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PRODUCTIVITY IN SMALL SCALE INDUSTRY IN ASSAM

Purusottam Nayak and N.B. Dey

The small scale industry in India has emerged as a dynamic and vibrant sector of the economy. There has been a tremendous growth of these industries in the country during the last two hand half decades. The number of small scale industries, both registered and unregistered, increased from 4.16 lakh in 1973-74 to 19.38 lakh in 1990-91. The volume of production at current prices rose from Rs.7200 crore to Rs.1, 55,340 crore. At the end of the Seventh Plan period, it accounted for nearly 35 percent of the gross value of output in the manufacturing sector. It also provided employment opportunities to 12.4 million people in the country. During 1990-91 direct export from the small scale industrial sector was provisionally estimated at Rs.9100 crore. It accounted for over 40 percent of the total export from the country. This sector now produces more than 7000 different items. It produces goods ranging from mass consumption items to highly electro-medical equipment.

The growth of small scale industries in North Eastern Region is, however, slow. In 1972, the region had 3650 registered units as against 2, 57,797 such units in the country and accounted for a share of mere 1.42 percent. In December 1990, the total number of registered units in the region increased to 25,525 as against 13, 78,485 in the country showing a nominal increase in the share of units in the North Eastern Region from 1.42 percent in 1972 to 1.85 percent in 1990.

The first All India Census on Small Scale Industrial Units revealed that there were only 2235 registered units in Assam in 1971-72. Again in 1989 when the second Census was undertaken for the reference year 1987-88, the number of registered units increased to 8290 over a period of 15 years. 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 same period. The industry which had created employment for only 19,652 persons in 1971-72, could be able to employ 34,475 persons in the State in 1987-88. The value of total production also increased to a considerable

extent from Rs.2264 lakh to Rs.30, 325 lakh. In other words, production in monetary terms increased more than 13 times and in real terms it grew by 18.9 percent per annum over a span of 15 years. However, production capacities of the units in the State were Rs.1, 56,592 lakh as against the actual reported of Rs.30, 235 lakh, showing a poor capacity utilisation of 19.31 percent.

In 1988 only 4430 units were found to be working out of 8290 registered units in the State while the other 3860 (46.6 percent) units were either closed, non-traceable, non-responding or outside the purview of Small Industries Development Organisation. Among these working units 51.6 percent were engaged exclusively in manufacturing/assembling, 26.5 percent in processing, 6.6 percent in job, 12.6 percent in repairing and servicing while the remaining 2.7 percent in more than one activity. The classification of units by the ownership pattern showed that only 3.9 percent of units were run by Scheduled Caste entrepreneurs, 2.6 percent by Scheduled Tribe entrepreneurs and the remaining 93.5 percent by the entrepreneurs belonging to other categories. Further, 150 units were found to be managed by women entrepreneurs. Out of the 4430 units in the State, only 17 units producing food products, machinery and parts, chemicals and chemical products, wood products, metal products, hosiery and garments and doing repairing services, exported goods worth Rs.2482 lakh. The largest number of exporting units was from the wood industry group recording exports worth Rs.519 lakh. However, food industry group topped the list in terms of export value of food products worth Rs.2400 lakh.

The present study is based on the Second All India Census of Small Scale Industrial Units in Assam. It aims at assessing the performance of these units in terms of investment, production and employment. While assessing their performance the average productivity of labour and capital of the SSI units have been calculated according to their location, category, organizational structure and size.

LOCATION-WISE PRODUCTIVITY

To study the dispersal of Small Scale units and their relative performances the data relating to rural and urban units are presented in Table 1. It was estimated that 45 percent of the total working units in the State located in rural areas produced only 30.6 percent of the total output. The industry provided employment to 34,475 persons in the State out of which nearly 41 percent were working in the rural units. Thus it was observed that both in terms of production and employment urban units fared better than those of the rural units. The investment figures revealed that Rs.9369 lakh were invested on the fixed assets of the industry as a whole of which only 33.5 percent was in rural units. On an average an individual small scale unit produced goods worth Rs.6825 lakh on an annual basis and provided employment to 7.8 persons. However, per unit production and employment generated in rural units were less than those in the urban units. Average productivity of labour in the rural units was estimated to be Rs.66, 061 as against Rs.1, 02,479 in the urban units. Capital productivity in rural units was also estimated to be much lower (Rs.2.92) than those in the urban units (Rs.3.37). Thus it was observed that the performance of the urban units was comparatively better than those in the rural units in the State.

CATEGORY-WISE PRODUCTIVITY

Broadly the small scale units are classified under three heads. Out of 4430 working units in the State, 4409 units were registered as Small Scale Industries (SSI), 15 units as Ancillary Industrial Undertakings (ANC) and the remaining as Small Service Establishments (SSE). Table 2 shows that both in terms of production and employment SI had a dominant position among all those units.

However, production and employment per unit were found to be high in Ancillary units followed by SSI and SSE. As far as productivity of labour was concerned it was estimated to be maximum in SSI and minimum in SSE. But capital productivity was maximum in ANC and minimum in SSE.

ORGANISATION-WISE PRODUCTIVITY

According to type of organisation the small scale industrial units are again classified into five categories. Out of the total of 4430 working units in Assam 84.27 percent were observed to be Proprietary, 10.05 percent Partnership, 2.23 percent Limited Company, 0.18 percent Co-operative Society and the remaining 0.27 percent were grouped under “Others” category. In case of proprietary type of concern, production and employment created were at their maximum levels. Interestingly, production and employment per unit were estimated to be maximums in Limited Companies followed by Co-operatives and others. But the most striking point was that both labour and capital productivity were at their maximum levels in the Co-operatives.

SIZE-WISE PRODUCTIVITY

In the census report the small scale industrial units were classified into 14 groups on the basis of fixed investment. However, in this paper some of the investment slabs were clubbed together and ultimately the number of slabs was reduced to eight. It was revealed that 53.5 percent of the working units were falling in the fixed investment slab of Rs.0-1 lakh. The maximum number of units was found to have fixed investment below Rs.5 lakh accounting 92.9 percent of the working units.

It was also revealed that the increase in fixed investment had by and large positive correlation with per unit production and employment. Production per unit, however, was estimated to be highest in fixed investment slab of Rs.30-55 lakh at Rs.126.38 lakh and employment generated per unit was maximum (51.25 persons) in the fixed investment slab of Rs.20-30 lakh. Similarly productivity of labour was highest at Rs.3.16 lakh in the slab of Rs.30-55 lakh whereas capital productivity was highest in the lowest fixed investment slab of Rs.0-1 lakh.

To conclude, it was observed that Co-operative Societies ranked first so far as both labour and capital productivities were concerned. Their performance can be regarded as unparalleled.

Table 1

Location-wise Productivity in Small Scale Industry in Assam

Item	Rural	Urban	Total
No. of Units	1992 (45.0)	2438 (55.0)	4430 (100.0)
Production (in Rs. lakh)	9242 (30.6)	20,993 (69.4)	30,235 (100.0)
Employment (Nos.)	13,990 (40.6)	20,485 (59.4)	34,475 (100.0)
Fixed Investment (in Rs. lakh)	3139 (33.5)	6230 (66.5)	9369 (100.0)
Production Per Unit (in Rs. lakh)	4640	8611	6825
Employment Per Unit (in Nos.)	7.02	8.40	7.78
Labour Productivity (in Rs.)	66,061	1,02,480	87,701
Rank (according to Labour Productivity)	2	1	-
Capital Productivity	2.94	3.37	3.23
Rank (according to Capital Productivity)	2	1	-

Source: Second All India Census of Small Scale Industrial Units, 1988 (Published in 1992).

Note: Figures in the parentheses denote their percentages to total.

Table 2

Category-wise Productivity in Small Scale Industry in Assam

Item	SSI	ANC	SSE	Total
No. of Units	4409 (99.52)	15 (0.34)	6 (0.14)	4430 (100.0)
Production (in Rs. lakh)	30,044 (99.37)	178 (0.59)	13 (0.04)	30,235 (100.0)
Employment (Nos.)	34,116 (98.96)	333 (0.96)	26 (0.08)	34,475 (100.0)
Fixed Investment (in Rs. lakh)	9311 (99.37)	52 (0.56)	7 (0.07)	9370 (100.0)
Production Per Unit (in Rs. lakh)	6.814	11.867	2.167	6.825
Employment Per Unit (in Nos.)	7.74	22.20	4.33	7.78
Labour Productivity (in Rs.)	88,064	53,453	50,000	87,701
Rank (according to Labour Productivity)	1	2	3	-
Capital Productivity	3.23	3.42	1.86	3.23
Rank (according to Capital Productivity)	2	1	3	-

Source: Second All India Census of Small Scale Industrial Units, 1988 (Published in 1992).

Note 1: Figures in the parentheses denote their percentages to total.

Note 2: SSI, ANC and SSE respectively refer to Small Scale Industry, Ancillary Industrial Undertakings and Small Service Establishments.