMALL-SCALE INDUSTRIES SECTOR IN INDIA**  
**FROM 1998-1999 TO 2010-2011**

Year	Investment (Rs. in Crores)	Increase /Decrease	Percentage Increase / Decrease
1998-99	135482	-	-
1999-00	139982	4500	3.32
2000-01	146845	6863	4.90
2001-02	154349	7504	5.11
2002-03	162317	7968	5.16
2003-04	170219	7902	4.87
2004-05	178699	8480	4.98
2005-06	188113	9414	5.26
2006-07	500758	312645	166.20
2007-08	558190	57432	11.47
2008-09	621753	63563	11.39
2009-10	693835	72082	11.59
2010-11	765937	72102	10.39

**Sources:** 1. The Ministry of Small-Scale Industry in India, 1998 to 2011.

1. Annual Report of Trend & Progress of Banking of India, RBI.

Table 6 shows that the investment value of the small-scale industries sector in India at constant prices had increased from Rs.135482 crores in 1998-99 to Rs.765937 crores in 2010-2011. The increase was the highest during the year. 2006-07 with an amount of Rs.312645 crores compared to the previous year. After the dereservation of product meant for SSIs sector, the small industries started making more investment in the business, to face the competition from large industries.



To study the trend in the growth of investment the compound growth rate and the trend coefficient were computed and are presented in Table 7.

**TABLE 7**  
**COMPOUND GROWTH RATE AND MAGNITUDE OF VARIATION IN**  
**INVESTMENT IN SSI UNITS**

Sl. No	Variables	Log Linear		R <sup>2</sup>	C.G.R (Percent/ annum)	C.V (Per cent)
		Constant (a)	Co-efficient (b)			
1.	Investment in Small-Scale Industrial Units	11.0447	0.2091**	0.6248	23.26	231.88

Source: Computed value

\*\* Significant at 1 percent level.

It is observed from the Table 7 that the growth in investment in SSIs sector was significant with the compound growth rate of 23.26 per cent per annum. It is also inferred from the table that there was 231.88 per cent variation in the growth of investment small-scale industrial sector in India during the period under study.

Table 8 shows the performance of the SSIs sector in terms of the production.

**TABLE 8**  
**LEVEL OF PRODUCTION IN SMALL-SCALE INDUSTRIES SECTOR IN INDIA**  
**FROM 1998 - 1999 TO 2010 - 2011**

Year	Production (Constant Prices ) (Rs. In Crores)	Increase / Decrease	Percentage Increase / Decrease
1998-99	157525	-	-
1999-00	170379	12854	8.16
2000-01	184401	14022	8.23
2001-02	195613	11212	6.07
2002-03	306771	111158	56.8



2003-04	336344	29573	9.64
2004-05	372938	36594	10.88
2005-06	418884	45946	12.32
2006-07	709398	290514	69.35
2007-08	790759	81361	11.47
2008-09	880805	90046	11.39
2009-10	982919	102034	11.58
2010-11	1085953	103034	10.48

**Sources:** 1. The Ministry of Small-Scale Industry in India, 1998 to 2011.

2. Annual Report of Trend & Progress of Banking of India, RBI.

It could be observed from Table 8 that the production value of the SSIs sector in India increased from Rs.157525 crores in 1998-99 to Rs.1085953 crores in 2010-2011. In India, SSIs sector production was constantly increased during the study period except in 2006-07. Production in SSIs was showing dromedary sudden increase in 2006-07 because of starting more of no of SSI units. The increase in production was the highest during the year 2006-2007 with an increase of Rs. 290514 crores comparing to previous year.

The rate of growth and magnitude of variation in the growth of small-scale industrial production in India are presented in Table 9.

**TABLE 9**  
**COMPOUND GROWTH RATE AND MAGNITUDE OF VARIATION IN**  
**PRODUCTION IN SSI UNITS**

Sl. No	Variable	Log Linear		R <sup>2</sup>	C.G.R (Per cent/ annum)	C.V (Per cent)
		Constant (a)	Co-efficient (b)			
1.	Production Small-Scale Industries	11.5453	0.1728**	0.9708	18.87	69.98

**Source:** Computed value

\*\* Significant at 1 percent level.





It is observed from Table 9 that the small-scale industries growth of production in India has significantly increased at the rate or 18.87 per cent per annum. It is also inferred from the table that there was 69.98 per cent co- efficient variation in the growth of the SSIs production in India during the period under study.

Table 10 shows the performance of the SSIs sector in terms of the exports.

**TABLE 10**  
**EXPORT PERFORMANCE OF SMALL-SCALE INDUSTRIES SECTORS IN INDIA**  
**FROM 1998-1998 TO 2010-2011**

Year	Exports (Rs. In. Crores)	Increase / Decrease	Percentage Increase / Decrease
1998-99	48979	-	-
1999-00	54200	5221	10.66
2000-01	69797	15597	28.78
2001-02	71244	1447	2.07
2002-03	86013	14769	20.73
2003-04	97644	11632	13.52
2004-05	124417	26773	27.42
2005-06	150242	25825	20.76
2006-07	182538	32296	21.49
2007-08	202017	19479	10.67
2008-09	233079	31062	15.38
2009-10	265375	32296	13.86
2010-11	296437	31062	11.70

**Sources:** 1. The Ministry of Small-Scale Industry in India, 1998 to 2011.

2. Annual Report of Trend & Progress of Banking of India, RBI.

Table 10 shows the performance of exports by small-scale industries in India which increased from Rs.48979 crores in 1998-99 to Rs.296437 crores in 2010-11. The increase was the highest during the year 2006-07 with the increase amount of Rs.32296 crores comparing to previous year.



The rate of growth and magnitude of variation in the growth of small-scale industrial exports in India are presented in Table 11.

**TABLE 11**  
**COMPOUND GROWTH RATE AND MAGNITUDE OF**  
**VARIATION IN EXPORT**

Sl. No	Variables	Log Linear		R <sup>2</sup>	C.G.R (Percent/ Per annum)	C.V (Percent)
		Constant (a)	Co-efficient (b)			
1.	Exports in Small-Scale Industries	10.4823	0.1548**	0.9932	16.74	61.77

**Source:** Computed value

\*\* Significant at 1 percent level.

It is observed from the Table 11 that the small-scale industrial export in India has significantly increased at the rate of 16.74 per cent per annum. It is also inferred from the Table that there was 61.77 per cent variation in the growth of the SSI units exports in India during the period under study.

#### **Growth Rate of Industrial Sector and the SSI Sector**

The growth of small-scale sector in India is always found to be better when comparing to the overall growth of the total industrial sector. A comparative Table of both these categories are presented as under.

**TABLE 12**  
**COMPARISON OF GROWTH RATE OF INDUSTRIAL SECTOR AND SSI SECTOR**  
**FROM 1998-1999 TO 2010-2011**

Year	Industrial Sector (Per cent)	SSI Sector (Per cent)
1998-1999	4.1	7.70
1999-2000	6.5	8.16
2000-2001	4.9	4.90
2001-2002	2.9	6.10



2002-2003	6.0	8.68
2003-2004	7.4	9.64
2004-2005	9.0	10.88
2005-2006	9.1	12.32
2006-2007	12.5	12.60
2007-2008	11.9	13.00
2008-2009	12.3	14.24
2009-2010	13.7	16.03
2010-2011	15.2	18.05

**Sources:** 1. Annual Report, the Reserve Bank of India, 1998 to 2011.

2. Ministry of Small-Scale Industries in India.

Table 12 contains the growth rate of the industrial and the SSIs sectors during the period from 1998-99 to 2010-11. It could be observed that the growth rate of industrial sector increased tremendously from 4.1 per cent in 1998-99 to 15.2 per cent in 2010-11. However, the growth of the SSIs sector was fluctuating between 1998-99 and 2000-01. From 2000-01 to 2010-11 the SSI sectors growth rate showed increase trend. The growth rate of the SSIs sector rose from 7.70 per cent in 1998-99 to 18.05 per cent in 2010-11.

## **SUGGESTIONS**

The Bank under study may have specialized branches in each district to the loan requirements of the small-scale industries.

The lead banks in all districts may have periodical meetings with the DICs and the Association of the SSI units to assess the nature, type and amount of loans required by SSI units.

The banks may conduct sample surveys of the performance of the SSI accounts to find whether they are getting adequate bank credit for their operations.

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