

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 Second All-India Census of Registered SSI Units was conducted during 1990-1992 for the reference year 1987-88. 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.
- 1.2 The Registration in SSI Sector is voluntary. Hence, the Sector comprises two sub-sectors, viz., Registered SSI Sector and Unregistered SSI Sector. In all the Surveys so far conducted by the Office of the Development Commissioner (Small Scale Industries) including the Second All-India Census, only the units in the Registered SSI Sector were surveyed. For the first time in the Third All-India Census, both the segments of the Sector have been covered. Each of these segments consisted of Small Scale Industrial Undertakings (SSIs) and Small Scale Service and Business (Industry Related) Enterprises (SSSBs). The SSIs are industrial undertakings in which the investment in fixed assets in plant and machinery, whether held on ownership terms or on lease or by hire-purchase, does not exceed rupees one crore. The SSSBs are industry related service and business enterprises with investment in fixed assets, excluding land and building, up to Rs. 10 lakhs, irrespective of the location of the units. The Government had decided in 1991 to extend the benefits being enjoyed by the SSIs to some of the Services not covered by the definition of SSI. The definition of Industry Related Services is, however, not expressly provided for, in the system. However, illustrations are issued from time to time by way of executive instructions for prospective identification of SSSBs. The list of activities eligible for registration as SSSBs as on 31-3-2001 (*APPENDIX – IV*) issued by the Office of the Development Commissioner (Small Scale Industries) was considered in the Third Census.
- 1.3 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.

- 1.4 Since the frame (list) of unregistered SSI units was not available, a two-stage stratified Sampling Design was found suitable for the Survey. The First Stage Units (FSUs) were the census villages in rural sector and UFS blocks in urban sector. The Second Stage Units (SSUs) were enterprises falling in the Unregistered SSI Sector. The Economic Census, 1998 data made available by the Central Statistical Organisation containing information on number of units in the non-agricultural sector at village level and urban block level, was used in the exercise of stratification. From the data file of the Economic Census, data relating to the economic activities relevant for SSI Sector were extracted for preparing the Sampling Design for Unregistered SSI Sector. The data-file (about 79 lakhs) was used to identify homogeneous size classes for the purpose of stratification. The size was the number of enterprises and the size classes were 0, 1 to 10, 11 to 50, 51 to 200 and 201 & above. These size classes were designated as stratum 1 to 5 respectively. A Sample Size of 2.16 lakh enterprises was fixed for the Survey to estimate the population parameters with a margin of error of 3 % at all India level with 95 % probability. For the FSUs falling in the size class 201 & above, the Sample Size in each FSU (i.e., no. of SSUs) was fixed at 20. For the rest of the FSUs in the remaining size classes, the sample size fixed was 10 SSUs. Accordingly, the total Sample Size of 2,16,000 units was allocated to the size classes. In each FSU, the units falling in Unregistered SSI Sector were listed and separated into two sub-strata, viz., SSIs and SSSBEs. The number of enterprises surveyed in each of the sub-strata was proportionate to the size of the sub-strata, subject to a minimum of 2.
- 1.5 The Third Census covered all the units (about 23 lakhs), under the purview of the Small Industries Development Organisation (SIDO) permanently registered up to 31-3-2001, on complete enumeration basis, whereas the unregistered units were covered through a Sample Survey in the selected 19,766 villages/ urban blocks. The details of State/UT-wise coverage of the Third Census are given at *APPENDIX – I*. The field operations were conducted by about 19,000 persons, during November 2002 to April 2003.
- 1.6 The information on economic activity, type of organisation, type of management, employment, fixed investment, products, gross out put, exports, sickness and its causes etc., was collected from the Registered Units as well as Unregistered Units. The data thus collected related to the reference year 2001-2002.
- 1.7 In order to bring out the results expeditiously on conclusion of the Survey, the Data Collection Formats were designed in such a way as to suit scanning and data extraction using Intelligent Character Recognition (ICR) Technology.

1.8 The entire data was collected in three Formats. **Format-1** pertains to information on registered units, whereas **Formats- 2 & 3** relate to information about 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 at random were subjected to detailed survey on the same lines as for the registered units. The enumerators reported these details in **Format-3**. The three Formats are given at **APPENDIX – XII to XIV**.

1.9 Ninety eight percent of the data collected by the States/ UTs was received till April 2003 and the data formats were put to data processing and validation. The details of data so far validated are given below:-

Format-1 : 15,08,755

Format-2 : 18,205 and

Format-3 : 96,431

1.10 For the registered sector, estimates on working units and closed units were worked out on the basis of information on dispatch of formats received from the State/ UT Governments. The number of working units and the values of other parameters in respect of those units were taken from the **Format-1** Data File for the Registered SSI Sector. In respect of Unregistered SSI Sector, the size of the sector and the number of SSIs & SSSBEs were obtained on the basis of **Format-2** Data File. **Format-3** Data File has been used to identify the values of same parameters as were identified in the case of Registered SSI Sector. The estimates of various components of the Unregistered SSI Sector would be furnished in the Final Report after completing the validation process. The structural details of the Registered and Unregistered SSI Sectors are given in the statement '*Quick Results at a Glance*'. In Chapters-II & III, the analysis of the results of the Registered and Unregistered SSI Sectors respectively are given. Chapter-IV contains comparison between Registered and Unregistered SSI Sectors in terms of certain identified parameters and in Chapter-V, sickness prevalent in SSI sector has been examined in detail.

1.11 Based on the Validated Data available, *Quick Results* have been brought out in this Compendium as per the procedure detailed above. This will be followed by Final Results soon after completing the validation process in about 2 months' time. The possibility of a few variations in the Final Report is not ruled out.