



Trends, Opportunities & Challenges in Small Scale and Cottage Industries in Assam

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Abstract:

In a backward state like Assam, Small scale industries have a big role to play. The most important factor for economic development of a country is its industrialization. In the process of industrialization, emphasis is given to the three major groups of industries; large-scale industries, small-scale industries and cottage industries. We propose to study in this paper the problems and prospects of small-scale and cottage industries in Assam, where large and medium scale industries are completely absent and whose development is vitally linked with various programmes and policies designed to remove poverty, unemployment and backwardness of the rural people.

Keywords: SSIs, Problems, Employment Prospects, Assam..

I. INTRODUCTION

The Cottage and small-scale industries of the state have been playing an important role in building the states economy. In developing countries cottage and small-scale industries are especially important in context of employment opportunities, equitable distribution of national income, balanced regional growth and development of rural and semi urban areas. They provide immediate large-scale employment, offer a method of ensuring a more equitable distribution of the national income and facilitate effective mobilization of resources of capital and skill which might otherwise remain unutilized. Small-scale industries play a very vital role even in industrialized and advanced countries like the U.S.A., the U.K., Canada, and West Germany and more particularly in Japan. This sector is considered to be an engine of growth, especially in a developing country like India due to their contribution to income generation, employment, GDP and export earnings. Small and cottage industries are those industries whose capital is supplied by the proprietor or through means like partnership or from financing agencies setup for this purpose etc. Those industries generally use power driven machines and also employ modern methods of production, engage labor on wage, produce for expanded market. Their work pattern is on permanent basis. Such industries can be managed with little resources and in terms of returns provide much better results. Cottage industries, on the other hand also called household industries, are organized by individuals with private resources and with the help of family members and are pursued as full-time or part-time occupation. The capital investment is small and the equipments used are simple. These industries generally use locally available resources, raw materials and indigenous skills. The output produced in each industrial unit is generally sold in local market. Small scale industries, including traditional cottage and village industries and modern small enterprises have been given an important place in India's economic planning for ideological and economic

reasons. Our late Prime Minister Mrs. Indira Gandhi once remarked, "Small scale industries offer many opportunities; besides adding to production, they broaden the industrial base. They enable the process of modernization as well as entrepreneurship to spread to more regions and layers of society". Father of our Nation, Mahatma Gandhi ji had strongly advocated the development of Indian villages by making them financially viable through small and village industrial units.

II. NEED AND IMPORTANCE OF STUDY

In a backward economy of Assam, small enterprises have been playing a significant role in the process of economic development from the time immemorial. The economy of the state is depending too much on agriculture. Assam cultivators and agricultural labours together account for 65.8 percent of total working population, whereas workers of manufacturing and other household industries constitute 2.8 percent of the total workers of the state. Although the base for industrial development in Assam was started several decades ago with the establishment of first tea oil and plywood industry which could hardly fulfill the need for speedy industrial development of the state during the subsequent only state in the country period. Till producing oil, 1950 Assam was the though Assam is now enlisted as "category A" backward state in the industrially backward region of North-East potential, In spite of having large development the economy of Assam remains underdeveloped as it is characterised by poverty, underutilised, manpower and untapped natural resources. As a result even after four decades of planning the state continued to lag comparatively much behind of many other states in the country. Of late if the efforts are made for gearing up industrialisation there will be ample scope for the development of small industries on the basis of factor endowments and potentialities available in the state. Hence development of small industries will not only mobilise local resources but will also Increase income and generate

employment opportunities. It is clear that as an agrarian character of economy in Assam there is an ample scope for expansion of small scale industries and SSI development would be the best and most appropriate strategy of industrialisation as well as economic development of the state. Our study signifies that these industries would be able to produce different types of consumer and producers goods not only to meet the present demand for both the rural and urban people but also to generate employment opportunities with the optimum utilisation of resources for the development of the state. In order to like develop the small product scale sector various policy reservation, purchase reservation sub contract, exchange etc. have been created over the years. As a result of these measures there has been tremendous growth of the small scale industrial sector in the country during the last two decades or so. The small industry sector already produces 7,500 items out of 8336 different items beginning with simple consumer goods like soap, detergent, leather goods etc. and this sector has now been entered into sophisticated fields of electronic, electrical and electromedical devices etc. Considering the production capacity and employment opportunity with minimum investment, SSI sector provides ample scope for to develop the economy of a region. Thus this study is an attempt to relook the impact of small enterprise for economic development of Assam. The

development of small enterprise provides an easy way to economic development through the following process in the state.

- (i) Utilising local resources.
- (ii) Creating jobs at relatively low capital cost.
- (iii) Diversifying industrial structure and foiling monopolies.
- (iv) Providing a vehicle for introducing a more equitable income distribution.
- (v) Attracting and utilising the services of indigenous entrepreneurship.
- (vi) Developing the capabilities of skilled and unskilled workers for future expansion
- (vii) Improving forward and backward linkages between economically, socially and geographically diverse sectors of the economy.
- (viii) Providing opportunities for developing and adopting appropriate technological and managerial approaches.
- (ix) Increasing mobility to market changes. The trend of the development of the industries with additional number of registered units, employment, production etc. it clearly indicates that there has been tremendous growth of small scale industries in the state in recent years. So the progress of this sector has been quite impressive. The following table shows the progress of small industries in Assam.

TABLE.1. PROGRESS OF SMALL INDUSTRIES IN ASSAM.

Year Since Inception	No. of Regd.Units	Production (Rs.000)	Employment (Nos)
1987-88	10953	343403	38487
1988-89	13262	394499	44506
1989-90	14427	421757	46851
1990-91	16788	479989	53034
1991-92	19172	523830	59125
1992-93	22050	593975	66677
1993-94	24610	647960	73312
1994-95	26910	693136	79667
1995-96	29691	769562	130725
1996-97	32065	832692	205711
1997-98	34245	889305	302225

Source: Director of Industries, Guwahati, Assam.

In Assam the total number of small scale industries registered under the Directorate of industries has increased from 10,953 units (from inception) in 1988 to 34245 units in 1997-98, while production and employment have gone up from Rs.3,43,403 (in thousands) and 38,487 to 889305 and 302225 respectively during the same period. There is probably a sequence of strategies that developing countries might follow. When agrarian economy dominates small business formation is probably the most appropriate strategy to be pursued. As the country begins to develop imitation of innovation established in more developed countries becomes critical to development process. As the country becomes more industrial the entrepreneurs are to identify and satisfy new wants. It is seemed that the entrepreneurial process begins in less developed countries with the formation of small business striving for effective management, but necessarily shifts to innovate the high technology entrepreneurship at same point along the development process. There are several factors that govern the pattern and rate of economic development in a country. One of the important inputs provided by the quantum and quality of

entrepreneurship. Most of these entrepreneurs who owned and managed their technological changes favoured the growth of corporate enterprises. The unique feature of small enterprise is that it is a low cost strategy of economic development, job creation and technical innovations. Entrepreneurs are individuals who bear the costs and risks of launching a new venture, developing a new product, commercializing an invention, adopting a technology and developing a new markets. We can identify four phases of development process.

- (1) Agrarian or resource society.
- (2) Early industrialisation.
- (3) Mature industrialisation.
- (4) Service and high technology economy.

In terms of the relationship between entrepreneurship and economic development the table given below suggests two basic trends. First the sphere of entrepreneurial economic development and activity expands with second innovation and early imitation become increasingly important as an economy develops and moves towards the benefits of science and technology.

III. OBJECTIVES OF THE STUDY

Assam is bestowed with rich agricultural resources. Most of the states wealth lies untapped yet, and these could provide a strong base for industrial development. Despite enormous latent potentialities for setting up of various resources based industries, no significant progress could be achieved in the field of industrialization in the state. With a view to bring about sustained and balanced regional development of this region and also to improve the living standard of the Assams, the present study aims to focus on problems and prospects of industrial development especially that of small scale and cottage industries in the state. In order to make the study not only of academic interest but also of practical utility, the following objectives have been set.

1. To study the structure and growth of small scale and cottage industry in the state.
2. To examine the level of contribution of these units in providing employment and income opportunities to the people.
3. To examine the problems of small scale industries related to finance, marketing etc. in the study area.
4. To analyze the impact of Government Policies towards the development of small scale and cottage industries in the region.
5. To suggest suitable measures for the development of small scale and cottage industries in Assam.

IV. HYPOTHESES

To meet the objectives of the study, the following hypotheses are postulated for empirical verification in the study:

1. The area suffers from excessive and acute unemployment and under employment problem.
2. Persons suffering from underemployment are interested in taking up complementary jobs to uplift their level of living.
3. There is a lack of innovations and entrepreneurship in the state.

V. METHODOLOGY

The study is based mainly on primary data collection through field survey and also analysis of secondary data related to SSIs. For field survey some specific areas such as different industrial estates, industrial areas, growth centres etc, of the state are investigated, I have visited most of the District Industries Centres (DIC) under the Directorate of Industries, Assam and different central level organisations/ undertakings operating in the state, I have contacted different persons of both central and state level organisations. The various population taken into account are small entrepreneurs and their firms, workers, marketing and financing agencies, Government Departments for getting relevant informations. After collecting all the facts an analysis is made to decide upon what the course of action to be taken for the development of this important sector of our economy.

VI. LIMITATION OF THE STUDY

- The primary data are already collected through a questionnaire contained the responses to workers, union, leaders, entrepreneurs and different executives of different organisations,

institutions, nodal agencies including the central and state governments.

- In some situations and cases the workers and entrepreneurs, union leaders etc. may have overstated their problems and grievances where as executives of different organisations have understated the problems of their respective units or enterprises.
- Regarding the secondary data the analysis has been depending on the reliability of the data which are collected from the different sources.
- The persons having in the different management and executive levels, workers, entrepreneurs were not responded to the questions because of lack of understanding, knowledge and fear etc.

V. REVIEW OF LITERATURE:

In our country very few empirical research studies have conducted in the field of small scale sector. They have been emphasised the need and importance of small scale industries in the economic development of the country. An attempt is made to review the previous studies in the area of small scale enterprises in the context of economic development of a backward state like Assam. Hence, the study has been concentrated mainly.

(A) Studies on small scale Enterprises in General.

(B) Studies on small scale Enterprises in particular.

The report of different agencies of Government of India and different policies like Five Year Plans, Industrial Policy Resolutions from time to time, Report of different committees on small scale enterprises, Annual Report of SIDO (Small Industries Development Organisation) Survey on Indian Industries, Hindu, Report on Small Scale Industries by Development Commissioner, Economic Survey Govt, of India, Seminars and Discussions of different organisations, Industry Association, Buyers Sellers meet etc. have highlighted several issues concerning small Enterprises. Studies on small scale Enterprises and its role in economic development of Assam are mainly in the form of Committee Reports, Research Studies, Research Papers, Annual Report of Directorate of Industries, Industrial Policy Resolution (Assam 1991 and 1997) Published materials on Small Scale Industries by IIE (Indian Institute of Entrepreneurship) Guwahati, Assam, Report of SIDBI (Small Industries Development Bank of India) Assam, News Bulletin of NEIBM (North East Institute of Bank Management) Guwahati, Assam and Report of other Nodal Agencies i.e. NSIC, SIS1 etc. In Assam following are some of the important studies worth referring in this context, Dr. A.K. Sarmah in his study has analysed management problems in small scale industries. Dr. H.K. Baruah in his thesis "Problems and Prospects of Small Scale Industries in North-East Region" has made detailed study on small scale industries and found sufficient evidence to suggest different aspects of small scale industries in the economic development of the state. Dr. Prabin Baishya in his thesis "Small and Cottage Industries in Assam" has focussed attention to the contribution of small scale industries in the industrial development of small scale industries in Assam, Dr, N, C, 35 Das In his research study has identified the problem and prospects of "Khadi and village industries in Assam" critically highlighted the need and importance of village industries in the development of the state etc. Though the main responsibility for

the development of small scale industries rests with the Government, entrepreneurs will have also to be come forward for establishing and developing these SSIs taking the advantage of different facilities / incentives provided by the government. As a result definitely there will be sufficient growth and development of small scale industries in the near future along with the economic development of the state.

VI. CONCLUSION

Reorientation in the attitude of the people of the state in general, the educated youths and capitalist class in particular is the urgent requirement for paving the way of industrialization in the state. It is an accepted fact that people with right attitude, total commitment and right conception can change the existing system. People of the state must give up the lure to earn easy money and set their mind to take risk. They should learn from the past. We cannot deny that with “obsession over industrial liberalization”, the crucial matter of employment creation has taken a backseat. This is not at all good for the country. If the small scale sector is to act as an agent of decentralization in rural and sub-urban areas, the government should come forward by strengthening the infrastructure in the rural and semi-urban areas and improving the transport facilities, raw materials facilities, providing more financial help in the form of loans by establishing more co-operative banks and also opening the branches of various other nationalized banks which could meet both the short term and long term credit needs of the existing and also the potential industries. Packages of incentives and the inherent talents of the Assam in the form of a big push are required to move the economy on industrialization path. A gradual approach is necessary, apart from the government, the capitalist class and the educated youth must come forward with a new vision and energy to break the vicious circle of non-industrialization in the state.

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