

CHAPTER - I

INTRODUCTION

- 1.1** The Small Scale Industrial (SSI) sector is one of the most vital sectors of the Indian Economy in terms of employment generation, the strong entrepreneurial base it helps to create and its share in production. Effective policy formulation and implementation pertaining to the promotion and development of this sector, requires a sound database. The Office of the Development Commissioner (Small Scale Industries) conducted two censuses of registered SSI units prior to the Third Census. The First Census was conducted in 1973-74 in respect of 2.58 lakh SSI units registered up to 30-11-1973. The reference year for this Census was calendar year 1972 in respect of units not maintaining accounts and the actual accounting year closing between 1-4-1972 and 31-3-1973 for those units maintaining accounts. Some information was also collected for 1970 and 1971. During this Census, only 1.4 lakh units were found working.
- 1.2** The Second Census was conducted during 1990-91 in respect of 9.87 lakh SSI units registered up to 31-3-1988. The reference year for this Census was financial year 1987-88 in respect of units not maintaining accounts and the actual accounting year closing between 1-4-1987 and 31-3-1988 for those units maintaining accounts. During this Census, only 5.82 lakh units were found working. The data generated by the Census with the passage of time had lost its relevance and required immediate updation to achieve its purpose. Accordingly, the Third all-India Census was conducted during 2002-03 for the possible proximate reference year, i.e., 2001-02.

1.3 The Parliamentary Standing Committee on Industry in their 40th Report presented to Parliament on 2-5-2000 made some observations with regard to the information-base on small scale industries. These are summarised below:-

- ❖ Registration will help in product identification, number of persons employed, types of goods manufactured and their status in the market, thereby making the task of policy formulation easier for the Ministry. In the absence of actual figures of units working in the sector, it is very difficult to ascertain the growth of Small Scale Industries Sector.
- ❖ Steps have to be taken to ascertain the actual reason for having large number of unregistered units. Efforts should be made to encourage more and more entrepreneurs to come forward for registration so that benefits may reach to maximum units and by bringing them into the fold of registration, their contribution to the economy will be assessed and the importance of the sector will also be demarcated.
- ❖ Details of products manufactured; their manpower; the standard of product etc., may be collected and put in a statistical form.
- ❖ Efforts should be made to identify sick units so that they can be revived.

1.4 The Study Group of the Planning Commission (set up in 1999) headed by Dr. S.P. Gupta, Member, Planning Commission in its interim report submitted in July, 2000 recommended the conduct of Third Census. The relevant extract of the Gupta Committee report is given below.

“The Office of DCSSI should conduct the Third Census of Registered SSI units urgently. The data of last census are old by 12 years. Adequate Plan provision should be made for this purpose. The new census should capture the impact of liberalisation/ globalisation on the growth of the SSI sector. The census should also cover issues like sickness, closure, impact of reservation/ de-reservation, the units engaged in exports etc. The DC (SSI) should conduct census of registered SSI units regularly at 10 year intervals.”

- 1.5** The Group of Ministers on SSIs under the chairmanship of Shri L.K. Advani, Hon’ble Home Minister considered the need for updated information on SSI sector and made the following recommendation at its meeting held on 16-8-2000.

“The third census of Small Scale Industries will be conducted by the Ministry of SSI & ARI after a gap of 12 years. This census would cover sickness and its causes.”

- 1.6** The Hon’ble Prime Minister approved the recommendations of the Group of Ministers and he announced the decision to conduct Third Census while inaugurating the National Conference of Small Scale Industries at Vigyan Bhawan on 30-8-2000. Excerpts from the speech of the Hon’ble Prime Minister are given below.

“The last Census of Small Scale Industries was conducted 12 years ago. For effective policy-making and implementation, we need to update our data. Therefore, we have decided to go in for a fresh census that will cover, inter-alia, the incidence of sickness and its causes. I request industry associations to cooperate with the census authorities so that a true picture emerges.”

1.7 Accordingly, a Steering Committee was constituted under the Chairmanship of Secretary, M/o Small Scale Industries, Agro & Rural Industries to decide on all aspects relating to the conduct of Third Census. A copy of the order constituting the Steering Committee is furnished in the Appendix. The broad terms of reference of the Committee were as follows :

(A) Examining the deficiencies in the existing frame of registered SSI units and recommending

- i) Objectives and approach for Third Census
- ii) Definitions, Methodology, the formats to be used and tabulation plan
- iii) Data collection, processing and tabulation mechanisms
- iv) Costs involved at each stage of the Census
- v) Measures to be taken for eliciting better cooperation from the informants and coordination among the Central & State level functionaries, including advertisement and publicity measures.
- vi) Steps to be taken in future to avoid the existing deficiencies in the frame

(B) To direct conduct of Census by addressing to administrative, technical, financial and other related aspects.

1.8 The Steering Committee constituted two Sub-Committees – one on technical matters under the Chairmanship of Director General & Chief Executive Officer, National Sample Survey Organisation and the other on administrative matters and implementation/ monitoring under the Chairmanship of Additional Secretary & Development Commissioner (Small Scale Industries) to look into various aspects in detail and make recommendations for consideration and approval by it. Copies of the orders, constituting these committees are furnished in the Appendix. These committees formulated the methodology and operational guidelines for conducting the Third Census. The recommendations of the two Sub-Committees were accepted by the Steering Committee in its second meeting held on 11th March 2002. Thereafter, a

conference of Secretaries (Industries) was held on 5th July 2002 to enlist the support of all the State/ UT Governments to complete the field operations of Third Census in a time-bound manner.

1.9 The Third Census was launched in November 2002 by the Office of the Development Commissioner (Small Scale Industries) – DC (SSI) – in association with the State/ UT Governments. The main objectives of the Census were : -

- i) to update the frame (list) of registered SSI units;
- ii) to identify sick and incipiently sick units with the reasons thereof;
and
- iii) to collect other useful information for policy formulation.

Besides, a Sample Survey was also simultaneously conducted to measure the structure of Unregistered SSI Sector.

1.10 Information on economic activity, type of organisation, type of management, employment, fixed investment, products, gross out put, exports, sickness and its causes etc., were collected from the registered units as well as unregistered units. The data collected related to the reference year 2001-2002.

1.11 The data collection was done on voluntary basis. In order to elicit better response from the SSI entrepreneurs, adequate publicity measures were taken up centrally as well as at State level, through the News Papers and Electronic media. Through these publicity measures, it was brought to the notice of the entrepreneurs that information collected from SSI units would be

kept strictly confidential and used only for statistical purposes. Besides, Industry Associations, such as FASII and Laghu Udhog Bharati were also requested to write to all their members to cooperate with the census staff engaged in data collection work. State/ UT Governments were requested not to engage Inspectors, who normally visit the units, for data collection, as this might give a wrong impression to the units that the information collected could be used for other purposes.

1.12 All the Small Scale Industrial undertakings (SSIs) and Small Scale Service and Business (industry related) Enterprises (SSSBEs) operating on the date of survey were under the coverage of Third Census. Among these, those that were permanently registered as SSIs, ancillary units and SSSBEs till 31-3-2001 were treated as the registered SSI sector, although the criteria for registration and the definitions have been varying over time. The registered SSI sector comprising units permanently registered till 31-3-2001, for which list of names and addresses of the units were available, was covered on complete enumeration basis. The rest of the SSIs and SSSBEs were treated as the unregistered SSI sector and these were covered through a sample survey.

1.13 Work of data collection at District level in the State was entrusted to various agencies. These agencies appointed 126 enumerators for data collection. The Data Enumerators collected information from the SSI units on voluntary basis. 24 Departmental Officials were appointed as Data Inspectors. In all the formats filled-in by the enumerators, appropriate codes were filled by the Data Inspectors in respect of States, Districts, Tehsils, Villages, Towns, Economic Activities and Commodities. Seventeen Officers i.e. General Managers/Managers District Industries Centres were appointed as Data Supervisors. The Supervisors conducted on-the spot checks on the working of

the enumerators and provided guidance to them. They also supervised the work of Data Inspectors. All the filled-in formats coded by the Data Inspectors were scrutinised by the Supervisors. In addition 35 Officers/officials Norms were prescribed for the work of these functionaries. The Agencies involved in the data collection were as under:-

Sr.No.	District	Agency for data collection
1.	Bilaspur	H.P. Productivity Council, Shimla-1
2.	Chamba	Parvatiya Gramin Bbank, Chamba.
3.	Hamirpur	Himachal Consulting Organisation Ltd.(HIMCON)
4.	Kangra	Kangra Central Co-operative Bank, Dharamsala.
5.	Kullu	Himachal Consulting Organisation Ltd.(HIMCON)
6.	Kinnaur	Punjab National Bank.
7.	Lahaul & Spiti	Industries Deptt
8.	Mandi	Punjab National Bank.
9.	Shimla	H.P. Productivity Council, Shimla.
10.	Solan	UCO Bank
11.	Sirmaur	H.P. Productivity Council
12.	Una	Punjab National Bank.

The Directorate of Industries and the District Offices opened coordination and liaison cells in their offices for the smooth conduct of Third Census. Nodal officers were also appointed at all the levels to sort out field problems expeditiously.

- 1.14** The SISIs coordinated and assisted the Directorate of Industries in achieving the objectives of Third Census. Their main job was assisting in the training of enumerators, ensuring that all the material had reached the State/ UT Hqrs for further distribution, conducting spot checks in a few units, scrutinising a few filled-in formats and maintaining close liaison with the SDIs on all aspects

relating to the conduct of Third Census. SISIs established effective linkage between the DC (SSI) Hqrs and the State/ UT Governments.

- 1.15** The system of State Codes and District Codes developed by the Office of Registrar General and Census Commissioner was adapted in the Third Census. These were furnished to the enumerators and provision was also made in the data collection formats to record the new system of codes.
- 1.16** In the SSI sector statistics, National Industrial Classification 1970 brought out by the Central Statistical Organisation (CSO) was being used for classifying economic activities. Subsequently, National Industrial Classification 1987 was introduced by the CSO. Recently, the CSO introduced National Industrial Classification 1998 (NIC - 1998) based on International Standard Industry Classification (ISIC). In order to have better comparability, NIC-1998 with suitable modifications was used in the Third Census.
- 1.17** The O/o DC (SSI) has been using a structure of 9-digit codes developed on the basis of NIC 1970. The reserved products and the other prominent products in the SSI sector were being identified through these codes. The existing frame of registered SSI units contained information on the products with these codes. The system of commodity codes being used by the National Sample Survey Organisation (NSSO) in their surveys, called 'A Standard Industrial Commodity Classification 2000' (ASICC 2000) was enlarged to include reserve products and other important SSI products and was used in the Third Census.

1.18 The data for Third Census was collected mainly in three formats. Format-1 pertains to information on registered units, whereas Formats- 2 & 3 relate to information on unregistered SSI sector. The enumerators identified all the visible non-agricultural enterprises and then listed the unregistered SSI units in the selected villages/ urban blocks. The findings of the listing operations were furnished in Format-2 by the enumerators. Out of the listed units, a few units selected randomly were surveyed in detail on the same lines as of the survey of registered units. The enumerators reported these details in Format-3. The 'Instructions given to the enumerators' containing concepts, Definitions and the methodology used in the Third Census and the formats and working sheets used by the enumerators in data collection are given in the Appendix.

1.19 The data of Third Census, filled by the enumerators in about 50 lakh pages of A4 size had to be processed expeditiously. For planning this activity, the feasibility reports submitted by the CMC and the NIC on the utility of Intelligent Character Recognition (ICR) technology in place of manual data entry of the survey data were found to be very useful. The advantages in ICR technology reported by them were:-

- i) A high volume of critical data consisting of survey characters is directly addressed into the respective ACSII values and stored onto the versatile database systems.
- ii) It is a highly reliable system, which offers the maximum data integrity, accessibility and reporting of multiple sets of data types.
- iii) It is easy to implement the system of data base management due to the facilities offered in ICR technology.
- iv) The deployment of manpower will be 50% less as compared to conventional data entry approach.
- v) The overall time requirement is approximately 20% less.

- vi) The output can be interfaced to widely used platform.
- vii) An efficient platform is offered in the subsequent integration of activities.
- viii) The technology is more organised due to modular operationalisation and control of each step, being exclusively software controlled.

1.20 The ICR technology was a new technology used successfully in the latest population census by the Office of Registrar General and Census Commissioner. Hence, it was used in the Third Census. The new technology gave rise to not only speed but also accuracy in data preparation. It was also cost effective. In order to bring out the results quickly on conclusion of the survey, the data collection formats were designed in such a way as to suit scanning and data extraction using ICR technology. The project of Third Census data preparation was entrusted to M/s CS Software Enterprises Ltd. This company executed the project along with its partners. The technical details of the project execution methodology are given in the Appendix.

1.21 The Third Census data was received in different batches at SISI, Delhi directly from the District Industries Centres (DICs) till September 2003. After data extraction using the ICR technology, the data was put to strict computer validation. It took relatively very long time in validating the data, because of various types of inconsistencies in the formats. In view of this, Quick Results of Third Census were brought out in August 2003 on the basis of validated data available till that time.

1.22 Now, the validation of data has been completed and so, the final results are furnished in this volume. The analysis of the results on each subject is given in the respective chapter in this volume. The tables, instructions to

enumerators, formats, project methodology used in data preparation, constitution of committees and the list of industry codes & state codes used in the tables given in this volume are given in the Appendix. The unit level data of the Third Census after suppressing the identification details of the units would be made available to the users on request.
