

## TARGETS AND ACHIEVEMENTS OF SMALL SCALE INDUSTRIES IN PLAN PERIODS

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Small Scale Industries (SSIs) play a vital role in Indian Economic Development. The problems such as unemployment, regional imbalance, underutilisation of resources etc can be removed by SSIs because of their inherent features such as labour intensiveness, less capital requirement, suitability for rural and semi-urban areas etc. Because of the advantages listed above SSIs are given high priority and special efforts are taken to achieve the targets of growth.

In this paper, an attempt is made to know how far the targets of Small Scale Industries (SSI) in particular and Village Small Industries (VSI) in general, have been achieved during the period from 1984-85 to 1995-96; for this purpose, a comparison of SSI with VSI is also made.

Only after second five year plan, the emphasis on village and small scale

industries was made. Considering the roles played and advantages enjoyed by SSI, a decision was taken to promote the SSI. It was recognised from the first industrial policy resolution (1948) onwards that SSI requires protection against the competition from their large scale counterparts. Various means and ways were identified to protect the SSI; the important ones were identified in terms of allocation of raw materials, cheap power, technical know how, marketing facilities etc.

It was suggested from industrial Policy Resolution (1977) that effective promotion and development of cotton and SSI must be the main thrust. In 1991, the Govt. of India through new policy measures opted for promoting and strengthening small, tiny and village enterprises.

The important claims made for SSI in developing countries are on the ground that they are good for employment; they ensure more output and export abroad. However, they have to undergo a process of technological transformation to cope with the fast changing technological frontiers in the industrial world. Otherwise, they can not compete in the international market. SSIs are in need of institutional support in terms of financial technical assistance etc.

#### APPROACH AND STRATEGY OF EIGHTH PLAN

The public sector is likely to become very selective in the coverage of activities and in making investment. Therefore, greater emphasis will be laid on private initiative in industrial development. Small enterprises in the village and small industrial sector are more or less based on private initiative and entrepreneurship.

Targets and achievements of SSI in the seventh and the eighth plan period in respect of production, employment coverage and export are given in Table-II. As stated earlier, SSI is one among the eight other sectors of village and small industries (VSI). The other sectors are: power loom cloth, khadi cloth, village industries, hand loom cloth, sericulture, raw silk, handicrafts and coir fibre.

#### I SEVENTH FIVE YEAR PLAN

(from 1984-85 to 1989-90)

##### 1. Production:

SSI exceeded the production achievements by 14% during 1989-90 whereas it achieved only 100% during 1984-85. In the

case of VSI, the achievement rate was only 98% during 1984-85 and 114% during 1989-90. The share (achievement) of SSI to VSI was recorded at 78% and 80% during 1984-85 and 1989-90 respectively.

##### 2. Employment:

As far as employment coverage is concerned, SSI recorded cent percent achievement (100%) during 1984-85 and 1989-90. But, VSI failed to achieve the target during the same period. The share of SSI to VSI was not significant (less than 29%) during 1989-90 and 1984-85.

##### 3. Export:

In the case of export of goods/products, SSI and VSI recorded cent percent achievement during 1984-85. The high rate of achievements for SSI (184%) and VSI (198%) was recorded during 1989-90. The SSI accounted for 50% of the total VSI during 1984-85 as well as 1989-90.

#### ANNUAL PLAN (1990-91)

The SSI and VSI recorded less than 100% in terms of production and employment regarding achievement during 1990-91. For the same period, achievement rate in terms of export was more than 100%. Though the achievement rate was less than 100, the share of SSI to VSI regarding production was more than 80% while it was less than 30% regarding employment and export (target).

#### ANNUAL PLAN (1991-92)

The share of SSI to VSI in terms of production was more than 80% during

1991—92. In the case of employment, the share was insignificant (less than 35%). The SSI to VSI regarding export occupied 55% during 1991—92 (achievement).

The achievement rate in terms of production was about cent percent both in the case of SSI and VSI during 1991—92 whereas it was 95% and 107% in terms of employment for SSI and VSI respectively. With reference to export, achievement rate for SSI was very high (158%).

#### EIGHTH FIVE YEAR PLAN

(from 1992—93 to 1996—97)

In the case of target products, the share of SSI to VSI will be 79% while it will be 27% and 40% respectively in terms of employment coverage and export during the period 1996—97.

From the over all analysis, one can come to a conclusion that target rates

in respect of production and employment coverage relating to SSI, envisaged for the eighth plan, are not much higher than those targeted during the seventh plan. In all the years the share of SSI to VSI in employment generation is less than 33% (ranges from 27% to 32%) which revealed that SSI produces more output with less number of employees even among the VSI. Regarding export, target rates envisaged for eighth plan are higher than those targeted during the seventh plan. In the past targets have been achieved in all the years; it seems that targets in respect of export will be achieved in future also.

In general, target was achieved during 1984—85, 1989—90 and 1991—92 but could not be achieved during 1990—91. SSI in terms of production and export occupied significant share while it is insignificant in terms of employment coverage among VSI.

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Particulars	1991-92			1996-97			
	Target	Achievement	Rate of achievement (in %)	Target	Achievement	Rate of achievement (in %)	Rate of target (in %)
1. Production (Rs. Crores)							
(a) SSI	160000.00 (81.89)	160000.00 (81.92)	100.00	2,33,463.00 (79.20)	-	-	145.91
(b) VSI	195376.00 (100)	195294.00 (100)	99.95	2,94,775.00 (100)	-	-	150.67
2. Employment (Lakh person)							
(a) SSI	133.30 (32.11)	126.00 (28.42)	94.52	150.50 (27.17)	-	-	112.90
(b) VSI	415.02 (100)	443.22 (100)	106.79	553.74 (100)	-	-	133.42
3. Export (Rs. Crores)							
(a) SSI	7081.00 (43.61)	12658.20 (65.06)	158.60	20,200.00 (40.22)	-	-	253.10
(b) VSI	15297.45 (100)	22449.16 (100)	125.64	50,215.00 (100)	-	-	274.49

Source: Computed from

1. The Sixth Five Year plan, 1980-85, vol. II
2. Eighth Five Year plan, 1992-97, vol. I
- (Ministry of India, Planning Commission, New Delhi)

Note:

1. Rate of achievement =  $\frac{100}{\text{Target}} \times \text{Achievement}$
2. Rate of target =  $\frac{100}{\text{Target (previous year)}} \times \text{Target (current year)}$
3. Figures given in the parenthesis are percentage