

## Small-scale industries

7.71 Despite the global and domestic recession, small-scale industries registered a higher growth rate than the overall industrial sector in terms of number of units, production, employment and exports (Table 7.25). During 2002-03, the number of SSI units was estimated to have increased to 35.72 lakhs from 34.42 lakhs in the previous year, registering an increase of 3.8 percent. The estimated value of production at current prices by the SSI units also increased by 7.5 percent to Rs. 7,42,021 crores from 6,90,316 crores during 2001-02 and at constant prices by 7.5 percent to Rs. 5,14,292 crores in 2002-03 from 4,78,456 crore during 2001-02, while employment went up to 199.65 lakh persons from 192.23 lakh persons during 2001-02. Exports increased to Rs. 69,797 crores in 2000-01 from Rs. 54,200 crores during 1999-2000, with a growth of 28.78 percent against that of 10.66 percent during the previous year.

7.72 With the removal of quantitative restrictions, goods from the outside world are now marketed in India. This has raised basic questions about the role for SSI reservation. In many labour intensive areas with great export opportunities, SSI reservation in India is handicapping the development of efficient economies of scale, while firms in countries such as China are able to compete effectively in the international and in the Indian market. Hence, the process of phasing out of SSI reservation, in consultation with stake holders, would constitute an important element of policies that foster efficiency and productivity in India.

7.73 Box 7.3 summarises policy initiatives on the SSI sector in 2002-03.

7.74 The Third Census of the SSI sector is being conducted. The Census would cover registered as well as unregistered units and also the issue of sickness and its causes in the SSI sector. The results of the Census are expected to be available by the end of March, 2003.

**Table 7.25 : Performance of small scale sector**

Year	No. of units (lakh Nos.)			Production (Rs.Crore)		Employment no.s in lakh	Exports (Rs. crore at current prices)
	Regd.	Unregd.	Total	(at current prices)	(at contant prices 1993-94)		
1994-95	19.44	6.27	25.71 (7.66)	2,98,886 (23.69)	2,66,054 (10.10)	146.56 (5.15)	29,068 (14.86)
1995-96	20.18	6.40	26.58 (3.88)	3,62,656 (21.34)	2,96,385 (11.40)	152.61 (4.13)	36,470 (25.46)
1996-97	21.53	6.50	28.03 (5.46)	4,11,858 (13.57)	3,29,935 (11.32)	160.00 (4.84)	39,248 (7.61)
1997-98	22.82	6.62	29.44 (5.03)	4,62,641 (12.33)	3,57,749 (8.43)	167.20 (4.50)	44,442 (13.23)
1998-99	24.06	6.74	30.80 (4.62)	5,20,650 (12.54)	3,85,296 (7.70)	171.58 (2.62)	48,979 (10.21)
1999-00	25.26	6.86	32.12 (4.29)	5,72,887 (10.03)	4,16,736 (8.16)	178.50 (4.03)	54,200 (10.66)
2000-01	26.14	6.98	33.12 (3.11)	6,39,024 (11.54)	4,51,033 (8.23)	185.64 (4.00)	69,797 (28.78)
2001-02	27.31	7.11	34.42 (3.91)	6,90,316 (8.03)	4,78,456 (6.08)	192.23 (3.55)	N.A.
2002-03 (Projected)	28.49	7.23	35.72 (3.8)	742021 (7.5)	514292 (7.5)	199.65 (3.9)	N.A.

**Note :** Figures in brackets show percentage growth over previous year.  
**Source :** Ministry of Small Scale Industries.

**Box 7.3 : Policy initiatives on small-scale industries in 2002-03**

- Fifty one items were dereserved in May 2002.
- In the Union Budget 2002-03, income-tax exemption was granted to the income of the Credit Guarantee Fund Trust for Small Industries for 5 years,
- In the Union Budget 2002-03, the general SSI Excise exemption Scheme has been extended to air guns, air rifles and air pistols (not covered under the Arms Act, 1959); articles of apparel, knitted or crocheted; marble and Bengal lights.
- National Awards for scheduled commercial banks were constituted by the Ministry of Small Scale Industries for best performance in terms of lending to SSIs. The first ever Awards were given away in the 3<sup>rd</sup> SSI Convention on August 28, 2002.
- A Biotechnology Cell has been created in the Ministry of SSI under the Chairmanship of Development Commissioner (Small Scale Industries) to facilitate the development and promotion of biotechnology-based industries in the small scale sector.
- For technology upgradation and quality improvement in SSI sector, the scope of the ongoing ISO 9000 reimbursement scheme has been enlarged to include reimbursement of expenses for ISO 14001 Environment Standard with effect from October 28, 2002.