

Small Scale Industry

42. The small scale sector has acquired a prominent place in the socio-economic development of the country. It contributes over 40 per cent to the gross turnover in the manufacturing sector, about 45 per cent of manufacturing exports and 35 per cent of total exports. The performance of the small scale sector in respect of critical parameters like the number of units, production, employment and exports are given in Table 7.13.

43. The total number of small scale units in the country was 28.6 lakh at the end of 1996-97. Value of Production in 1996-97 aggregating at Rs.4,12,636 crore showed an increase of 15.8 per cent over 1995-96. Employment generated by the sector stood at 160 lakh, indicating a growth of 4.8 per cent in the year and exports increased by 7.6 per cent in 1996-97.

44. Actual production of the small scale sector has always exceeded the annual targets in recent years. In 1996-97, the 11.3 per cent growth in production at 1990-91 prices, was much higher than the 7.1 per cent growth in overall industrial production. Employment growth of 4.8 per cent

in 1996-97 was also higher than the target of 4.2 per cent for the year.

45. In the Union Budget 1997-98, the SSI Excise Exemption Scheme was further simplified and the concessional excise limit was increased to Rs.100 lakh from Rs.75 lakh. While clearances up to Rs.30 lakh are fully exempt from excise, duties @ 3 and 5 per cent ad valorem are being charged for clearances between Rs.30-50 lakh and Rs.50-100 lakh, respectively. Small scale units opting for payment of flat rate of duty are not eligible for MODVAT. In June 1997, MODVAT, along with concessional rate of 60 per cent of normal duty on clearances up to Rs.50 lakh and 80 per cent on clearances up to Rs.100 lakh were restored for the SSI sector.

46. Following the recommendations made by the Abid Hussain Committee on small and medium Enterprises, 15 items, namely, ice cream, vinegar, rice milling, dal milling, biscuits, poultry feed except in pellet form, synthetic syrups, corrugated paper and boards, hair driers- all types, hub caps-auto, ornamental fittings-auto, spot lamps assembly-auto and stop lamps assembly-auto (excluding combination lamp

TABLE 7.13
Overall Performance of SSI Sector

Year	No.of units (in lakh) as on 31st December	Output (at current prices) (Rs. crore)	Employment (lakh Nos.)	Export (at current prices) (Rs. crore)
1991-92	20.8 (6.7)	1,78,699 (15.0)	129.8 (3.6)	13,883 (43.7)
1992-93	22.5 (8.2)	2,09,300 (17.1)	134.1 (3.3)	17,785 (28.1)
1993-94	23.8 (5.8)	2,41,648 (15.5)	139.4 (4.0)	25,307 (42.3)
1994-95	25.7 (8.0)	2,93,990 (21.7)	146.6 (5.2)	29,068 (14.9)
1995-96	27.2 (5.8)	3,56,213 (21.2)	152.6 (4.1)	36,470 (25.5)
1996-97 (P)	28.6 (5.2)	4,12,636 (15.8)	160.0 (4.8)	39,249 (7.6)

(P) Provisional

Note: Figures in the brackets indicate percentage increase over previous year and may not tally due to rounding off.

assembly), tail lamp assembly-auto and ash trays-car fittings, for exclusive manufacture by the small sector, were de-reserved in April, 1997. The investment limit for SSI units has been increased to Rs.3 crore from Rs.60 lakh. For tiny sector, the investment ceiling has been increased to Rs.25 lakh from the existing Rs.5 lakh. Composite loan limit for SSI units has also been increased to Rs.2 lakh from Rs.50,000, in September, 1997. The scope of the TDMF (Technology Development and Modernisation Fund) Scheme has been extended to cover non-exporting small scale units.