



## **Economic Performance of SSIs in India: A Strategic Analysis**

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### **ABSTRACT**

*Small-scale industries (SSI) in post-Independence period have been playing a significant role in the economic growth of the country. The SSI sector's value addition has been almost 40 percent of the total value addition of the gross industrial sector. The country has been portrayed the colossal contribution of SSIs is poverty alleviation and employment generation in the economy. Right from the Gandhian through the Mahalanobis plan till the era of liberalisation beginning from 1991, the emphasis has been laid on the development of the SSI sector. The main objective of this paper is to evaluate the performance of SSI. The performance of the small-scale sector can be evaluated in terms of its overall contribution towards promoting absolute growth in the number of units, employment, production and exports. Besides its share in the national income, total exports and total organised sector employment has also been analysed to reveal a lot about its significant contribution to the country's economy.*

**Keywords:-** Small Scale Industry, Growth, Employment Generation.

### **INTRODUCTION**

Small-scale industries in post-Independence period have been playing a significant role in the economic growth of the country. The SSI sector's value addition has been almost 40 percent of the total value addition of the gross industrial sector. The country has been portrayed the colossal contribution of SSIs is poverty alleviation and employment generation in the economy. Right from the Gandhian through the Mahalanobis plan till the era of liberalisation beginning from 1991, the emphasis has been laid on the development of the SSI sector. The performance of the small-scale sector can be evaluated in terms of its overall contribution towards promoting absolute growth in the number of units,

employment, production and exports. Besides its share in the national income, total exports and total organised sector employment reveal a lot about its significant contribution to the country's economy.

The SSI sector has played a dominant role in generation of employment opportunities, development of entrepreneurial talent, effective utilisation of economic resources, widening of the industrial base, removal of regional disparities, growth of export performance, greater production and output and thereby reducing the prices, equitable distribution of income, wealth and economic power and greater tax revenue for the government. The total number of small-scale units has been around 16000 in 1950 but it rose to around 128.4 lac in 2006-07 and the phenomenal growth in number of units has numerous significant positive impacts on the country's economy.

The number of SSI units increased alongwith increase in the investment limits for the SSIs with passage of time. In 1950-51 when the investment limit for SSIs has been Rs.5 lac the number of SSIs has been 16000 only all over the country. This numbers of SSIs increased to 1.31 lac in 1966-67 when the investment limit for SSIs has been raised to Rs.7.5 lac. This increase in number may be partly attributed to placing certain non-SSI units as per the earlier limit under the category of SSI units after increase in the limit for investment in SSIs. This continued and the number of SSI units established exhibited a positive trend through out. The trend value has been found to be  $Y = 52.72 + 4.17X$ . The investment limits in SSIs, actual number of SSI units, the expected number of SSI units as per the trend and the variation of the actual number over the number as per the trend are as follows:

#### T.7.1: The Number of SSIs and its Trend in India:

Year	Investment Limit (in lac)	Number of Units (in lac)	Trend Value ( $Y = a + bX$ ) ( $Y=52.72+4.17X$ )	Variation (No. of Units – Trend)
1950-51	5	0.16	-----	-----
1960-61	5	0.37	-----	-----
1966-67	7.5	1.31	-----	-----
1973-74	7.5	4.2	-18.17	22.37
1974-75	10	5.0	-14	19
1975-76	10	5.5	-9.83	15.33
1976-77	10	5.9	-5.66	11.56
1977-78	10	6.7	-1.49	8.19
1978-79	10	7.3	2.68	4.62
1979-80	10	8.1	6.85	1.25

1980-81	20	8.7	11.02	-2.32
1981-82	20	9.6	15.19	-5.59
1982-83	20	10.6	19.36	-8.76
1983-84	20	11.6	23.53	-11.93
1984-85	20	12.4	27.7	-15.3
1985-86	35	13.5	31.87	-18.37
1986-87	35	14.6	36.04	-21.44
1987-88	35	15.8	40.21	-24.41
1988-89	35	17.1	44.38	-27.28
1989-90	35	18.2	48.55	-30.35
1990-91	60	67.9	56.89	11.01
1991-92	60	70.6	61.06	9.54
1992-93	60	73.5	65.23	8.27
1993-94	60	76.5	69.4	7.1
1994-95	60	79.6	73.57	6.03
1995-96	60	82.8	77.74	5.06
1996-97	60	86.2	81.91	4.29
1997-98	300	89.7	86.08	3.62
1998-99	300	93.4	90.25	3.15
1999-00	100	97.2	94.42	2.78
2000-01	100	101.1	98.59	2.51
2001-02	100	105.2	102.76	2.44
2002-03	100	109.5	106.93	2.57
2003-04	100	114.0	111.1	2.9
2004-05	100	118.6	115.27	3.33
2005-06	100	123.4	119.44	3.96
2006-07	500	128.4	123.61	4.79

Source: Hand Book of Statistics on Indian Economy, RBI Mumbai and Various Years of Economic Survey.

It shows a positive trend in the growth in the number of SSIs in the country. The investment limits in SSIs have been raised from Rs. 5 lac in 1950-51 to Rs. 7.5 lac in 1966-67 and again to Rs. 10 lac in 1974-75. This has been further raised to Rs. 20 lac in 1980-81 and to Rs. 35 lac in 1985-86. This has been again raised to Rs. 60 lac in 1990-91 and to Rs. 3.00 crore in 1997-98 but reduced to Rs. 1.00 crore in 2000-01. Recently this

limit has been raised to Rs. 5 crore in 2006-07. Alongwith this increase in limit the number of SSIs has also been increasing positively. A comparison of the actual number of SSIs with the expected number as per the trend reveals that in earlier years the variations over the trend has been positive upto 1979-80 and it has again been positive since 1990-91, but during the period from 1980-81 to 1989-90 the variations of actual number of SSIs over the expected number as per the trend has been negative. It indicates that the growth in the number of SSIs during eighties of the last century has been much below the expectation. However, since the beginning of nineties the growth in number of SSIs has picked up which is a positive development of the recent decades.

The number of the SSI units both registered and unregistered showed a significant growth in the recent past where the growth index increased to 189.1 during 1990-91 to 2006-07 periods. It is exhibited as follows:

**T.7.2: Growth in SSIs Units in Post-Liberalisation Period:**

Year	Registered SSI Working Units		Unregistered SSI Working Units		Total SSIs Working Units	Growth Index	Net Growth Over Previous Year
	No. of Units	%	No. of Units	%	No. of Units	---	---
1990-91	7.90	11.63	59.97	88.32	67.9	100	---
1991-92	8.72	12.35	61.91	87.69	70.6	103.98	3.98
1992-93	9.94	13.52	63.57	86.49	73.5	108.25	4.27
1993-94	10.63	13.90	65.86	86.09	76.5	112.67	4.42
1994-95	11.61	14.59	67.99	85.41	79.6	117.23	4.56
1995-96	11.57	13.97	71.27	86.07	82.8	121.94	4.71
1996-97	11.99	13.91	74.22	86.10	86.2	126.95	5.01
1997-98	12.04	13.42	77.67	86.59	89.7	132.11	5.16
1998-99	12.00	12.85	81.36	87.11	93.4	137.52	5.41
1999-00	12.32	12.67	84.83	87.27	97.2	143.15	5.63
2000-01	13.10	12.96	88.00	87.04	101.1	148.90	5.75
2001-02	13.75	13.07	91.46	86.94	105.2	154.93	6.03
2002-03	16.03	14.64	93.46	85.35	109.5	161.27	6.34
2003-04	17.12	15.02	96.83	84.94	114.0	167.89	6.62
2004-05	18.24	15.38	100.35	84.61	118.6	174.67	6.78

2005-06	19.30	15.64	104.12	84.38	123.4	181.74	7.07
2006-07	20.32	15.83	108.12	84.21	128.4	189.10	7.36

Source: SIDO's Half Century, History of Small Industries Development Organisation 1954-2004 and Ministry of small-scale industries, Govt. of India and Economic Survey 2007-08

It reveals that the number of the registered SSI units increased from 7.9 lac in 1991 to 20.32 lac in 2006-07 while the number of unregistered SSI units increased from 59.97 lac in 1990-91 to 108.12 lac in 2006-07. The relative number of the registered SSI units also increased from 11.63 percent in 1990-91 to 15.83 percent of the total number of SSI units in 2006-07. The relative number of the unregistered units in the total number of SSI units has been 88.32 percent in 1990-91 but this declined to 84.21 percent during the year 2006-07. It shows that in post-liberalisation period relatively larger number of SSI units gets registered. There has been phenomenal growth in the number of SSI units (both registered and unregistered during post-liberalisation period. The number of SSI units has been doubled during this period as the growth increased to 189.10. It may be observed that the growth index has been increasing by around 4 percent upto 1996-97. Beyond that it increased by around 5 percent upto 2000-01 but after that it increased by around 6 percent every year. In recent years it has been increasing by more than 7 percent per years. Thus, there has been an increase in the number of SSI units at increasing rate during post-liberalisation period which shows that there is greater emphasis in establishment of small-scale units in the country in recent years. The increase in growth index over that in previous year also testify the same as it increased from 3.98 in 1991-92 to 7.36 in the year 2006-07. Number-wise the growth rate in the SSI sector has been for more than the growth rate in the total industrial sector. It is as follows:

### **T.7.3: Comparative Growth Rates of SSI Sector and Total Industrial Sector in India during Post-Liberalisation Period:**

<b>Year</b>	<b>SSI Sector Growth Rate (%)</b>	<b>Total Industrial Sector Growth Rate (%)</b>
1991-92	3.10	0.60
1992-93	5.60	2.30
1993-94	5.65	6.00
1994-95	10.44	9.10
1995-96	11.49	13.00
1996-97	11.29	6.10

1997-98	9.19	6.70
1998-99	7.84	4.10
1999-00	7.09	6.70
2000-01	8.04	5.00
2001-02	6.06	2.70
2002-03	8.68	5.70
2003-04	9.64	6.90
2004-05	10.88	8.40
2005-06	12.32	8.10

Source: SIDO's Half Century, History of Small Industries Development Organisation 1954-2004 and Ministry of small-scale industries, Govt. of India and www.indiastat.com

It reveals that the growth rate in the SSI sector increased from 3.1 percent in 1991-92 to 12.32 percent in 2005-06 while in the total industrial sector this growth rate was more 0.60 percent in 1991-92 which increased to 8.1 percent during 2005-06. Since including the growth rate in SSI sector the growth rate in the total industrial sector is lower, it shows that the growth rate in the non-SSI sector is still lower. Thus the post-liberalisation period witnessed significantly higher growth rate in the SSI sector as compared to the growth rate in the non-SSI sector. This phenomenal growth in the number of SSI units has numerous significant positive impacts on the country's economy in a number of ways, viz. employment generation, volume of industrial production, volume of exports and others.

#### **SSI Sector and Employment Generation:**

India is the second most populous country in the world and therefore, the need for creating employment opportunities can be hardly over emphasised. SSI sector has been playing a very significant role in the economy in this respect. Since there is abundance of cheap labour and scarcity of capital, the SSI sector has led to a higher capital output ratio as well as a higher employment capital ratio. The employment in SSI sector has been 39.7 lac in 1973-74 which rose to 312.5 lac in 2006-07 and this is only next to agriculture in the country. The employment in SSI and Non-SSI industrial sector is analysed as follows:

#### **T.7. 4: Employment in SSI Sector and Non-SSI Industrial Sector:**

(Number in  
Lac)

Year (1)	No. of SSI Units (2)	SSI Sector (3)	Non- SSI Industrial Sector			% of (2) to (5) (7)	Employment Intensity (3) / (2) (8)
			Public Sector (4)	Private Sector (5)	Total (6)		

1973-74	4.2	39.7	127.30	67.50	194.80	20.38	9.45
1974-75	5.0	40.4	131.30	67.90	199.20	20.28	8.08
1975-76	5.5	45.9	136.3	67.90	204.20	22.48	8.35
1976-77	5.9	49.8	141.80	69.50	211.30	23.57	8.44
1977-78	6.7	54	147.30	71.10	218.40	24.73	8.06
1978-79	7.3	63.8	155.80	72.30	228.10	27.97	8.74
1979-80	8.1	67	151.20	72.40	223.60	29.96	8.27
1980-81	8.7	71	154.80	74.00	228.80	31.03	8.16
1981-82	9.6	75	162.80	75.30	238.10	31.50	7.81
1982-83	10.6	79	167.50	73.90	241.40	32.73	7.45
1983-84	11.6	84.2	172.20	73.60	245.80	34.26	7.26
1984-85	12.4	90	175.80	74.30	250.10	35.99	7.26
1985-86	13.5	96	176.80	73.70	250.50	38.32	7.11
1986-87	14.6	101.4	182.40	73.90	256.30	39.56	6.95
1987-88	15.8	107	183.20	73.90	257.10	41.62	6.77
1988-89	17.1	113	185.10	74.50	259.60	43.53	6.61
1989-90	18.2	119.6	187.70	75.80	263.50	45.39	6.57
1990-91	67.9	158.3	190.60	76.80	267.40	59.20	2.33
1991-92	70.6	166	192.10	78.50	270.60	61.35	2.35
1992-93	73.5	174.8	193.30	78.50	271.80	64.31	2.38
1993-94	76.5	182.6	194.50	79.30	273.80	66.69	2.39
1994-95	79.6	191.4	194.70	80.60	275.30	69.52	2.40
1995-96	82.8	197.9	194.30	85.10	279.40	70.83	2.39
1996-97	86.2	205.9	195.60	86.90	282.50	72.88	2.39
1997-98	89.7	213.2	194.20	87.50	281.70	75.68	2.38
1998-99	93.4	220.6	194.10	87.00	281.10	78.48	2.36
1999-00	97.2	229.1	193.10	86.50	279.60	81.94	2.36
2000-01	101.1	240.9	191.40	86.50	277.90	86.69	2.38
2001-02	105.2	252.3	187.70	84.30	272	92.76	2.40
2002-03	109.5	263.7	185.80	84.20	270	97.67	2.41
2003-04	114.0	275.3	182.00	82.50	264.50	104.08	2.41
2004-05	118.6	287.6	180.10	84.50	264.60	108.69	2.42
2005-06	123.4	299.9	----	---	----	---	2.43
2006-07	128.4	312.5	---		----	---	2.43

Source: Hand Book of Statistics on Indian Economy, RBI Mumbai.

It reveals that SSI sector was employing 39.7 lac persons in the year 1973-74 and it increased to 119.6 lac upto the year 1989-90 during the pre-liberalisation period. In the

year 1990-91 when the country adopted for liberalisation the SSI sector was giving employment to 158.3 lac persons. Since then increased continuously and the employment figure in SSI sector rose to 312.5 lac in the year 2006-07 suggesting that more than 31 million persons were getting employment in this sector. The trend of the employment in SSIs has been  $Y = 152.02 + 8.15X$ . This indicates a positive growth in employment in SSIs. However, the actual employment has lower than the expected employment as per trend during 1981-82 to 2000-01 periods. Since the employment in SSIs is greater there that expected as per the trend from 2001-02 it is likely to play a vital role in increasing employment in the economy.

The comparison of employment in SSI sector with that in Non-SSI sector reveals that the employment in SSI sector was mere 20.38 percent of the employment in Non-SSI sector. It increased to 45.39 percent towards the close of pre-liberalisation period. During post-liberalisation period the relative share of employment in SSI sector increased continuously and it rose to 108.69 percent of the total employment in Non-SSI sector in the year 2004-05. Thus, in recent years during post-liberalisation period the SSI sector has emerged as the largest employment giving industrial sector.

This tendency owes its origin to fact that employment in the private industrial sector has increased continuously but only slowly as the employment in this sector increased from 67.50 lac in the year 1973-74 to 84.50 lac in the year 2004-05 but the employment in the public sector increased from 127.3 lac in the year 1973-74 to 195.6 lac in the year 1996-97 and beyond that it declined due to privatisation during post-liberalisation period to 180.1 lac in the year 2004-05. On the other hand, employment in the SSI sector increased continuously and at increasing rate particularly during post-liberalisation period. As a result, the employment in SSI sector surpassed over the total employment in public as well as private non-SSI sector.

According to Small Industries Development Organisation (SIDO) Report, 2001, it has been estimated that an investment of 1.00 lac in SSI sector was to generate employment of four persons and therefore, the contribution of this sector in a populous and capital scarce economy like India can be hardly overemphasised towards creating more employment opportunities. This may also be judged by computing employment intensity of SSIs which is equal to total number of employment divided by the total number of SSI units which is same as average employment per SSI unit. The employment per unit of SSI has declined from 9.45 employees in 1973-74 to rust 2.43 employees in 2006-07. However, the growth of employment intensity has been changes and has been showing some improvements after liberalisation.<sup>1</sup>

#### **SSI Sector and Volume of Production:**

The SSI sector has also played a vital role in producing food products, non-metallic mineral products, chemical products, woodcrafts, hosiery and garments, paper products and printing. It has progressed from producing simple consumer goods to

the manufacturing of many sophisticated and precision products such as electronic control systems, microwaves components, electro-medical equipments etc. the value of production in SSI sector vis-a vis the value of production in the non-small-scale industrial sector is as follows:

**T.7.5: Production in SSI Sector and Industry:**

Year	No. of SSI Units (in lac)	Employment in SSI Units (in lac)	Value of SSI Production (Rs. in Crore)	Value of Industrial Production (Rs. in Crore)	% of (4) to (5)	Production Intensity (4/2) (Rs. in lac)	Employment Productivity (4/3) (Rs. in lac)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1973-74	4.2	39.7	7200	10251	70.24	1.71	0.18
1974-75	5.0	40.4	9200	13260	69.38	1.84	0.23
1975-76	5.5	45.9	11000	14125	77.88	2.00	0.24
1976-77	5.9	49.8	12400	15867	78.15	2.10	0.25
1977-78	6.7	54	14300	17782	80.42	2.13	0.26
1978-79	7.3	63.8	15800	20447	77.27	2.16	0.25
1979-80	8.1	67	21600	23584	91.59	2.67	0.32
1980-81	8.7	71	28100	26657	105.41	3.23	0.40
1981-82	9.6	75	32600	32733	99.59	3.40	0.43
1982-83	10.6	79	35000	36557	95.74	3.30	0.44
1983-84	11.6	84.2	41600	42995	96.76	3.59	0.49
1984-85	12.4	90	50500	48610	103.89	4.07	0.56
1985-86	13.5	96	61200	54063	113.20	4.53	0.64
1986-87	14.6	101.4	72300	60348	119.81	4.95	0.71
1987-88	15.8	107	87300	67753	128.85	5.53	0.82
1988-89	17.1	113	106400	80841	131.62	6.22	0.94
1989-90	18.2	119.6	132300	96292	137.39	7.27	1.11

1990-91	67.9	158.3	78802	110760	71.15	1.16	0.50
1991-92	70.6	166	80615	121918	66.12	1.14	0.49
1992-93	73.5	174.8	84413	142566	59.21	1.15	0.48
1993-94	76.5	182.6	98796	165663	59.64	1.29	0.54
1994-95	79.6	191.4	122154	202888	60.21	1.53	0.64
1995-96	82.8	197.9	147712	248450	59.45	1.78	0.75
1996-97	86.2	205.9	167805	280247	59.88	1.95	0.81
1997-98	89.7	213.2	187217	300389	62.32	2.09	0.88
1998-99	93.4	220.6	210454	332464	63.30	2.25	0.95
1999-00	97.2	229.1	233760	350233	66.74	2.40	1.02
2000-01	101.1	240.9	261297	392138	66.63	2.58	1.08
2001-02	105.2	252.3	282270	410667	68.73	2.68	1.12
2002-03	109.5	263.7	314850	463302	67.96	2.88	1.19
2003-04	114.0	275.3	364547	509106	71.61	3.20	1.32
2004-05	118.6	287.6	429796	598674	71.79	3.62	1.49
2005-06	123.4	299.9	497842	676207	73.62	4.03	1.66
2006-07	128.4	312.5	587196	772986	75.96	4.57	1.88

Source: Hand Book of Statistics on Indian Economy, RBI Mumbai.

It reveals that there has been many-fold increase in the value of production in the SSI sector during pre-and post-liberalisation periods. The volume of production exhibits positive trends i.e. 143774.3 + 12680.8X. A comparison of actual production of SSIs with the expected production as per the trend reveals that the actual production was much below the expected production during 1982-83 to 2001-02 periods. However, the production has gone up and is above the expected volume of production as per trend since 2002-03 which is a positive development. The value of production in SSI sector and Non-SSI sector both increased over 10 times between 1973-74 and 1990-91 and beyond that during post-liberalisation period it increased 7.4 times in SSI sector while it increased a little less than 7 times in the non-SSI sector. It suggests the growth in the value of production during post-liberalisation period remained subdued SSI as well as non-SSI sectors as compared to that during pre-liberalisation period but the position in SSI sector has been slightly better than that in the non-SSI sector. The value of production exhibits a positive trend despite threats coming from liberalisation, foreign exchanges constraints, credit squeeze, demand recession, high interest rates, etc.

The SSI sector contributed around 70 percent of the value of non-SSI production in the year 1973-74. It surpassed the Non-SSI production in years immediately prior to liberalisation but it came down to 71.15 percent in the 1990-91 i.e. the year of liberalisation. Till 1995-96 this percentage of value of production of SSI sector to the

value of production of Non-SSI sector declined to 59.45 percent. Since then it started picking up and increased upto 75.96 percent in the year 2006-07. It is thus, obvious that the value of productions of SSI sector is more than three-fourths (3/4) of the value of production by non-SSI sector in recent years. Since 1995-96 this percentage has been increasing continuously and there is every likelihood that it will match and even surpass and value of production of non-SSI sector.

The production intensity i.e. the average volume of production per unit increased from Rs. 1.71 lac in 1973-74 to Rs. 4.57 lac in 2006-07. The employment productivity i.e. the average volume of production per unit of employment also increased from Rs. 0.18 lac in 1973-74 to Rs. 1.88 lac in 2006-07.

Thus the value of production-wise the performance of SSI sector is quite impressive as per the overall growth in it in pre and post-liberalisation periods as well as its comparative position vis-à-vis the value of production of non-SSI sector. This positive trend in the value of production of the SSI sector is likely to strengthen in the coming years and boost for greater economic upliftment of India's economy.

#### **SSI sector and Exports:**

The performance of small-scale industries may also be evaluated in terms its impact on country's exports from SSI sector vis-à-vis the total exports from the country may be analysed as follows:

#### **T.7.6: Share of Exports of Small Industries in India:**

(Rs. in Crore)

<b>Year</b>	<b>No. of SSI Units (in lac)</b>	<b>SSI Production</b>	<b>Total Exports</b>	<b>Exports from SSI Sector</b>	<b>Percentage of (5) to (4)</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>
1980-81	8.7	28100	6711	1600	23.84
1981-82	9.6	32600	7803	2100	26.91
1982-83	10.6	35000	8908	2000	22.45
1983-84	11.6	41600	9872	2200	22.29
1984-85	12.4	50500	11744	2500	21.29
1985-86	13.5	61200	10895	2800	25.70
1986-87	14.6	72300	12567	3600	28.65
1987-88	15.8	87300	15741	4400	27.95
1988-89	17.1	106400	20232	5500	27.18
1989-90	18.2	132300	27681	7600	27.46
1990-91	67.9	78802	32553	9664	29.69
1991-92	70.6	80615	44042	13883	31.52
1992-93	73.5	84413	53688	17784	33.12

1993-94	76.5	98796	69751	25307	36.28
1994-95	79.6	122154	82674	29068	35.16
1995-96	82.8	147712	106353	36470	34.29
1996-97	86.2	167805	118817	39248	33.03
1997-98	89.7	187217	130101	44442	34.16
1998-99	93.4	210454	141604	48979	34.59
1999-00	97.2	233760	158184	54200	34.26
2000-01	101.1	261297	203571	69797	34.29
2001-02	105.2	282270	209018	71244	34.09
2002-03	109.5	314850	255137	86013	33.71
2003-04	114.0	364547	293367	97644	33.28
2004-05	118.6	429796	375340	124417	33.15
2005-06	123.4	497842	456418	150242	32.92
2006-07	128.4	587196	571780	---	---

Source: Ministry of Commerce and Industry and Hand Book of Statistics on Indian Economy, RBI Mumbai.

It reveals that the exports from the SSI sector remained negligible during fifties and sixties and it started in seventies when 9.64 percent of the total exports have been from SSI sector. In 1976-77 it increased to 15.56 percent and to 23.84 percent in 1980-81. This continued to increase upto 29.69 percent in the year 1990-91. Thus during pre-liberalisation period despite increase in total exports of the country the exports, the percentage of SSI sector exports increased continuously which shows tremendous increase in the volume of exports by this sector. The trend in the SSIs exports has been positive and has a value  $Y = 29030.36 + 3467.6X$ . A comparison of actual volume of exports with the expected volume of exports as per the trend reveals that the exports have been below the expectation during 1982-83 to 1999-2000 period and after that it has increased to above the expected volume of exports which may be considered as a favourable development of the recent past.

In the post-liberalisation period the absolute volume of exports from SSI sector and its percentage to total exports continued to increase. In absolute terms the volume of exports from SSI sector increased around sixteen times while the total exports from the country increased around seventeen times upto 2005-06 and despite this the percentage share of the SSI sector exports increased from 29.69 percent to 32.92 percent. This the tremendous increase in the exports performance of the SSI sector.

Major exports of SSI sector are items like leather goods, readymade garments jewellerys, fashion and design accessories and engineering goods. Besides direct exports, the SSI sector also contributes around 15 percent to exports individually through merchant exporters, export houses and trading houses. It is also in the form of export orders from

large units on the production of components for the use in the manufacturing of exportable goods by non-SSI enterprises.

Of the total exports from the country exports of goods from SSI Sector are sport goods (100 percent), readymade garments (90 percent), leather products (80 percents), proceed food items (65 percent), cosmetic, basic chemicals and pharmaceutical products (55 percent), plastic products (45 percent), wooden garments and knitwear (35 percent), engineering goods (30 percent) and marine products (29 percent).<sup>2</sup>

It is, thus, obvious that the percentage contribution of the SSI sector has been steadily increasing over the last three decades. Besides SSI sector contribution as per the faster gestation period creating a better investment incentives. These units are dispersed all over the country and thus help in removing regional imbalances, bring about greater equitable regional development. These also bring about greater equitable distribution of economic power and dispersion of wealth. Since the investment required in the unit of SSI sector are substantially small, these also faster spirit of entrepreneurship and self employment.

#### **CONCLUDING OBSERVATIONS:**

The SSI sector has played a vital role in the generation of employment opportunities, development of entrepreneurial talent, effective utilisation of economic resources, widening of industrial base, reduction of regional disparities, growth of export, increase in production and effecting more equitable distribution of income and wealth. However, the performance of the small-scale sector has been evaluated in terms of its contribution to employment generation, volume of production, its share in the total exports from the country.

There has been phenomenal growth in the number of SSI units from mere 16000 units in 1950 to 128.4 lac units in 2006-07, which has got significant positive impact on the country's economy. Its trend value is  $Y = 52.72 + 4.17X$  and on this basis the number of units in the recent years has been found larger than that expected as per the trend exhibiting greater emphasis on establishment of units in the small-scale sector in recent years. During post-liberalisation period the total number of SSI units has nearly doubled, the number of registered SSI units has been more than double, while the number of unregistered units has been a little less than double. The increase in number of SSI units at increasing rate during post-liberalisation period indicates greater emphasis on this sector in recent years. It is also confirmed by larger growth rate in SSI sector as compared to that in total industrial sector.

The employment in the SSI sector increased continuously where the trend value of the employment in this sector has been  $Y = 152.02 + 8.15X$  and on this basis the employment in SSI sector has been lower than that expected as per the trend during 1981-82 to 2000-01 period but after that it increased beyond the expected employment as per the trend. The employment particularly during post-liberalisation period has been

increasing at an increasing rate and at present the employment in SSI sector has also been found to be more than the total employment in public and private industrial sector. However, the employment intensity i.e. average employment per unit has declined from 9.45 in 1973-74 to 2.33 in 1990-91 and subsequently it increased to 2.43 in 2006-07.

The SSI sector has played a vital role in producing a large variety of products for mass consumption including many sophisticated and precision products. The volume of production has a trend value of  $Y = 143774 + 12681X$  and on this basis the production has been smaller as compared to the trend during 1982-83 to 2001-02 period but afterwards it has been found to be higher in recent years. The value of production in SSI sector increased 7.4 times during post-liberalisation period, while the same in non-SSI sector during this period has been a little smaller. The SSI sector contributed around 70 percent of the total value of production in Non-SSI sector in 1973-74 and was 71.15 percent in 1990-91. It declined to 59.45 percent in 1995-96 but picked up to 75.96 percent in 2006-07. The production intensity and employment intensity both have also increased 2.7 times and 9.60 times respectively during this period.

The post-liberalisation period has witnessed an increase in absolute volume of exports from the SSI sector and its percentage to total exports from the country. These increased 16 times and 17 times respectively and the relative share of exports from SSI sector to total exports from the country increased from 23.84 percent in 1980-81 to 32.92 percent in 2005-06. It has also exhibited a positive trend having a value  $Y = 29030.36 + 3467.6X$  and on the basis of this the total exports have also been found on a lower side as compared to the trend of exports during 1980-81 to 1989-90 period. However, during post liberalisation period the total exports from SSI sector has been found to be higher than the SSIs' exports expected as per the trend. The export intensity i.e. the share of exports to total volume of production of SSI sector increased from 5.7 percent in 1980-81 to 30.2 percent in 2005-06.