



Role Of Cottage And Small Scale Industries In The Economic Development Of Assam With Special Reference To Manipuri Community

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Abstract

In the present world, the industrialisation may be considered as an important factor influencing the pace of economic developments. In this context small scale and cottage industries are playing very important role in the economic development of the North Eastern states. The state of Assam is the pioneer state of North-Eastern Region in India, whose economy is full of potentialities. Different valuable natural resources are within the possession of this state. But the state of Assam never allowed flourishing with its rich resources due to variety of problems. In spite of being blessed with a high potential for development of resource based and demand based industries in the state, the pace of industrialisation in Assam had not been satisfactory, shortest of capital due to high cost of production, vulnerability of the region, inadequate economic and basic infrastructural facilities, lack of technical personal and entrepreneurial motivation on the part of local people and low level of investment etc. are responsible for poor industrial development of the state. As an era of micro financing system particularly in the state of Assam, the cottage and small scale industries is playing very important role. The proposed studies entitle "Role of cottage and small scale industries in the economic development of Assam with special reference to Manipuri community" is an attempt to assess and evaluate the performances and contributions of the cottage and small scale industries in the economic development of Assam specially to the Manipuri community.

Key words:- Cottage, potentialities, development, resource, micro.

Introductions:

Cottage and small scale industries are both characterized by smaller size and limited production scale compared to larger factories. Generally cottage industries are very small; it is family run business, operating from home or dwelling, primarily cottage industries using traditional technique and resource. Small scale industries are also small but they may be located in separate establishment and employ hired labor and use modern technique. Cottage and small scale industries play a crucial role in economic development, particularly in the rural areas of developing nations by generating employment, promoting entrepreneurship and fostering regional development. Cottage and small scale industries are labor intensive nature and use local resources and contribute significantly industrial product and exports. However, they also face challenges related to finance, marketing and competition.

The developed countries in the world have higher percentage of work force participation rate in the industrial sector than primary sector. The state of Assam is the pioneer state of North-Eastern India, whose economy is full of potentialities. Different valuable natural resources are within the possession of this state. But the state of Assam never allowed flourishing with its rich resources due to variety of problems. In spite of being blessed with a high potential for development of resource based and demand based industries in the state, the pace of industrialisation in Assam had not been satisfactory, shortest of capital due to high cost of production, vulnerability of the region, inadequate economic and basic infrastructural facilities, lack of

technical personal and entrepreneurial motivation on the part of local people and low level of investment etc. are responsible for poor industrial development of the state. As an era of micro financing system particularly in the state of Assam, the cottage and small scale industries is playing very important role. The present study has a humble attempt to analyse the role played by the cottage and small scale industries in the economic development of Assam with special reference to Manipuri community.

Objectives of the study:

- I. i. The first objective is to analyse about the role and significance of the cottage and small scale industries in the economic development of Assam.
- II. ii. The second objective of the study is to highlight the present scenario of cottage and small scale industries in Manipuri community of the state.
- III. iii. The third objective is to suggest the suitable measures for development of cottage and small scale industries in the state of Assam.
- IV.
- V.
- VI.

Methodology: -

The study is attempted to evaluate the role of cottage and small scale industries in the economic development of Assam with special reference to the Manipuri community and the study based on secondary data which are collected from published and un-published sources like books, journals, and website.

Review Literature

A thorough review of the related literature forms an important part of research. It deals with the critical examination of various published and unpublished works related to the present study. Knowledge of related research enables the researcher to define the frontiers of his fields; it helps in comparing the efficiency of various procedures and instruments used. In the early literature on economic growth and development, industrialization as a source of employment and capital accumulation has been recognized by various economists. Here I highlight the review of works by various authors as well as different committee reports related to the small scale and cottage industries at international, national and local levels.

According to Fisher (1945) every progressive economy has a steady shift of employment and investment from the agricultural sector to industrial sector. Gunnar Myrdal (1922) state that industrialization is one of the vital factors in the development policy. I.C. Dhingra (2002) also stated that transition of surplus labour from agricultural sector to industrial sector is one of the important factors for economic development.

Rathod, C.B.(2007) described the importance of small scale industrial sector and also the contribution of small scale entrepreneurs in world economy. The new objective was studying the growth pattern to evaluate the impact of globalization on SSIs and export opportunity, to identify the barriers and constraints that SSIs Indian and impact of structural adjustment on employment. It was revealed by the author that the New Economic Policy was not even diluted the problem of educated unemployment but even the structural adjustment is unfavorable as far as employment is concerned. In fact, liberalization has promoted capital intensive industries, decentralized production and generating new employment in informal sector.

Basem Mohammed Lozi (2008) found in his study the small scale industries in Jordan find itself in an inter competitive environment since 1991, due to globalization domestic economic liberalization and dilution of secure specific protective measure.

Shweta Arora and Priya Rathi(2011) emphasized that the role of Micro, Small and Medium Enterprises(MSMEs) in the economic and social development of the country is well established. The MSME sector is a nursery of entrepreneurship, often driven by individual creativity and innovation. The above mentioned revealed that industrial sector is playing very important role in the process of economic

development. In this context small scale industries are also playing important role in the economic development of the backward region like Assam.

At present the importance of micro finance and small scale industries are burning issues which accelerating economic development. The concept of small scale industries are based on the limit of investment. In 1991 after initiation of economic reform, the investment limit for small scale Industries was fixed at Rs 60 lakhs, for ancillary units was Rs 1 crore and for tiny enterprise Rs 25 lakhs consequent to the enactment to Micro small and Medium (MSME) act 2006. Further, separate investment limit has been prescribed for manufacturing and service enterprises.

In the manufacturing enterprises, a micro enterprise, where the investment in plant and machinery does not exceeds Rs 25 lakhs and the investment in plant and machinery of a small enterprises is more than 25 lakhs, but does not exceed Rs 5 crores and medium enterprises has more than 5 crores but does not exceed Rs 10 crores. In the service enterprises, micro investment does not exceed Rs 10 lakhs and small enterprises has more than Rs 1 crores but does not exceed Rs. 5 crores.

Role of Cottage and small scale industries in Assam with special reference to Manipuri community:

In a backward state like Assam, cottage and small scale industries have a big role to play. There is an ample scope for the development of small industries on the basis of factor endowments available in the state. This development of small industries will not only mobilize the resources but also increase income and generate employment opportunities. Cottage and small industries have a great importance in an agrarian economy like Assam. The cottage industries like weaving, rope making, brass and bell-metal, cane and bamboo works are min activities in the rural area. In the rural areas of the state of Assam are practicing the cottage industries include handloom gold and silver works etc. These industries provide subsidiary employment to the good number of people in the rural areas. Some of these industries are organized and managed by artisans and craftsman. With the growth and development of these cottage and village industries, many poor families have been able to raise their income and improve their standard of living. These subsidiary occupations also promote the investment among the poor families in the rural areas. Cottage industries of Assam are producing deferent types of artistic goods, e.g. muga and silk products which have wide market throughout the country. Weaving traditional occupation is practicing in various parts of the NEI but it is very much practicing in the plain area of the state of Manipur at present. This practiced of hand loom products give good economic support to the daily livelihood and the economy of the state also. This handloom product is progressing day by day by using modern method of technology and financial support in the state of Manipur. These handloom products are exported in the other state also. The Manipuris outside the state of Manipur the inborn traditional occupation of weaving/handloom of Manipuris are also practicing. In the state of Manipur this traditional occupation weaving/handloom is progressing since independent and gives big financial support to the household as well as economy of the state also. In the Manipuri society weaving /handloom industries are done by women. Manipuri women are specialized or excellent skilled for handloom products. It is indeed, the above mention the cottage and small scale industries are playing very active role and give the micro financial support to their day-to-day livelihoods. The main role of cottage and small scale industries in the economic development are on the following ground:-

Large scope of Employment:

The small scale and cottage industries provide large scope for employment on a massive scale. The role of small scale and cottage industries is of great significance for the state like Assam which has a labour surplus economy and higher rate of unemployment. Therefore, the small scale industries being labour intensive they absorbed more labour and reduced unemployment compared to the large scale industries. The small scale industries are also especially suited for overcoming various types of unemployment in the rural and semi urban areas of the state.

Use of domestic resources :-

Most of the small scale and cottage industries used resources which are available locally. These resources cannot be used by large scale industries. Besides using these resources, the small scale industries support the safety of environment in the process of economic growth in the state.

Maintaining standard of living and welfare of the society :-

The great significance of small scale and cottage industries is upgrading the lives of the people in general. These industries perform the activities like freedom to work, self-reliance, self-confidence which help to achieve the goal of such entrepreneur. Moreover, many ills of urbanization and concentration inherent in the large scale industries can be avoided by setting up of small industries. All these benefits flow from the fact that these industries help to upgrade the standard of living in state.

Challenges of cottage and small scale industries in the state:

The present scenario of cottage and small scale industries in Assam is not satisfactory. There are inefficient capital investment and employment generation in the state. A brief trend of small scale and cottage industries in Assam are given below:-

In 1981 the state of Assam had a total of 12,056 registered small scale industries with an employment of an approximately 62 thousand persons. They are included the industries which engaged manufacturing in various products such as tea machinery, commercial and plywood's, building materials, chemicals, textile, transport equipment food manufacturing, printing and publishing etc. With the development of infrastructural facilities in the state, there is a gradual increase of small scale industries both in its number and size. In 1996 there were 30,843 registered small scale industries in Assam and in 2004 there were 48,557 registered small scale industries in Assam.

At present the small scale industries have been sub-divided into micro small and medium enterprise under the Micro, small and medium enterprises Act. 2006. The categorization of enterprises is made based on their investment in plant and machineries in case of manufacturing sector or in equipment's in case of service sector. For development of this sector the government of Assam has already brought some simplification in its procedure in respect of registration as well as declared incentives in its industrial policy 2008. There are 35717 SSI/MSME units in Assam and provided employment to 190932 persons till the end of March 2012.

The following table shows some annual statistics in respect of setting up of SSI/MSME units up to 31-03-2012.

table – 1
growth of ssi/msme units, employment, investment and production in assam

year	no. of ssi/msme units	no. of employment	average no of employment per unit	investment on plants & machinery (rs. in lakh)	average investment per unit (rs. in lakh)	production value (rs. in lakh)	average production per unit (rs. in lakh)
31.03.2005	23658	108467	4.6	46085.89	1.95	186371.51	7.88
2005-06	2082	10780	5.2	23776.88	11.42	22940.86	11.02
2006-07	2172	11852	5.5	9282.72	4.27	25514.67	11.75
2007-08	1692	10471	6.2	26637.42	15.74	44720.97	26.43
2008-09	1711	12914	7.5	26348.26	15.40	49635.10	29.00
2009-10	1678	12787	7.6	29901.68	17.82	58456.80	34.84
2010-11	1506	10458	6.9	27662.92	18.37	97497.48	64.74
2011-12	1218	13203	10.8	27007.84	22.17	NA	-
Upto 31.03.2012	35717	190932	6.79	216703.61	13.39	NA	-

Source : Directorate of Industries & Commerce, Assam

It is evident from the above table that average employment per unit of manufacturing enterprise in Assam is 6.89 during the period of 2005-06 to 2011-12. The average investment per unit is Rs. 13.39 lakh. The average production per unit is found to be Rs. 11.02 lakh in 2005-06 which has increased to Rs. 64.74 lakh in 2010-11. The no. of SSI/MSME units are increasing from 23658 in 2005 to 35717 in 2012. But the rate of increasing is very slow. There is no gradual increase on the employment and investment per unit. The

increasing rate is not satisfactory and also all the registered SSI/MSME units could not run smoothly due to various problems. The present structure of the percentage distribution of main workers in agriculture, household industries and others are given that Agriculture constitute 49.34%, household industries constitute 9.62% and others constitutes 46.54% of the total workers respectively. That is the household industries are performing very poor percentage. Some of the main problems faced by cottage and small scale industries are enumerated below –

Firstly, illiteracy and conservative attitudes of the people are main problem. Due to ignorance and illiteracy these industries are using outdated tools and old methods of production and thus produce old designed traditional goods. Secondly lack of credit facilities is also one of the most important factors. Most of the rural artisans and craftsmans are depend on village money lenders as they charge high rate of interest. A small percentage of necessary funds are made from the commercial banks and other financial institutions. Thirdly, scarcity of raw materials is the next major problems faced by these industries. As they are facing the difficulties of getting supply of raw materials at a reasonable price. Fourthly, absence of proper training facilities to the artisans and craftsman is also a main problem. Thus, absence of proper training, the village artisans are still following traditional methods. Fifthly, lack of proper marketing facilities also main problem. due to absence of proper marketing arrangements, they could not sell their products at a reasonable price.

Conclusion:

In the conclusion it is found that the cottage and small scale industries have been playing an important role in the economic development in the state. Even with the growth of large and medium industries these small scale industries are providing a good volume of income and employment in the rural areas. SSI contribute to balanced regional development by creating economic activities in the rural areas. SSI produce unique, traditional and eco-friently products that have global demand. Cottage and SSI of Assam, particularly handloom weaving, silk production and cane bamboo craftsmanship are deeply intertwined with the region's cultural heritage. Cottage and SSI in Assam are not only increase economic development but also preserving cultural heritage and promoting balance regional development. Cottage and SSI play a significant role in the socio-economic fabric of the Manipuri community, particularly in rural areas. They provide employment, generate income, preserve traditional crafts and empower women. But this cottage and small scale industries are suffering various problems. To solve these problems following remedial measures are important.

Firstly, efforts should be made for modernization and expansion of these industries. Steps to be taken to provide improved tools and implements at fair prices. Secondly, commercial bank and other financial institution should come forward with various schemes of short term and long term credit for cottage and small industries. Thirdly, proper agencies and scheme should be developed for supplying raw materials to small and cottage industries at convenient time and rates. Fourthly, necessary efforts should be made to train workers of these industries. Fifthly, proper marketing arrangements should be developed in different parts of the state for the smooth sale of the product of these industries. Finally, industry department of the state should chalk out plan for the development of cottage and small scale industries in Assam.

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