

A Study on the Significance of Cottage and Small Scale Industries in Socio- economic Development of Abhayapuri of Bongaigaon District, Assam

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Abstract:

The Socio-economic environment hinders the emergence of entrepreneurial talent. Entrepreneurship development is a pre-requisite for overall economic development of any country. The growth of nation depends upon the skilled entrepreneurs, but the supply of entrepreneurial talent depends upon the business and industrial climate prevailing in the country. "It is a common experience anywhere that entrepreneur is a scarce but most important agent of economic development of any country. The supply of entrepreneurs always lags behind the need generated by the requirements of development efforts". It is believed that in India a tremendous entrepreneurial talent exists which, if properly developed and motivated, can help accelerate the pace of Socio-economic development.

Cottage and Small Scale Industries play a significant role to create an industrial climate for the agents of economic development i.e. entrepreneurs to prove their efficiency to accelerate the pace of economic development of an area and of a nation. After independence of India, it was realised that Cottage and Small Scale Industries have occupied a dominant place in Indian economy, especially in Assam's economy where most of the areas (basically rural) occupied by a large section of population are yet to be developed industrially.

This, otherwise call upon various Programmes and Policies for Socio-economic development like removal of poverty, unemployment and backwardness of the rural people are yet to be organised and implemented.

This paper entitled "A Study on the Significance of Cottage and Small Scale Industries in Socio-economic Development of Abhayapuri of Bongaigaon District, Assam" is an attempt to assess and evaluate the performance and contribution of the entrepreneurs in economic in economic and social development of the industrially backward area.

Introduction:

The concept of entrepreneurship has assumed prime importance for accelerating economic growth both in developed and developing countries. It is a basis of free enterprise; it promotes capital formation and creates wealth in the country. It is the hope and dream of

millions around the world to chase the thrill of risk, change, challenge and growth. It reduces unemployment and poverty.

In the present economic world, the Entrepreneurship has been considered as an important input influencing the pace of economic development. Entrepreneurs serve as the Catalyst in the process of industrialisation and economic growth. The entrepreneur acts as the owner, coordinator, market maker, decision maker, risk taker and innovator. The economic history of the developed countries like America, Russia and Japan tends to support the fact that the economy is an effect for which entrepreneurship is the cause. The crucial role played by the entrepreneurs in the development of the Western countries too much conscious of the significance of entrepreneurship for economic development. Comparatively in underdeveloped regions only a few men with growth prospective would come forward for changing the stationery inertia and creating pre conditions for industrializations, since they are motivated for higher achievements rather than financial gains.

‘Schumpeter’ visualised the entrepreneurs as the key figure in economic development because of his role in introducing innovations. Y.A. Sayigh simply describes entrepreneurship as a necessary dynamic force.

Thus, Cottage and Small Scale Industries play a significant role in Socio-economic development of the state such as labour absorption, income distribution, rural development, poverty eradication, regional balance and promotion of entrepreneurship. It generate employment opportunities with relative low capital investment, promotes more equitable distribution of national income, makes effective mobilization of untapped capital and human skills, leads to dispersal of manufacturing activities all over the country, leading to growth of villages, small towns and economically lagging region.

Father of our nation, Mahatma Gandhi had strongly advocated the development of Indian villages by making them financially viable through Small and Village Industrial Units.

The Government comes forward for the development of Cottage and Small Scale Industrial Sector. Different banks, marketing organisations, industrial and commercial estates, education and training institutes are established by the Government to uplift the Cottage and Small Scale Industrial Sector.

Location of the study area:

The area under study namely Abhayapuri is a small area in Bongaigaon district in the state of Assam surrounded by natural forests and hills, it is located on the National Highway

31, about 201 km west of Guwahati. Nearest airport is at Guwahati. Abhayapuri Railway Station is managed by the North East Frontier Railways. Total number of Households Abhayapuri is 4200. It is situated in the Western part of Assam, the industrially backward zone of the state, which is yet to be developed industrially. The people of the area mainly depend on the agriculture and remain unemployed for four to five months in a year.

The town with a population of 15,576 (Census 2011), Males constitute 52% of the population and females 48%. Abhayapuri has an average literacy rate of 79%, higher than the national average of 59.5%; with 55% of the males and 45% of females literate. 10% of the population is under 6 years of age mainly depending on rubber industry.

Methodology and data source:

The Study is undertaken for investigating the occupation of the people, financial status, educational scenario, entrepreneurial activities of the districts. Problems of taking up entrepreneurial activities as profession and the opinions of the people of the area are studied. Survey method is applied to collect necessary information for the study.

Analysis:

Cottage and Small Scale Industries (SSI) in Economic Development of Assam

In Assam, Tea, Coal and Petroleum are the main large-scale industries, but the principal manufacturing industries in Assam namely Plywood, Cement, Match factories are very few in number. All other industries in Assam are classified as Small Scale and cottage industries.

In a backward state like Assam, Cottage and Small Scale industries have to play a big role. The growth of cottage and small scale industries will not only mobilise local resources but will also increase income and generate employment opportunities. Cottage and small industries have great importance in agrarian economy like Assam. Rural agricultural families are getting subsidiary occupation from these village industries.

The SSI has a vital role in the process of Industrialisation of the state. There are 27,913 SSI units in Assam and provided employment to 131099 persons till the end of 2006-07.

The following table shows statistics on SSI units up to 31-03-2007 and new units established.

TABLE – 1
Statistics on SSI units of Assam, 2006-07

Year after Census	No. of SSI units	Production (Value in lakh)	Employment (In number)	Investment in P/M (Rs. In lakh)
(1)	(2)	(3)	(4)	(5)
Upto 31-03-2001	14453	115303.00	64623	22009.00
2001-02	2428	16013.81	11538	4888.95
2002-03	2246	16379.60	11115	4868.94
2003-04	2364	18976.90	11795	7198.82
2004-05	2067	19698.20	9396	7120.18
2005-06	2082	22940.86	10780	23776.88
2006-07	2172	25514.67	11852	9282.72
Total	27913	234827.04	131099	79145.49

Source: Directorate of Industries and Commerce, Assam

Cottage and Small Scale Industries:

There are 201 Cottage and Small Scale Industries (195 under DICC and 6 under KVIC) presently operating in Abhayapuri. Out of 201 units 30 units are taken under study.

Nature of Activities:

The nature of activities of the working Cottage and Small Scale Industrial units, according to field survey conducted is shown in the Table- 2.

Table – 2
Nature of Activities of the Working Cottage and SSI Units of Abhayapuri

Sl. No.	Category	No. of Units	Percentage
1.	Manufacturing	13	52.0%
2.	Service Oriented	6	24.0%
3.	Processing (Repairs and Maintenance)	6	24.0%
	Total	25	100%

Source: Field Survey

From the above table, it can be observed that the highest number of working units in Abhayapuri was manufacturing (52.0%), followed by Service Oriented (24.0%) and Processing units (24.0%).

Similarly, the nature of activities of the Closed Cottage and SSI units in Abhayapuri, as per survey conducted is shown in Table-3.

Table – 3
Nature of Activities of the Non-working Cottage and SSI Units of Abhayapuri

Sl. No.	Category	No. of Units	Percentage
1.	Manufacturing	3	60.0%
2.	Service Oriented	1	20.0%
3.	Processing (Repairs and Maintenance)	1	20.0%
	Total	5	100%

Source: *Field Survey*

The table shows that the highest number of closed units was engaged in Manufacturing (60.0%), followed by Service oriented (20.0%) and Processing units (20.0%).

Dominance of Industries:

The nature of activities of the Cottage and SSI units in the study is again sub- divided to find out the exact position of dominance of different type of industries (both working and non-working) is shown in Table-4.

Table –4
Dominance of Different Types of Industries

Sl. No.	Category	Working Units		Non-Working Units	
		No. of units	Percentage	No. of units	Percentage
1.	Weaving	4	16.0%	2	40.0%
2.	Parlour	1	4.0%	1	20.0%
3.	Steel Fabrication	1	4.0%	1	20.0%
4.	Printing	2	8.0%	-	-
5.	Bamboo Works	2	8.0%	-	-
6.	Tailoring	2	8.0%	-	-
7.	Black smithy	1	4.0%	-	-
8.	Jewellery	1	4.0%	-	-
9.	Phenyle Bottling	1	4.0%	-	-
10.	Dalmut & Bhujia Factory	1	4.0%	-	-
11.	Candle Factory	1	4.0%	-	-
12.	Cane Furnitures	1	4.0%	-	-
13.	Battery Servicing	1	4.0%	-	-
14.	Furniture (Wooden)	1	4.0%	-	-
15.	Photostat	2	8.0%	-	-
16.	Cycle & Vehicle repairing	2	8.0%	-	-
17.	Rice Milling	1	8.0%	1	20.0%
	Total	25	100%	5	100%

Source: *Field Survey*

Year of Establishment:

The study shows that 25% of the Cottage and SSI units were under the year 1999-2000, 23% between 1980-1990. Similarly about 18% were set up between 2000-2002.

The details of classification of units as per the year of establishment can be seen from the table-5.

Table –5
Cottage and SSI Units by year of Establishment

Sl. No.	Period	No. of Units	Percentage
1.	1940- 1970	1	3.33%
2.	1970- 1980	2	6.67%
3.	1980- 1990	7	23.33%
4.	1990- 2000	8	26.67%
5.	2000- 2002	7	23.33%
6.	2002- 2004	2	6.67%
7.	2004- 2006	2	6.67%
8.	2006- 2009	1	3.33%
	Total	30	100%

Source: *Field Survey*

Forms of Organisation:

The working units belonged to different forms of business organization viz. proprietorship, partnership, companies and co-operatives are given in Table-6

Table – 6
Forms of Organisation

Sl. No.	Forms of Organisation	No. of Units	Percentage
1.	Proprietorship	26	86.67%
2.	Partnership	4	13.33%
3.	Companies	-	-
4.	Co-operatives	-	-
	Total	30	100.0%

Source: *Field Survey*

It can be seen from the table that majority of units (86.67%) were proprietorship concern, followed by partnership (13.33%).

Range of Investment:

Existing Cottage and SSI units were classified according to their range of investment. Table-7 shows the classification of Cottage and SSI units by their range of investment.

Table – 7
Distribution of Cottage and SSI Units by Range of Investment

Sl. No.	Range of Investment	No. of Units	Total Investment
1.	Below 10 lakh	22	73.33%
2.	11 lakh- 30 lakh	7	23.33%
3.	31 lakh- 50 lakh	1	3.34%
4.	51 lakh and above	-	-
	Total	30	100%

Source: *Field Survey*

Ownership of Land:

The ownership of land of the surveyed Cottage and SSI units of Abhayapuri, according to field survey is shown in Table- 8

Table- 8
Ownership of Land of the Cottage and SSI Units of Abhayapuri

Sl. No.	Category	No. of Units	Percentage
1.	Lease	-	-
2.	Own holding	09	30%
3.	Rented	21	70%
4.	Others	-	-
	Total	30	100%

Source: *Field Survey*

It is observed from the table that majority 21 (70.0%) of the Cottage and SSI units of Abhayapuri were carried on by the entrepreneurs on rented accommodation, followed by owned accommodation 9(30.0%). No unit was found to be carried on either on lease basis or on other accommodation.

Size of Employment:

The number of persons engaged in the Cottage and SSI units of Abhayapuri is shown in Table- 9.

Table- 9
Size of Employment in the Cottage and SSI Units of Abhayapuri

Sl. No.	No. of Employment	No. of Units	Percentage
1.	Up to 5	24	80.00%
2.	6-10	05	16.67%
3.	11-20	01	3.33%
4.	21-30	-	-
5.	31-40	-	-
6.	41-50	-	-
	Total	30	100%

Source: *Field Survey*

It is revealed from the table that majority 24 (80.0%) of the units were employing workers up to 5, followed by 5 (16.67%) of units were employing workers from 6-10 and 1 (3.33%) of the units were found employing workers 11-20. No units were found employing more than 20.

Conclusions:

The study was undertaken in Abhayapuri area of Bongaigaon district with the prime objective of examining the present status of Cottage and Small Scale Industries and also to find out the problems of such units. For this purpose, information was collected through direct interview, questionnaire, and discussions with owners of 30 units (both working and non-working units) spread over Abhayapuri. The study reveals that the Cottage and Small Scale Industrial sector in Abhayapuri suffered due to non-receipt of adequate financial assistance from banks and financial institutions, non- receipt of timely payments from wholesalers and retailers, frequent power failure, problems of effective marketing, high production costs, inefficient management, lack of adequate training and R&D facilities, testing facilities, etc.

Suggestions:

For the promotion and development of cottage and small scale industries which has been recognized as important and appropriate means for accelerating economic development, necessary steps be taken by entrepreneurs, bankers educational institutions, training institutes, Government, N.G.O.'s for the socio-economic development of the town in particular and the district, the state and the nation in general in respect of the following.

- 1. Improving finance facilities:** It is suggested that the banks can eliminate the avoidable delays, guiding the entrepreneurs to overcome initial hurdles at the time of launching their enterprise, effective monitoring and follow-up of utilisation, easy way of receiving loans. Rescheduling of loan repayment in case of genuine difficulty of entrepreneurs to overcome financial problem. Various Schemes launched by the Government from time to time for short- term and long- term credit at cheaper rate of interest be made available to the entrepreneurs to gear up entrepreneurship

2. **Improving Power Supply Position:** Adequate and uninterrupted power supply is one of the basic requirements for industrial development. The power supply position of Abhayapuri should be improved to assist the enterprises.
3. **Developing Management Knowledge and Skill:** Managerial problems like absenteeism, negative work culture, etc. can be removed by participation of the entrepreneurs in the seminars, workshops training programmes, etc.
4. **Market Survey:** Periodic market survey, surveying the competitive pricing nature, collecting periodic feedback from dealers, customers, etc. is done for up grading their products, diversifying their product lines, improving the quality, etc.
5. **Training Facilities:** Arrangements are to be made for setting up of training institutes at Central place for the said purpose.
6. **Marketing Hat:** Marketing arrangements should be developed in the area for the smooth marketing of the products of Cottage sector and elimination of middle man.

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