

## **Small Scale Industry in the Darjeeling Hills: Problems and Prospects**

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### ***Abstract***

*This paper counts the importance of Small Scale Industries in the economy. This paper investigates problems of SSI in the Darjeeling Hills based on the primary data analysis collected through field survey in one of the blocks of the Hills. This paper lights on the initiatives taken by the Government to strengthen the SSI in the State of West Bengal. It will discuss on the policy implications for survival of SSI. It puts up suggestions for development of SSI in the hills also.*

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**Key Words:** *Micro and Small Scale Industries, Industrial Policy, Policy Implications, Problems and prospects.*

## **1. Introduction**

**In India:** Small Scale Industries can contribute significantly in the overall economic development of the country as it can offer more employment opportunity with much less capital investment than large scale industries. SSI can contribute 1/5<sup>th</sup> of the total industrial output and employ 35% to 40% of the workers in the industrial sector by investing only 7% to 15% of the total manufacturing sectors` capital investment, as indicated by SDBI (1999), (Reddy,n.d.,p-24). In a developing country like India where unemployment is a national problem and lack of capital or capital formation is a formidable problem, SSI sector has big potentiality in solving various economic problems of the country.

SSI has its great contribution in creating employment opportunities for unemployed youths and also to the GDP of the state. This is reflected in the information in following paragraphs: West Bengal, Dept. of MSME expresses that the state occupies the 6<sup>th</sup> position in the country in the numbers of small scale enterprises after Uttarpradesh, Andhrapradesh, Maharastra, TamilNadu and Madhyapradesh. In terms of employment generation in the sector, West Bengal ranks 2<sup>nd</sup> after U.P. Nearly 25.22 lakh people are employed in West Bengal in Small Scale Industry, accounting for 9% of the total employment generation in this sector in the country.

**In West Bengal,** the MSMEs account for nearly 90% of the industrial units and more than 50% of industrial production. The export from this sector is about 40% of the total export from the state.

India, Government of West Bengal states its mission to create additional employment for about 10 million in next 10 years in the state in the MSME sector and its vision is to create a sustainable eco-system in the sector to maximize the utilization of resources and widen the area of operation.

The micro and small enterprises play a very vital role in the initiatives for socio-economic development of people in the country. The micro and small enterprises sector provides the largest employment, apart from agriculture and allied sector. India, Govt. of West Bengal, Economic Review(2009-10) states, as on 31.03.09 there are nearly 14 lakh micro and small enterprises in WB providing employment to about 32 lakh people.

It also indicates that as per national sample survey, 2005-06, the estimated number of unregistered manufacturing enterprises in the MSE sector in WB is 27.53 lakh employing 54.94 lakh person. In terms of no of enterprises WB occupies the 1<sup>st</sup> position accounting for 16.13%of total micro and small enterprises in the country. In terms of employment, the state also occupies the 1<sup>st</sup> position in the country.

**In Darjeeling District:** Small scale industry being labour intensive, it can solve the problem of unemployment to a great extent in our like developing countries. It helps in balanced development of a country through setting up of small industries in under developed regions making use of available local resources and thereby helps in achieving the goal of equitable distribution of national income and alleviating poverty. SSI sector helps in shifting marginal labour from agriculture and allied sector to other productive sectors and opens up facilities for local artisans and talents to increase their income and savings and standard of living. SSI depends on local resources mainly, hence, do not put pressure on country's balance of payment. It do not require huge capital investment and its gestation period being short, it generates income quickly after investment. Mukherjee (1997) argues as this sector does not require heavy skill and knowledge, SSI can be easily developed in economically backward district like Darjeeling. SSI helps in maintaining ecology and environment by consuming less power and resources, thereby helps in achieving sustainable economic growth. Hence, as Mukherjee (1997) said social cost is low in case of Small Scale Industries. In many cases it is found that SSI helps large industry by supplying small spare parts, small components to them, thereby helping each other. SSI benefits by selling their products to Large Scale Industry and LSI on the other hand being relieved by this outsourcing can concentrate on main product more and thus can contribute to research and development of the main product.

So, still in this century of advanced science and technology, the relevance and importance of SSI has increased manifold as it plays huge role in underdeveloped countries in bringing in social welfare in innumerable ways.

### **1.1 Historical and location profile of Darjeeling District**

Extreme north district of West Bengal, crowning frozen ice on kangchenjangha visible from its Tiger Hill, its comfortable weather, beautiful greenery, forests and tea gardens, enriched bio-diversity-located in the lesser Himalayan range in the north-east of the country- the queen of Hills- as it is popularly called, Darjeeling(the land of thunderbolt) has attracted viewers from different parts of the world since before independence of India. West Bengal, DGHC (n.d.) concluded that this hill station was developed with the view of residential purpose for the British officials of the British regime during the scorching months of summer in the plains. After a few historical warfare and treaties among British Company and others, it got its present shape and size in 1866 with 1234 square miles of total area and it began its march to progress and civilization with peace established in all parts from that year. Of today, according to the political map, it is surrounded by the State Sikkim on the north, Uttar Dinajpur, district of West Bengal on south, Bhutan on the east and on the west by Nepal.

**Brief Economic Profile of the District of Darjeeling:** Census of India (1991 and 2001) indicate that the area of the district is 3279.84 sq. km., of which the hilly region is 2477.83 sq.km.(75.54%) of the total land mass. In the year 2001, population density of the entire district was 511/sq.km. the with percentage of total workers 35% and non-workers 64.6%. Total population was 790591 for the three sub-divisions of the hilly region. Population of Siliguri, the plain region of the district, was 818581,(West Bengal, SME-DI, Kolkata, n.d.)

Directorate of Small Scale Industries, Govt. of West Bengal, et.al indicates percentage of marginal and non-workers is 71.57 of the total population. Up to year 2004 total SSI establishments registered under C&SSI were 8203 in number with employment in them of 44617 workers in the whole district. Literacy rate in 2001 was 87.3% in the hilly region compared to that of 79.7% in the plain region, Siliguri sub-division. In 2001 total employment in the registered SSI were 40938 in number in the district when total workers in all the sectors taken together were 569442 in number. In 2008, on live-register in the District Employment Exchange, at the end of the year, were 122645, where, placements effected during the year were only 230,(BAES, Govt. of West Bengal, 16 July, 2010)

In this context, it is very much necessary for establishing more and more SSI units in the district, especially in the hilly region where establishment of heavy industry is difficult due to its difficult terrain. West Bengal, Directorate of Mines and Minerals indicates that there are no major mineral products in the district. Sand, stone and gravels are the minor minerals that the district has.

Forest is important resource for economic development of the district. West Bengal, MSME-DI, Kolkata informs about 38.28% of the total area of the district is covered by forest; the district is reach in minor forest resources like Amilso grass, Totala fruits, medicinal plants etc.(Brief Industrial Profile of Darjeeling District, p4, n.d.)

West Bengal occupies a predominant position in the development of micro and small scale enterprises. CMIE (2010) states in 2007, there were 9,00,419 small scale enterprises, accounting for 7% of total such units in the country. (IBFF, p-18, 2010.)

## **1.2 Objective of the Paper**

To find out the present position of Small Scale Industry in the Darjeeling Hills and its problems, if any, and the prospects of the sector in the Hills in the light of the various measures taken by the State as well as the Central Government to encourage small scale industry in the country. With this objective in view, the paper in 2<sup>nd</sup> part delineate the performance of Small Scale Industry in India and West Bengal in general and in the sub-divisions of Darjeeling District in particular; in the 3<sup>rd</sup> portion, it attempts to present problems of Small Scale Industry in India and West Bengal from secondary data and then, attempts to find out problems specific to the Small Scale Industry of the Hill sub-divisions of Darjeeling

District; in the 4<sup>th</sup> part the paper gives a brief account of initiatives taken by Central as well as State Government for development of Small Scale Industry in the country; the last part the paper attempts to put up some suggestions for growth of SSI in the Hills and concludes delineating some issues in perspective.

### **1.2.1 Performance of Small Scale Industry**

Shyam Bhati, (2002.) argues that the economic performance of SSI in India can be analysed based on the factors such as, share of firms and employment, labour intensity of SMEs, efficiency, etc. In this section, paper attempts to presents comparative study of performance of Small Scale sector in India, West Bengal, Darjeeling District and the Hill sub-divisions of the Darjeeling District.

Data base of the performance of the SSI for the hills ( Darjeeling, Kalimpong and Kurseong sub-divisions) are not available separately, in the District Statistical Hand Book of West Bengal. For the purpose of the paper data were collected from DIC-Darjeeling.

### **1.2.2 Position of Darjeeling comparing with other districts of West Bengal**

Sectoral contribution of *gross district domestic* product by broad sectors in West Bengal for the year 1999-2000: comparison available between primary, secondary and tertiary sectors and also among other districts of W.B :-

West Bengal, BAES(2008) calculated it is 12.8% in secondary sector;( 31.03% and 56.17% in primary and tertiary sector respectively) for the year 1999-2000 in the Darjeeling District; it is ahead of Cooch Behar(7.97%) and Dakshin Dinajpur(7.05%) only, with Howrah(23.95%) at first position followed by North 24 Parganas(23.79%) and Hoogly(20.77%); for the year 2004-05 they were 28.29%, 13.85% and 57.86 %for primary, secondary and the tertiary sector respectively in the Darjeeling district at the constant price of 1999-00. (Sau, p-422, n.d.)

### **1.2.3 Position of West Bengal comparing with other states of India**

India, DC-MSME (2011) informs that State of Uttar Pradesh had the top position with a share of 11.24% of unregistered MSMEs in India, while West Bengal (10.47%) was at second position. Top 10 states in terms of numbers of enterprises accounted for a total share of 75% of unregistered MSMEs, while remaining 25 states/ UT accounted for 25% share; average employment generated by registered MSME sector was estimated at 5.95 per working enterprise which is higher than the average employment of registered SSI enterprises in the 3<sup>rd</sup> census; market value of fixed assets of MSME sector was 449138 Crore and gross output 707510 Crore; hence, gross output/ fixed assets=1.58 and gross output/ original value of Plant and Machinery=6.47 gave a picture of productivity of this sector in India; in this census, West Bengal could not find a place in the list of top ten states in respect of most number of registered working MSME enterprises. Tamilnadu(2.43 lakh, 14.95%) have 1<sup>st</sup> position and Punjab(.48 lakh, 3.08%) the last; in terms of employment, Tamilnadu (14.26,15.32%) at top

and West Bengal( 3.60 lakh, 3.87% with 2.77% of enterprises) the last; Gujrat, Maharastra and Karnataka holding the 2<sup>nd</sup> ,3<sup>rd</sup> and 4<sup>th</sup> position; in terms of worth of production, Maharastra with 110705 crore worth of production (15.65% of total) held 1<sup>st</sup> position, followed by Uttar Pradesh and Tamilnadu and West Bengal at the last of the list of ten with output 26906.61 crore(3.80%); in percentage distribution of top 10 exporting states- U.P. accounted for the highest share(21.21%) followed by T.N.(14.80%) and WB at the 10<sup>th</sup> position(3.17%); top 10 states accounting for 87.25% of the total export value; ratio of non-working enterprises out of total registered units is 33.05% in WB, against an all India average of 30.43%; by nature of operation, in WB, 10 units are casual, 1672 seasonal and 41577 perennial out of total 43259 registered MSMEs. WB has 1.85% of total exporting units in India; Gujrat at top with 52.16%; U.P. 5.72%, Maharastra 4.17% and Karnataka 3.84%.(2006-07 4<sup>th</sup> all India census of MSME; 2011)

#### **1.2.4 Darjeeling District position**

Govt. of West Bengal, Dept. of Cottage and Small Scale Industries concludes that in 2005-06, 32 number of Small Scale units were registered. This is very low compared to other district in West Bengal; Kolkata held 1<sup>st</sup> position with 1762 nos. of units, Howrah 2<sup>nd</sup> with 1095 nos., Paschim Midnapur 3<sup>rd</sup>-716 nos., Burdwan-4<sup>th</sup>-605 units, and 2<sup>nd</sup> last Uttar Dinajpur-106 units; Siliguri had 109 number of small units. (Economic Rivew-2006-07)

Craft Concentration in the district: Brass and Bell Metals, Cane/ Bamboo/ Reeds, Dolls, Toys and Modelling, Masks of all Varieties, Needle Craft, Painting( Scroll, Card, Pata, Hanging), Weaving(Textile), Wood Carving, Carpet, Wool knitting, Paper, Woollen products, Honey Processing etc. crafts are common to be found in the Darjeeling District,(DIC- Darjeeling, Unpublished data, 2014)

Govt. of West Bengal, BAES (2012), et.al informs there were only 302 number of registered SSI Industrial unit in the district with 208 estimated average number of daily workers. Turnover of was Rs.1040 Crore. (Brief Industrial Profile of Darjeeling District, p7, n.d.)

Table-1: Small Industrial Establishments registered with the Directorate of the Cottage and Small Scale Industries and Employment in them in Darjeeling District

<b>Year (Up to)</b>	<b>No. of Units</b>	<b>Rate of Change</b>	<b>Employment</b>	<b>Rate of Change</b>
2000	7374	-	40028	-
2001	7550	2.39	40938	2.27
2002	7760	2.78	42156	2.98
2003	7989	2.95	43341	2.81
2004	8203	2.68	44617	2.94
2005	8345	1.73	45599	2.20

2006	8486	1.69	46496	1.97
2007	9070	6.88	50128	7.81
2008	9353	3.12	52186	4.11
2009	9485	1.41	53309	2.15
2010	9670	1.95	55238	3.62
2011	9849	1.85	56652	2.56

Source: District Statistical Hand Book-2004 ,2008, 2011;

Directorate Of SSI, Govt. of W.B.

After the introduction of the MSME Act in Oct.`06, the registration system has been abolished. In the entire district, rate of change in units registered and employment creation does not vary much except in 2007; this is due to change in the definition of SSI to broaden the scope of SSI to include medium scale enterprises, service enterprises and retailers.

Graph drawn from Table No.1:

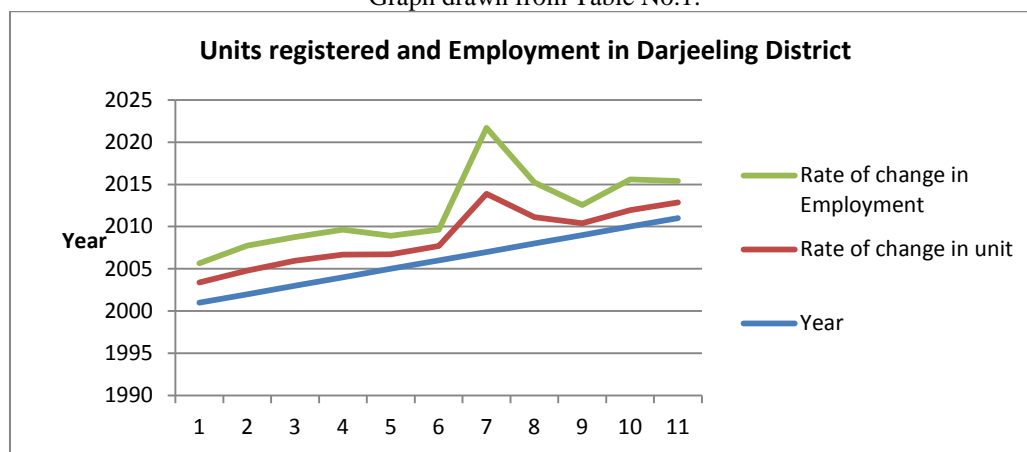


Table-2: Table showing percentage increase in number of SSI units over previous year in India:

Year	Percentage increase in no. of SSI units over previous year in India
2002-03	4.07
2003-04	4.07
2004-05	4.07
2005-06	4.07
2006-07	21.50
2007-08	4.51
2008-09	4.53

(Source: Annual report- 2009-10, Ministry of MSME, Govt. of India.)

There is constant rate of growth in the in SSI. 2006-07 reflects change in the definition to include the medium sectors in to account. In 2008 and 2009 rate of increase in SSI in India is 4.51 and 4.53; these are 3.12 and 1.41for 2008 and 2009 respectively in the Darjeeling District.

Table-3: All India annual growth rate of MSME

Year	Rate of Growth(%)
2007-08 to 2008-09	10.76
2008-09 to 2009-2010	10.78
2009-2010 to 2010-2011	10.93
2010-2011 to 2011-2012	19.06

(Source: Annual Report-2012-13, Ministry of MSME)

MSMEs has shown constant growth rate of more than 10% every year till 2010-11, where as in the year 2011-12 it was 19%, i.e, about twice the growth rate recorded for previous years.

Table-4  
**Number of registered small Scale Industrial Units and Employment in them in West Bengal from 1990 to 2010:-**

Year (31 Mar.)	No. of Units	Grqwth Rate	Emplyment Cumulative	Growth Rate
1990	104126	-	654730	-
1995	203492	95.43	1210001	84.81
1996	220738	8.48	1312333	8.46
1997	239984	8.72	1429350	8.92
1998	256343	6.82	1528045	6.90
1999	269499	5.13	1604678	5.02
2000	279219	3.61	1668831	4.00
2003	310195	11.09	1844082	10.50
2004	320309	3.26	1909216	3.53
2005	330543	3.20	1973407	3.36
2006	341737	3.39	2044629	3.61
2007	361051	5.65	2210959	8.13
2008	389968	8.01	2506208	13.35
2009	412200	5.70	2728235	8.86
2010	435356	5.62	2966260	8.72

(Source: Directorate. of Micro and Small Scale Enterprises, WestBengal, Directorate of Cottage and Small Scale Industry, WestBengal. Sau, p309, n.d.; West Bengal Statistical Handbook-2010 Provisional)

From 1990 to 2010, growth rate varied from 95.43% to 5.62% in the no. of registered SI units in WestBengal. 2007 onward values represents for EM-I+EM-II, as registration system was abolished post MSMED Act, 2006 enactment. Average rate of growth in employment in registered SSI units from the year 1996 to 2010 is 6.20. Comparing Table-3 and Table-4, we see that growth rates of registered units in West Bengal are well less than those of India from 2007 to 2011(March). **Graph drawn from Table-4:**



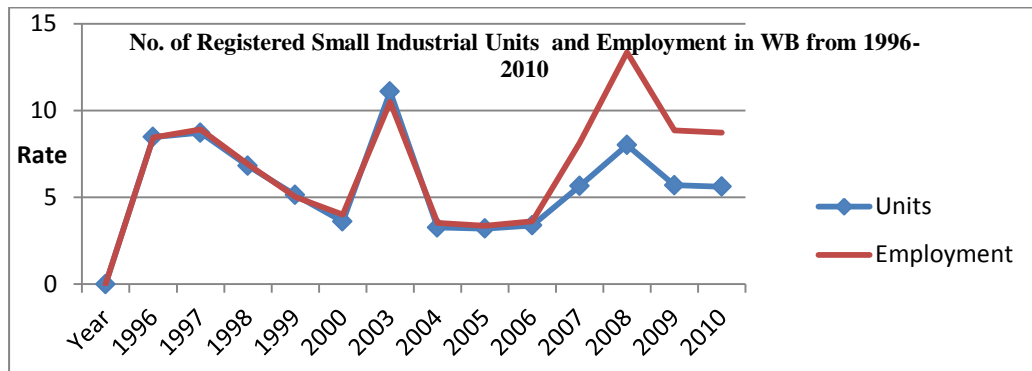


Table-5: Selected Characteristics of Industry groups for the year 2008-09 in Darjeeling District

NIC' 08 Code	No.of factories	Fixed Capital (Rs. in Lakh)	Invested Capital (Rs. in Lakh)	No. of Employees	Values of Output (Rs. in Lakh)
(1)	(2)	(3)	(4)	(5)	(9)
10-Manufacture of Food Products	154	27057	49450	9917	109493
11-Manufacture of Beverages	1	252	346	56	1347
16-Mfg. of wood product, cork, straw, plating mat. except furniture	4	103	132	60	205
17-Mfg. of paper and paper products	2	1095	1466	99	1082
20-Mfg. of chemical & chemical Produ.	1	486	687	106	921
22-Mfg of rubber & plastic Product	2	63	135	37	665
23-Mfg. of other non-metallic mineral products	1	1	3	18	17
25- Manufacture of fabricated metal products, except machinery and equipment	3	21	188	184	367
28- Manufacture of machinery and equipment n. e. c.	1	34	52	15	80
45- Wholesale and retail trade and repair of motor vehicles and motorcycles	4	413	810	98	2133
<b>All Industry</b>	<b>173</b>	<b>29525</b>	<b>53269</b>	<b>10590</b>	<b>116310</b>

**Per Factory**

**170.66**

**307.91**

**61.21**

**672.31**

**Productivity= Gross output/Fixed Capital= 3.94**

**Employment**

**Intensity=Employment/ Gross output( Rs. Crore)= 9.11**

**MSME Sector: 4th Census of MSME:**

**All**

**28.72**

**5.95**

**45.24**

**Micro**

**11.42**

**4.4**

**21.08**

**Small**

**292.05**

**30.62**

**416.57**

**Medium**

**2088.52**

**160.87**

**2819.94**

**Productivity=Gross output/ Market value of Fixed assets= 1.58**

**Employment Intensity=Employment/Gross Output(Rs.Crore)=13.16**

(Source: District Statistical Hand Book, 2008, WB; 4<sup>th</sup> MSME Census, Dev. Commissioner, GOI.)

Productivity of the MSMEs in the district of Darjeeling is 3.94 using fixed capital as the denominator. Data on market values of fixed assets are not available. Productivity of all India Standard is 1.58. Employment Intensity is 9.11 and it is less than that of all India MSME sector (13.16).

Table-6: District wise progress under EM-I and EM-II Received during 2008-09:-

District (2008-09)	em-I no.	em- ii employment	em- ii no.	em- ii employment	Units:em-i+em ii	Empl:I + II
kolkata	508	6370	2753	29113	3261	35483
n. 24 pgs	884	7335	1880	13456	2764	20791
howrah	584	8130	1893	22246	2477	30376
s. 24 pgs	794	8014	1042	12858	1836	20872
purba midnapur	1346	11633	427	3439	1773	15072
paschim midnapur	541	3689	462	3737	1003	7426
murshidabad	387	2596	599	4483	986	7079
nadia	563	4354	397	3441	960	7795
hoogly	308	3695	647	7973	955	11668
jalpaiguri	399	3787	367	2166	766	5953
burdwan	360	3398	378	4820	738	8218
bankura	292	2792	377	2811	669	5603
malda	334	2086	313	1899	647	3985
birbhum	162	3056	479	9234	641	12290
coochbihar	380	3041	248	2138	628	5179
u. dinajpur	371	2304	150	1052	521	3356
purulia	230	2496	231	2151	461	4647
darjeeling	74	898	132	1123	206	2021
d. dinajpur	75	1219	68	677	143	1896
Total	8592	80893	12843	128817	21435	209710
Average	452.21	4257.53	675.95	6779.84	1128.16	11037.37

(Source: Dept. of MSSE and Textile, GOW; Economic Review 2009-10, p151-152)

Total number enterprises (EM-I + EM-II) for Darjeeling district is 206 against the overall West Bengal average of 1128.16. Darjeeling is at the 18<sup>th</sup> position in the list of 19 districts.

A large number of temporary/ provisional registrations indicate that the potentiality of investment in the small scale sector continues to be significant.

Table-7: Entrepreneurship Memorandum account for Four Years:-

Year	Units in WB	Average of 19 Districts	Units in Darjeeling	Employment WB	Average of 19 Districts	Employment in Darjeeling
2008-09	21435	1128.16	206	209710	11037.37	2021
2009-10	23156	1218.74	291	238025	12527.63	3545
2010-2011	21162	1113.79	297	219791	11567.95	2443
2011-12(Nov.11)	14899	784.16	231	120445	6339.21	1817
Total of 4 Years	80652		1025	787971		9826

**Source:** Directorate of MSSE, GOW; Economic Rivew-2011-2012.  
Units=EM-I+EM-II.

It is clear from the Table No.7 that number of units and employment in Darjeeling District is much less than the state averages every year. In 2008-09 average of West Bengal was 1128.16 in case of EM-I and EM-II units together against only 206 units in the Darjeeling District. This pattern is seen in other years and accordingly in case of employment also.

Table-8: Table showing EM-II issued during the years in the Darjeeling Hills(Three Hill Sub-divisions) from2006-07 to 2012-13:-

Year	No.of Units	Employee	Investment	Annual. T.O.	No. of Units	Employees.	Investment	Annual T.O.
2006-07	217	1181	320.305	--	186	665	364.97	--
2007-08	32	326	36.645	--	9	29	21.8	--
2008-09	19	115	24.4	43.52	11	125	28.27	426.54122
2009-10	40	558	115.8	479.16495	11	89	340.03	174.8
2010-11	22	81	57.58	50.89	16	55	26.782	45.78
2011-12	38	165	19.68	239.6	18	79	52.44	221.9
2012-13	14	56	19.54	30.15	14	47	22.52	27.11

Source: Compiled from material from DIC-Darjeeling.

Table-9: Showing Percentage Change over Previous Year compiled from above Table-8:

Year	Total Units	Percentage Change on Prv.Yr.	Total Employ	Percentage Change on Pr.Yr.	Total Invest	Percent Change On Prv. Year	Total Annual T. O.	Percentage Change on Prv. Year
2006-07	403	--	1846	--	397.275	--	--	-
2007-08	41	-89.83	355	-80.77	58.445	-85.29	--	-
2008-09	30	-26.83	240	-32.39	149.4	155.62	470.0612	-
2009-10	51	70.00	647	169.58	455.83	205.11	653.9495	113.59
2010-11	38	-25.49	136	-78.98	84.362	-81.49	96.67	-3.57
2011-12	56	47.37	244	79.41	72.12	-14.51	461.5	353.26
2012-13	28	-50.00	103	-57.79	42.06	-41.68	57.26	-13.59

Investment and turn over in Rs. Lakh.

Table-10

Year	Employment Per Unit	Investment Per Unit	Employment Per lakh Inv.	T.O./Empl. Ratio	T.O.Per Unit	Empl./T.O.	Annual. T.O./ Total Investment
2006-07	4.58	0.99	4.65	--	-	-	-
2007-08	8.66	1.43	6.07	--	-	-	-
2008-09	8.00	4.98	1.61	1.96	15.67	0.27	3.15
2009-10	12.69	8.94	1.42	1.01	12.82	3.19	1.43
2010-11	3.58	2.22	1.61	0.71	2.54	1.77	1.15
2011-12	4.36	1.29	3.38	1.89	8.24	0.74	6.40
2012-13	3.68	1.50	2.45	0.56	2.05	2.07	1.36
<b>Average</b>	<b>6.51</b>	<b>3.05</b>	<b>3.03</b>	<b>1.23</b>	<b>8.27</b>	<b>1.61</b>	<b>2.70</b>

Investment and turn over in Rs. Lakh

( Source: Calculated from material from DIC- Darjeeling.)

**Productivity: Annual Turnover/ Fixed Assets: 2.70 (5 years` Average.)**

**Comparison:**

**1) Per enterprise employment in MSMEs in India according to 4th All India Census of MSMEs were 5.95**

In 3rd Census it was 4.48. Darjeeling Hills: 6.51.

**2) Employment Intensity: Employment/ Fixed Investment (Rs. Lakh):**

Micro: 0.39 employment per 'Rs. lakh' investment in India.

Macro: 0.10 in India.

Medium: 0.08 in India.

For the overall MSME sector: 0.21 in India.

The Darjeeling Hills: 3.03 (7 years` average.)

**3) Per unit Gross Output:**

MSE sector (India): Rs. 40.46 lakh.

DIC`s T.O. per enterprise is Rs. 8.27 lakh.

**4) Employment/ Output (Rs. Lakh) for MSMEs in India:**

Micro: 0.21 per 'Rs. Lakh' of output.

Small: 0.07;

Medium: 0.06 and

For overall MSMEs: 0.13 in India.

Darjeeling Hills: 1.61 (5 years` average.) ( Employment/ Annual T.O.).

Per enterprise employment in MSMEs in Darjeeling District`s hill sub-divisions are more than that in India indicating either the employment generation capacity of hill MSMEs is better than the all India standard or there is existence of marginal labour in the units of the hill. This matter also is reflected in the Employment Intensity ratio.

Per unit Gross Output of Darjeeling Hill compared to MSE sector in India is owing to the fact that in the hills most of the units are tiny, micro or small enterprises. Medium scale enterprises are not available.

Value of Employment/ Output (Rs. Lakh) ratio being higher for the enterprises in the hills than that of enterprises in India indicates that productivity of labour of hill MSME enterprises is less than that of MSMEs of India.

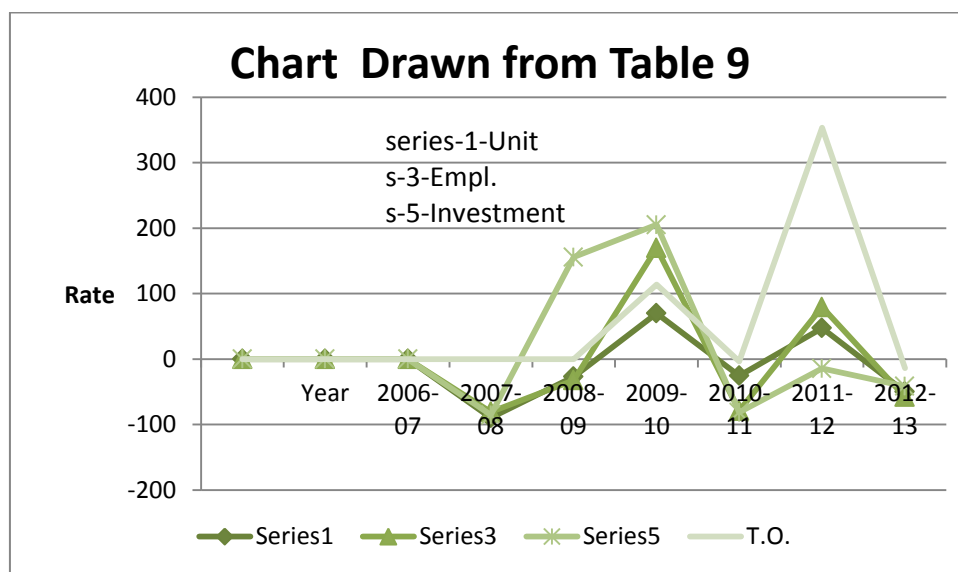


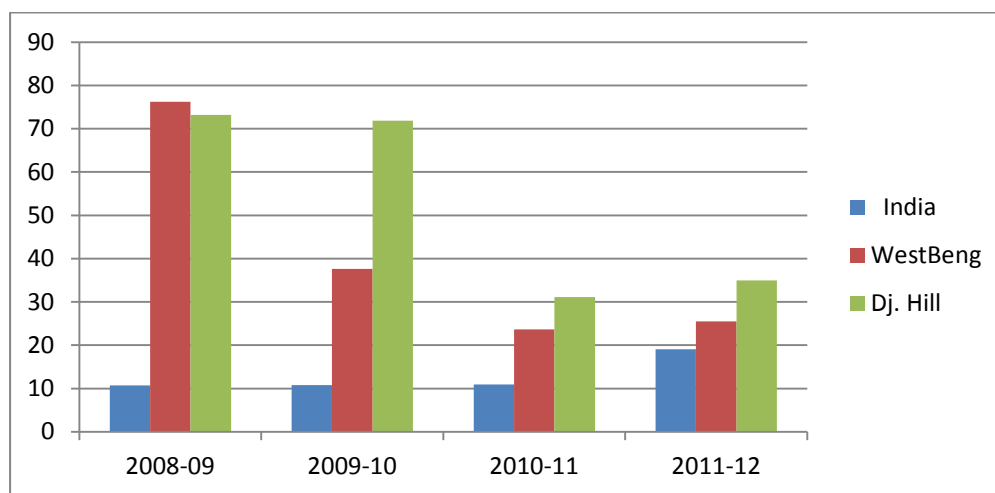
Table-9 and the graph above shows that rate of growth in number of enterprises, employment, investment and turnover (all the indicators of performances) are not consistent and fluctuations are noticed in the graph also.

Table-11: Trend in growth of MSMEs: India, West Bengal and Darjeeling Hill Sub-divisions:-

Year	<u>All India</u>		<u>West Bengal</u>			<u>Darjeeling Hill</u>		
	No. of Units(Lakh) (Cumulative)	Growth Rate	No. of Units (Thousand)	No. of Units Cumulative Total	Growth Rate	No. of Units	No. of Units Cumulative Total	Growth Rate
2007-08	1.74	-	17618	17618	-	41	41	-
2008-09	1.93	10.70%	13428	31046	76.22	30	71	73.17
2009-10	2.14	10.78%	11685	42731	37.64	51	122	71.83
2010-11	2.37	10.93%	10109	52840	23.66	38	160	31.15
2011-12	2.82	19.06%	13470	66310	25.49	56	216	35.00
<b>Average:-</b>		<b>12.87%</b>			<b>40.75</b>			<b>52.79</b>

**Number of EM-II issued to MSEs by the DICs under the various states:-**  
( Source: Annual Report, 2012-13, Ministry of MSME and DIC- Darjeeling.)

Chart from Table-11:



Data of Table-11 shows comparison of growth rate of EM-II issued enterprises of India, West Bengal and Darjeeling Hill. It is seen that growth in number of units in India is almost stable and gradually increasing. But, the same in WB and Darjeeling Hill are falling from 2007-08. The growth rate in all the five years is more in WB and The Hill than that of India.

Table 12: Trend of West Bengal, Darjeeling District and DIC- Darjeeling: in EM-II:-

Year	West Bengal		Darjeeling District		Darjeeling Hill	
	No. of Units	Employment	No. of Units	Employment	No. of Units	Employment
2009-10	11668	131669	185	1929	51	647
2010-11	10099	121944	179	1414	38	136
2011-12*	8436	70891	148	1080	56	244
<b>Total</b>	<b>30203</b>	<b>324504</b>	<b>512</b>	<b>4423</b>	<b>145</b>	<b>1027</b>
Year	Percentage Change on Previous year	Percentage Change on Previous year	Percentage Change on Previous year	Percentage Change on Previous year	Percentage Change on Previous year	Percentage Change on Previous year
2010-11	-13.45	-7.39	-3.24	-26.70	-25.49	-78.98
2011-12	-16.47	-41.87	-17.32	-23.62	47.37	79.41

\*Up to Nov. 2011

Table-12a

	Employment Per Unit
West Bengal	10.74
Darjeeling Dist.	8.64
Darjeeling Hill	7.08

(Source: Economic Review 2011-12 and DIC- Darjeeling.)

\*Accounting for three years` total from 2009-10 to 2011-12.

Table-12 shows only Darjeeling Hill sub-divisions have experienced positive growth in 2011-12 over previous year in both number of Units and Employment. Though, only 56 numbers of units were issued EM-II which is very low comparing with 19 district average of 444 units of West Bengal. 92 new EM-II units were on work in rest of the parts of the district. Employment per enterprise is least in Darjeeling Hill of the three shown in the Table above.

## 2. Problems of SSI in the hills

*To light upon the problems of Small Scale Industry in the Hills, at first step, problems of SSI in India and West Bengal in general was appraised first and then, in next step, a field survey was conducted to find out the problems particular to the SSI of the Hill sub-divisions of Darjeeling District.*

#### Problems in General

After decentralization policy of India in 1990s and involvement of WTO in world trade the problems of Small Scale Industries were likely to aggravate when they were already sick due to shortage of working capital, lack of demand, insufficient supply of raw materials, lack of modern technology, lack of market and infrastructural facilities and want of trained and technical skilled workers.

Main problems in the national level includes problems like: lack of sufficient infrastructural facilities, such as, poor electricity supply, poor condition of roads, high rate of tariff on some raw materials, increased competition from multi-national and big Indian companies following the industrial liberalization policy, lack of modernization, flow of costly credit and lack of effective coordination among the various support organizations set up over the period of time for the promotion and development of Small Scale Industries, as concluded by Reddy (n.d.)

Development Commissioner, SSI, as summarized by Reddy (n.d.) highlights that flow of credit to SSI, such as, percentage of SSI credit to net bank credit showed a decline from 14.6% in the year 2000 to 9.4% in the year 2005; in the same time period, number of SSI accounts declined from 22.72 lakh to 17.71 lakh; in 1995, SSI credit to net bank credit percentage from public sector bank was 15.29% and rose to 17.33% in 1999; in this case, target of 16% was set by RBI. In 1999, it was 18.9% and 11% of their net credit in private sector and foreign banks respectively.

It shows a gloomy picture in the disbursement of loans through West Bengal Finance Corporations over the years. Percentage of total amount of loans disbursed by this agency to the SSI units has decreased over the recent years. WBFC acts as the nodal agency for providing financial assistance to the small scale sector. West Bengal Finance Corporation, Annual Report (2005-06), as summarized in Economic Review 20080-09, informs in the year 2005-06, WBFC sanctioned credit of Rs. 6426 lakh to 302 number of small scale industries and actually disbursed Rs. 4837.

Raju, (2001) indicates the lack of timely and adequate credit is a big hurdle for the development of SSI sector in India (Bhati, 2002, p-12). Abid Hassan Committee, constituted in 1997, recommended for restructuring of financial support to SSI sector because the credit availability to SSI sector during 1991-96 was only 13% of the value of production. Hence, it can be said that the Govt. policies and legislative measures in financing of SSI units have not

been able to solve the problems in this regard. Scope of private and foreign banks, not having wide spread network of branches all over the country, is very limited in this regard, according to Bhati ( 2002).

### 3. Causes of Sickness

India, RBI, Annual Report, 1999-2000, as summarized by Bhati (2002), informs that about 10% of SSIs on the average, in India face financial distress.

Govt. of India, DC-MSME (2011) expresses that though the sickness decreased substantially from 13.98% in 2001-02 to 6.49% in 2006-07, the causes of sickness were found to be largely on account of *lack of demand and shortage of working capital* (4<sup>th</sup> All India MSMEs, 2011,p-18 ).

Govt. of India, DC-MSME (2011) shows that percentage distribution of number of SSIs enterprises by type of ownership pattern or organization showed dominance of proprietary enterprises over other forms of organizations (partnership, company and cooperative). It is highest in Micro segment (91.77%) and lowest in medium segment ( 38.11%) and small segment (59.12%) is in between them. It is known that other types of organizations are in better position than proprietary organizations to be able to tackle the financial difficulties ( 4<sup>th</sup> Census-2006-07,2011, p34).

**Energy use:** For Small Scale sector, more importance should be given on using non-conventional and renewable energy. From the percentage distribution of working enterprises by source of power, Govt. of India, DC-MSME (2011) shows that 67.07% of enterprises used electricity, 5.41% ( Micro-1.59%, Small-3.40% and Medium- .42%) used coal, oil and LPG/CNG, 1.5% used Traditional/firewood energy. 24.25% used no energy. Only 0.19% used non-conventional energy. Total number of working enterprises was 15.64 lakh (4<sup>th</sup> All India Census of MSMEs 2006-07, 2011; p18).

Table-13: Percentage Distribution of working enterprises of WB and neighboring States by main sources of energy:-

Energy Sources	West Bengal	Assam	Orissa	Bihar
<b>Traditonal/Firewood</b>	3.66%	3.71%	1.74%	0.93%
<b>Non-Conventional</b>	0.08%	0.61%	0.07%	0.54%
<b>Electricity</b>	60%	50.33%	76.70%	20.30%
<b>No power</b>	20.55%	37.37%	11.97%	47.42%
<b>Total Enterprises</b>	43259	19864	19606	50036

(Source: 4<sup>th</sup> All India Census of MEMEs-2006-07;2011)

Table 13 shows that- West Bengal`s dependence on traditional source of energy is more than two neighboring states like Orissa and Behar. Assam and Behar is ahead of it in using non-conventional sources of energy.

Table-14: Data on Electrification in the Darjeeling District



Sub-Divisions	Percentage of population to district population	Percentage of Mouzas Electrified
Darjeeling Sadar	24.12	18.51
Kalimpong	14	19.06
Kurseong	11.01	9.62
Siliguri	50.08	52.81

(Source: District Statistical Hand Book- 2008)

Comparing the percentage of population to district population and the percentage of mouzas electrified, it can be said that more electrification is necessary in Darjeeling Sadar and Kurseong, though, electrification does not mean or cannot ensure standard voltage and uninterrupted power supply for industrial purpose.

**Productivity:** Govt. of India, DC-MSME (2011) shows that productivity measured in terms of gross output per Rs.1lakh of fixed investment, the micro sector was most productive ( 1.85%) followed by Small( 1.43%) and Medium (1.35%)( 4<sup>th</sup> Census of MSMEs, 2006-07). Values of fixed assets are more per enterprise in small and medium sector than in micro sector. This reveals that efficient use of fixed assets is an issue of importance in these two sectors and it needs for efficient managerial personnel.

**Sick List:** Govt. of India, DC-MSME (2011) calculates as WestBengal at the 7<sup>th</sup> position in the list of top 10 states of sick/ incipient sick enterprises; Kerala( 21.02%) at top and Madhyapradesh (3.05%) at the bottom; about 6.49% of the units of registered MSMEs were identified to be sick / incipient sick; yardstick of measuring sickness were – i) delay in repayment of loan over one year. ii) decline in net worth by 50% and iii) decline in output in last three years; major reasons as reported by sick units included – lack of demand( 41.94%), shortage of working capital(20.49%), non-availability of raw material(5.11%), power shortage(5.71%), labour problem( 5.64%), marketing problem( 11.48%), equipment problem( 3.17%) and management problem( 6.46%) (4<sup>th</sup> census, 2006-07; 2011).

Govt. of India, DC-MSME (2011) summarized as cases of sick units were most found in the following industry group:- i) Food Products and Beverages, ii) Textile, iii) Wearing Apparel, iv) fabricated Metal Products and v) Furniture.(4<sup>th</sup> All India Census of MSMEs - 2006-07; p-261-281).

Table-15: Rate of Growth of Outstanding Credit:

Year	Rate of Growth of Outstanding Credit
2006	21.30%

2007	25.70%
2008*	67.70%
2009	19.90%
2010	42.10%
2011	32.50%
2012**	7.19%

(Source: Annual Report 2012-13, Ministry of MSME, GOI.)

\*MSEs reclassified as per definition of MSME Act, 2006.

\*\* Provisional.

Table 14 reveals problems related to working capital shortage, as outstanding means credit over due.

Table-16: Percentage of MSE Credit to Net Bank Credit:-

Year	% of SSI credit to net bank credit
2006	7.50%
2007	7.20%
2008	11.60%
2009	11.40%

(Source: Reserve Bank Of India;  
Annual Report 2009: Ministry of MSME.)

Table 16 shows share of SSI credit to Net bank credit has increased from 2006 to 2009. This indicates corrective policy of banks being taken for growth of SSIs. Share of SSIs` credit earlier was too small; in 2006 it was only 7.50%.

Table-17: Financial Assistance (Disbursement) by West Bengal Finance Corporation:

Year	No. of SSI	Loan Disbursed (Rs. Lakh)	Percentage Change over Previous Year
2000	21019	53049.13	-
2001	21307	58009	9.35
2002	20830	59434	2.46
2003	21081	62839	5.73
2004	21543	66496	5.82
2005	21947	71964	8.22
2006	22295	76801	6.72
2007	22595	81412	6.00
2008	22901	89069.81	9.41
2009	22060	98213	10.27
2010	22286	109464	11.46
2011	22504	122479	11.89

(Source: West Bengal Financial Corporation; Economic Review 2011-12.)

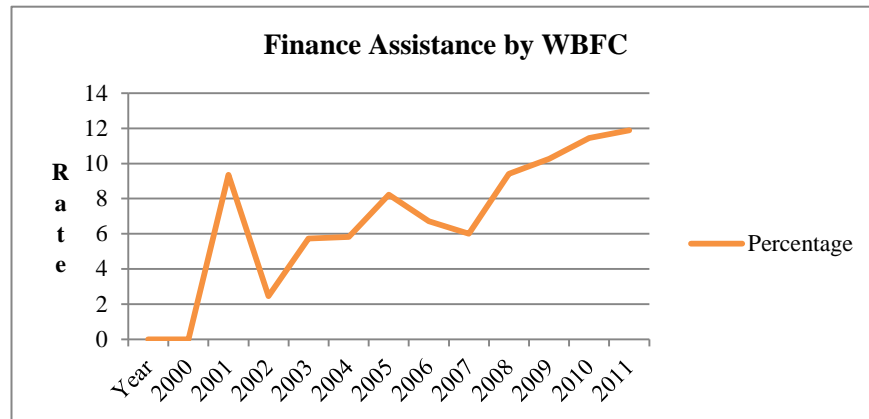


Chart shows fluctuation in the rate of increase in assistance from WBFC from 2000 to 2007; thereafter, it has stable growth in the rate of increase, though, at moderate rate. This like variation in finance retards smooth growth of any industrial sector, specially the sector like SSIs that depends very badly on government for finance which may be transparent and zero exploitative than loan from other sources.

**De-reservation:** Govt. of India, DC- MSME passed order as 1) 358 items are reserved for purchase from micro and small enterprises. 2) List of items reserved for purchase from handicrafts sector:- Cane furniture, bamboo fill tray, baskets, pencil stand, side racks, etc, glass covers made of wood and grass jute, jute furniture, jute bags, file cover, woolen and silk carpets; 3) Ministry of MSME, (2010) published the list of items reserved for exclusive manufacture by micro and small enterprises as on 30<sup>th</sup> July, (2010) are 20. Govt. of India, Ministry of Small Scale Industries and Agro and Rural Industries (2007), as summarized by Reddy(n.d.) shows Reservation started in 1967 with 47 units and rose to 807 units at the beginning of the reformation period in 1990s. At present as in (2010) it is 20 only. This de-reservation may have caused problem for the small industry sector initially. But in the long run this may help them to become cost effective units instead of taking shelter behind rules.

#### 4. Problems specific to the Hill Sub-Divisions of the Darjeeling District

##### 4.1 The Methodology

For the purpose of collecting primary data through field survey, a questionnaire was prepared. The questionnaire was divided into two parts- 1<sup>st</sup> part containing questions for collecting general information about the Unit being interviewed( such as, name of the enterprise, product, monthly or annual turnover, number of employees, etc; in the 2<sup>nd</sup> part questions on eight problems and several factors under each problem were arrayed taking guidance from the research article 'Problems and Prospects of Small Scale Agro Based Industries: An Analysis of Patiala District' by Dr. P.K.Dhiman and Ms. Amita Rani and the book ' Small Scale Industries- Problems and Prospects in West Bengal with Special Reference to Darjeeling District' by Dr. Nilmony Mukherjee in identifying and selecting

factors of different problems. Four-point scale assigning 4,3,2,1 points for 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> rank respectively for each factor of a particular problem was used. Then, weighted average score was calculated to find out the factors with most importance. These have been shown in the following two tables. Field survey was carried on in the Kalimpong sub-division and the Kurseong sub-division. About 35 units were approached with 20 successful interviews findings from which have been processed as follows:

Table-18: Tabulation Sheet for ranks from response sheet

SL. No.	Area of Problem	Types of Problems faced by Small Scale Industry in the Hill Sub-Divisions of Darjeeling							
		Cost Over Run		High interest Rate		Non-Availability Finance		High cost of Raw Material	
		Rank	No. of Respondents	Rank	No. of Respondents	Rank	No. of Respondents	Rank	No. of Respondents
1	Financial Problem	0	10	0	4	0	1	0	5
		1	1	1		1	8	1	10
		2	2	2	6	2	9	2	3
		3	2	3	7	3	1	3	1
		4	5	4	1	4	1	4	1
2	Infrastructure Problem	Location Disadvantage		Transport Difficulty		Distance From Warehouse			
		Rank	No. of Respondents	Rank	No. of Respondents	Rank	No. of Respondents		
		0	9	0	9	0	15		
		1	2	1	7	1	2		
		2	7	2	2	2			
		3	2	3	2	3	3		
3	Marketing Problem	Lack of Market for Product		Stiff Competition		Market Recent		Dependence on Govt. Purchase	
		Rank	No. of Respondents	Rank	No. of Respondents	Rank	No. of Respondents	Rank	No. of Respondents
		0	8	0	5	0	6	0	20
		1		1	9	1	6	1	
		2	4	2	3	2	6	2	
		3	7	3	1	3	1	3	
4	1	4	2	4	1	4			
4	Management Problem	Large Investment in Fixed Assets		Diversion of Fund		Dispute of Partners			
		Rank	No. of Respondents	Rank	No. of Respondents	Rank	No. of Respondents		
		0	12	0	13	0	20		
		1	4	1	2	1			
		2	1	2	5	2			

		3	3	3		3			
5	Production Problem	Improper Machinery		Shortage of Supply		Under Utilization of Capacity		Frequent Break Down	
		Rank	No. of Respondents	Rank	No. of Respondents	Rank	No. of Respondents	Rank	No. of Respondents
		0	6	0	10	0	2	0	10
		1	10	1	3	1	3	1	1
		2	2	2	5	2	4	2	2
		3		3	1	3	9	3	3
		4	2	4		4	2	4	4
SL. No.	Area of Problem	Types of Problems faced by Small Scale Industries in the Hill Sub-Divisions of Darjeeling							
6	Employee Problem	Lack of skilled Labour		High Labour Investment					
		Rank	No. of Respondents	Rank	No. of Respondents				
		0	9	0	7				
		1	8	1	3				
		2	3	2	10				
7	Research and Development Problem	Non-availability of Research laboratory for Quality Control		Problem of Consultancy service and technology up-gradation					
		Rank	No. of Respondents	Rank	No. of Respondents				
		0	1	0	1				
		1	7	1	11				
		2	12	2	08				
8	Miscellaneous Problem	Natural Calamity		Un-availability of Govt. support and grant		Shortage of Power/ Energy			
		Rank	No. of Respondents	Rank	No. of Respondents	Rank	No. of Respondents		
		0	4	0		0	14		
		1	9	1	9	1	1		
		2	4	2	11	2	2		
		3	3	3		3	3		

Table-19: Table showing weighted average score of factors of eight types of problems:

SL. NO	Area of Problem	Types of Problem	Weighted Average Score	New Ranks
1	Financial Problem	Cost Over Run	.95	4
		High Interest Rate	2.5	3
		Non-availability of Finance	3.1	1
		High Cost of	2.6	2

		<b>Raw Material</b>		
2	<b>Infrastructure Problem</b>	<b>Location Disadvantage</b>	1.1	2
		<b>Costly Transport</b>	1.35	1
		<b>Distance From Warehouse</b>	.45	3
3	<b>Marketing Problem</b>	<b>Lack of Market for Product</b>	1.35	3
		<b>Stiff Competition</b>	2.45	1
		<b>Market Recent</b>	2.25	2
		<b>Dependence on Govt. Supply</b>	0	-
4	<b>Management Problem</b>	<b>Large Investment in fixed Assets</b>	.85	1
		<b>Diversion of Funds</b>	.8	2
		<b>Dispute of Partners</b>	0	-
5	<b>Production Problem</b>	<b>Improper Machinery</b>	2.4	1
		<b>Shortage of Supply</b>	1.45	3
		<b>Under utilisation of Capacity</b>	2.2	2
		<b>Frequent break down of Machinery</b>	1	4
6	<b>Employee Problem</b>	<b>Lack of Skilled Labour</b>	.95	1
		<b>High Labour Investment</b>	.8	2
7	<b>Research and Development Problem</b>	<b>Non-availability of Research Laboratory for Quality Control</b>	1.3	2
		<b>Problem of Consultancy Service and Technological Up gradation</b>	1.5	1
8	<b>Miscellaneous Problems</b>	<b>Natural Calamity</b>	1.9	2
		<b>Un availability of Govt. Support and Grant</b>	2.45	1
		<b>Shortage of Power/ Energy</b>	.5	3

## 5. The findings are as follows

1) **Financial Problem:** Registered or non- registered, EM-II or non-EM-II, whatever they were, all of them expressed difficulty on getting finance or loan. Sometimes it has been their qualification (e.g., school certificate etc, not available), sometimes system of sanction step by step(at the time of project sanction and at the time of production) or not sanctioning the full

amount of the project cost as a result of which, entrepreneurs feel distressed at the mid of the implementation of the project and it becomes very tough for them to start the production. Sometimes, lack of knowledge about where to approach for loan or lack of initiative to face complicated procedure for procurement of loan has been the cause. Amongst four types of financial problems, non-availability of finance was given most concern has got highest W.A.S. as 3.1, followed by High Cost of Raw material, High Interest Rate and Cost Over Run with W.A.S. 2.6, 2.5, and .95 for them respectively.

**2) Infrastructure Problem:** It is seen in the table that W.A.S. for the problems in this category could not go over mark 2. Cause of this may be that they are not large producers. They procure local raw materials and store in their small factory sites or own residences- in most of the cases interviewed. But, about 50% of the respondents expressed their difficulties with costly transport and location disadvantage. Thus Costly Transport has got 1<sup>st</sup> rank with W.A.S. 1.35 and 2<sup>nd</sup> rank for location disadvantage with W.A.S. 1.1. For 67% of the respondents, Distance from warehouse was no problem.

**3) Marketing Problem:** Enterprises do not depend on purchase at all. May be, items that are enlisted for government purchase are not produced in the sector in the hills or the government schemes do not reach the hills. Marketing problem arises from raw materials problem. When raw materials are costly and imported from outside the region, costs are bound to rise and become more than the products that are imported readymade, e.g., in case of woolen products. Woolen products which are imported from Punjab, Haryana, according to Mukherjee (1997,p-91), are cheaper than the handmade woolen products of Darjeeling which are made from wool imported from Ludhiana. Hence, local producers face competition. Except wool, in some other industry, as the artisans produce for local customers (with limited ambition to expand) or for known limited customers, so did not feel the problem of lack of market for product and market recent (the speed or quickness of pushing the stock) and hence, W.A.S. of Lack of Market for product is 1.35 and rank is 3<sup>rd</sup>; stiff competition has got 1<sup>st</sup> rank with WAS 2.45 and Market Recent 2<sup>nd</sup> due to seasonal demand in some industry.

**4) Management Problem:** Management Problem does not seem to be of big concern in this sector in the hills. Being tiny enterprises, investment in fixed assets are small. Hence, except a few cases, the problem of large investment in fixed assets was not given importance. WAS is .85, but ranking 1<sup>st</sup>, as other two problems- Diversion of Funds and Dispute of Partners are also less in SSI sector.

Most of the enterprises are proprietorship,; hence, chance of dispute is less. Quick decision making is possible, but that depending own intuition and finance to overcome hard situation and survive. Sometimes, business funds are applied for other household purposes; hence, Fund Diversion problem has got 2<sup>nd</sup> rank with WAS 0.8.

**5) Production Problem:** 50% of the units covered gave 1<sup>st</sup> concern on Improper Machinery. This includes Incense sticks and weaving- knitting industry. Hence, this problem ranked 1<sup>st</sup> among production problems.

Under- utilization of capacity is the 2<sup>nd</sup> concern. Heavy rain fall(during May to September) and seasonal demand and lack of finance resulting in less working capital etc, leads to under-utilization of capacity. Shortage of Supply ranked 3 with WAS 1.45; in most of the cases are locally available. As there is slag in demand and they produce less, supply of raw material has not been a bog problem for them.

For the 50% of the enterprises interviewed, break down of machinery was not a problem. This indicates that in most of the cases, units do not use heavy machines and produces manually with the help of small tools and hand machines; this also implies another aspect that modernization of machines has not been done in this sector in the hill subdivisions of the district. This leads to the Units becoming less competitive and cost effective comparing with such units of other places of the country.

**6) Employee Problem:** Enterprises in SSI sector in the hills mainly produces on subsistence basis and are small producers in proprietorship organizations. Average employment in the units covered is 4 to 5 employees. Some units have even 1 or 2 workers. Sometimes workers are hired on very low payment. Hence, except a few cases, units did not express much concern over this problem of Lack of Skilled Labour (about 45%); WAS of problem of high labor investment is .8 and ranked 2<sup>nd</sup>; in 35% cases it was not a problem; where in some industries workers get poorly, in some industries share of high wage raise the cost of produce and make less competitive compared to machine produced goods.

**7) Research and Development Problem:** There is no Quality Testing Center and Training Centers and Scheme of Technological Improvement in the Hills. There is a Tailoring Training Center in Cooch Behar, a neighboring district of Darjeeling. Provision is there for training in West Bengal through National Small Industry Corporation. There is Regional Testing Centre in Kolkata and Testing and Development Laboratory for Electronic Industries also there, according to Mukherjee (1997. p103). Without suitable technology development and adaptation of them for various small scale industries in the hills, growth of this sector in the hills is very difficult.

Different types of fruits and flowers are grown plenty in the hills, but there is no training centre for food processing in the hills. No cold storage is there in the hills to preserve fruits and flowers during their reaping season. Orange production has declined due to lack of any commercial food or herbal medicine processing industry centering this gift of nature of this region.



Cinchona plantation was pride of the hill. The only factory for processing Cinchona in Mongpoo is now closed. But, it is an essential ingredient for many medicines. The barks of these plants are now being marketed through illegal way.

**8) Miscellaneous Problems:** Shortage of power, energy has not been problem for 70% of Units surveyed and ranked 3 of three types of miscellaneous problems. Actually, electricity supply standard has remained untested when SSI in the hills is not developed and does not use modern machines. In one case, it was found that connection was given from transformer meant for household purpose (not having three phases) and as a result, voltage drops down in the pick hours sometimes it goes off causing entire area to drown in darkness for hours together.

None of the interviewed units has told that it has achieved any kind of government grant or support except one in Kurseong sub-division. It was a weaving –knitting unit and it got a grant from Kolkata through DIC for buying loom. But, general situation is not encouraging. One paper industry in Kalimpong got subsidy after hard effort but on the condition of leaving half of the subsidy. Hence, he could not avail the subsidy. It was found sometimes that applying for loan they were only to be harassed without any amount being sanctioned in spite of providing all the paper asked for. So, it can be said that lack of good will and sympathy lies at the root of the problems of the SSI in the Hills.

Besides this, heavy rain fall causes problems in the absence of modern technology to face to face wet and moist atmosphere in noodles and incense stick making industry.

#### **Initiatives taken by Government to strengthen SSI in the state and the country:**

##### ***Initiatives taken by Central Government:***

**India, Ministry of MSME enactments:** Definition of Micro, Small and Medium Enterprises under the MSMED Act, 2006: In case of enterprises engaged in manufacturing or production of goods pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act,1951, as-a) Micro-if Investment in plant and Machinery is- less than Rs. 25 lakh;(less than 10 lakh for service giving enterprises.)b) Small- when, investment in plant and machinery is between Rs. 25 lakh and Rs. 5 crore. ( Rs. 10 lakh to Rs. 2 crore for service sector.)c) Medium- investment in p&m- between Rs. 5 crore and Rs. 10 crore.( Rs 2 crore to Rs. 5crore for service giving unit.) Retail traders with credit limit not exceeding Rs. 20 lakh have also been included under the ambit of MSE sector.

According to Reddy (n.d.)Central Government set up National Commission on Enterprises to suggest policies and programs for micro and small units of unorganized sector; small Industries Development Organisation ( SIDO) or office of the Development Commissioner( Small Scale Industries) was established in 1954; it has network of 30 small industries service institute(SISIs), 28 branch SISIs, four regional Testing centers, seven field testing centres,

two small entrepreneur and training institutes and hand tool design development and training centre, tool rooms, process-cum- product development center to provide technology and training support; ministry of MSME has set up three national level entrepreneurship development institute as autonomous societies at Hyderabad, Noida and Guwahati for development of training module, undertake research and training and provide consultancy services for entrepreneurship development and promotion of micro, small and medium enterprises; national Small Industries Corporation Limited, 1955 – established for promoting growth of SSIs in the country with help in the areas of raw material procurement, product market, credit rating, acquisition of technologies, adoption of improved management practices etc; incentive scheme upto Rs. 75000 per unit who acquire ISO 9000/ ISO14001 certificate was introduced for quality improvement and environment management; national Manufacturing Competitiveness Program ( NMCP) was established to enhance the competitiveness of the manufacturing units, particularly, in the MSME sector providing support in the areas of credit, marketing, technological and infrastructure up gradation; MSMED Act, 2006 was enacted to facilitate development of these enterprises and to enhance their competitiveness; in July 2007, emphasis was given on skill development by imparting technical and vocational education to work force with the objective of raising skilled work force from the then 5% to 50%; in 1956, National Small Industries Corporation, The Khadi and Village Commission and Coir Board were set up; SIDO is now known as MSME Development Organization. SISI is known as MSME Development Institute.

***India, Ministry of MSME enactments include:***

a) In 1991, Policy for Small, Tiny and Village Enterprises laid the provisions for government support in the context of liberalization to infuse more vitality and growth to MSEs in the face of foreign competition and open market. The Small Industries Development Bank of India (SIDBI) and a Technology Development and Modernization fund were created to accelerate finance and technical to the sector. A delayed payment act was enacted to facilitate prompt payment of dues to MSEs and an Industrial Infrastructure Development (IID) scheme was launched to set mini-industrial estates for small industries.

b) In August, 2000, new policy package was announced to address the persisting problems relating to credit, infrastructure, technology and marketing more effectively. A credit linked capital subsidy scheme was launched to encourage technology up gradation in the MSE sector. A credit guarantee scheme was started to provide collateral free loans to micro and small enterprises, particularly the first generation enterprises. The exemption limit for relief from payment of Central Excise Duty was raised to Rs.1 crore. A market development assistant scheme for MSMEs was introduced.

c) In March, 2007, a third package for the promotion of MSEs was announced. The limited liability partnership act, 2008 was proposed for greater corporatization of the SMEs and thereby enhancing their access to equity and funds from the market.

d) Credit to the MSEs has been made part of the priority sector lending policy of the Banks. For the public and private sector banks, 40% of the net bank credit is earmarked for the priority sector.

e) Beside SIDBI, at the state level, State Financial Corporation (SFCs) and State Industrial Development Corporations (SIDCs) are the main sources of long term finance for the MSME sector.

f) Credit Guarantee Scheme covers collateral free credit facility extended by eligible lending institutions to new and existing micro and small enterprises for loans up to Rs.100 lakh per borrowing unit. The guarantee cover is up to 75% of the credit sanctioned.

g) The MSE cluster development program (MSECDP) is implemented for holistic development of clusters of MSEs.

h) During the year 2008-09, Government of India launched scheme quality management standards (QMS) and Quality Technology Tools (QTT) in order to improve quality and productivity in the MSE sector.

i) Under Government Store Purchase Program, various facilities are provided to enterprises registered with National Small Industries Corporation (NSIC) in order to assist them for marketing their product in competitive environment. These facilities include-i) price preference up to 15% over the quotations of the large scale units; ii) 358 items have been registered for exclusive purchase from the MSE sector.

j)The Ministry of MSME launched a special program ‘Outreach Program for Skill Development areas’ in September, 2006. Under the program, the field Officers of the Ministry organizes short term (1- 3 weeks) skill development programs to enable trainees to get employment or start self-employment ventures.

k) Under the “National Award for Quality Products in Micro and Small Enterprises” certain products are selected for conferring the award every year. One national award is given for each category of the selected products. The award carries a trophy, a certificate and cash price of Rs. 100000/-.

DC-MSME (2010) states that during the year2009, more than 1100 advertisements were released to make the target sector aware of the government schemes. Laghu Udyog Samachar, a monthly bilingual journal is published for disseminating useful and updated information for the benefit of the prospective and existing entrepreneurs.

***Initiatives by State Government:***

*West Bengal, Commerce and Industry Department (1994)* concludes that Left Front Government's Minister-in-Charge – Commerce and Industry- admitted that clusters for growth of MSEs are necessary. Like large industrial estates, the MSE&T department has set up industrial estates in different part of the state for small scale industries. More such parks were planned by the C&I dept. and the MSE& T Department to accommodate small and medium sized industries of the state. The standing committee on C&I, Industrial Reconstruction and Public Enterprises, West Bengal Legislative Assembly took up the matter of identification of land for industry. Siliguri-Jalpaiguri was identified as one of the six industrial zones. This zone is identified for small and medium industry cluster in and around the Darjeeling and Jalpaiguri Districts; Status of implementation of projects in the Industrial Growth zones in the year 2007 is that in Darjeeling District - number of projects implemented were 5 with total investment of Rs. 62.77 crore. Power source was WBSEDCL and it got water from Teesta, Torsha; major industrial projects are: Bio-tech, Food processing, Industrial Park.

***According to the West Bengal Industrial policy 2013:***

- ❖ Micro, Small and Medium scale enterprises stay on high priority given the high population density of the state. At present, manufacturing contributes to about 10% of the State GDP. The aim of the policy is to double this share in five years. The policy aims at increasing the growth of manufacturing from 4.7% (2010-11) to 20% at the end of the five years;
- ❖ thrust of the new industrial policy of 2013 includes Nurture and support the labour intensive micro, small and medium enterprises, as in Textile, Agro-based, food processing and aqua-culture, leather, gems and jewellery-among others;
- ❖ Vision of the policy was to fuel the State's industrial and economic growth with a multi-faceted strategy with emphasis on MSMEs; mission Statement of the policy includes making focused effort on sustainable development of micro, small and medium enterprises with special emphasis on food processing and agro, textile and apparel, leather and handicrafts and tourism sector which offer maximum linkage for employment generation;
- ❖ The State Government proposes to achieve the objectives set out in the vision and mission of policy by facilitation of direct mega investments in to the sectors offering huge employment opportunities and having multiplier effect on the development for micro, small and medium enterprises in the form of forward and backward linkages;
- ❖ Policy also intends to create convergence of schemes for the growth of MSMEs and provide financial and technological and other support to smaller enterprises of women, youth, minorities and first generation entrepreneurs as proposed strategic interventions;

- ❖ Urban Haats and Rural Haats are being set up to give marketing support to the MSMEs; **Urban Haat'** provides direct marketing facilities to artisans and weavers; it has been decided to set up Urban Haat at Durgapur, Santiniketan, Kolkata and in Siliguri for marketing of handicrafts manufactured by the Handicraft artisans of the State; **'Rural Haat'** are being set up under **Backward Region Grant Fund** to provide marketing assistance to the handicrafts and village industries artisans and MSEs at Alipurduar in Jalpaiguri, Bishnupur in Bankura, Purulia and Jhargram in Paschim Medinipur; for implementation of the aforesaid Rural Haats Rs.3.00 crore for each project has been approved under Backward Region Grant Fund;
- ❖ The State Government will open Sales outlet under the brand name **BENCRAFT** for the marketing support to the artisans of handicrafts, handloom weavers, silk and khadi weavers;
- ❖ There was a proposal for introduction of green train to run through the forests of North Bengal;
- ❖ There is an international airport in the District of Darjeeling at Bagdogra, which links Siliguri with the important destinations in the region including North Bengal districts, Sikkim, North-East and neighboring countries. It was also proposed to start to Cooch Behar airport via Bagdogra airport for the convenience of public in North Bengal and North-East India. The State Government has taken a policy decision to start operation of helicopter services in Darjeeling along with Digha beaches;
- ❖ The status of land availability in the industry parks and projects for setting small scale industries is available in public domain through West Bengal Small Industries Development Corporation (WBSIDC).
- ❖ West Bengal Finance Corporation (WBFC) helps the small, medium and tiny sector enterprises to implement their new expansion/ modernization or technological up gradation schemes. Credit disbursement by banks to micro, small and medium enterprises in the State has shown significant upward trend in recent years; the district industry centre program was started in 1978 by the central government to act as a promotional agency and facilitation centre for promoting small industries;
- ❖ SIDA(Small Industries Development Agency) provides services to small business investors (with proposed investment in plant and machinery over Rs. 2 lakh) in respect of electricity connection, finance from financial institutions , in procuring NOC from WB Pollution Control Board for units falling in 'red' category, settlement of case of sickness with financial institutions;
- ❖ There is huge potential for post harvest supply chains in *Kisan Mandis*, transportation of the procured food grains and additional food grain storage capacity creation. Due to the

geographical location of state, strategic points in state could be developed as hubs for cold storage, grading & sorting, processing for value additions and packaging for products for sending to North East, and neighboring countries of Nepal, Bhutan, Bangladesh, etc

***According to West Bengal, Economic Review (2006-07):***

- ❖ The growth of registration of SSI units over the years is not very encouraging;
- ❖ Disbursement of loan through WBFC over the years has shown a decline in percentage of total amount of loans to the SSI units over the recent years; WBFC also provides financial assistance – both term and working capital loans to selective small scale units with a view to helping the smaller ones of small scale sector to launch their projects quickly with assistance from a single source;
- ❖ The State Government launched ‘Bangla Swanirbhar Karmasangsthan Prakalpa(BSKP) for promotion of self-employment. Under BSKP, a beneficiary has to bear only 10% of the project cost, 20% is provided by the State Govt. as subsidy and remaining 70% of the project cost is financed by credit from banks and other financial institutions.
- ❖ Under National Equity Fund Scheme (NFFS), the WBFC sanctions equity assistance to small scale units; under Technology Up gradation Fund Scheme (TUFS), WBFC assists units in undertaking technological up gradation. WBFC also provides financial assistance – both term and working capital loans to selective small scale units with a view to helping the smaller ones of small scale sector to launch their projects quickly with assistance from a single source.

***According to West Bengal, MSME-DI (2012) as summarized in its Annual Report 2011-12:***

- ❖ Fiscal initiatives of the MSME policy includes: 1) Capital Investment Subsidy for new Micro and Small Enterprises in establishing in zone C and zone D at higher rate; 2) Interest Subsidy on term loan- 6% to 7.5% on micro and small enterprises for 5 years. 3) Electricity Duty- 50% to 70% waiver for 5years. 4) Power subsidy of Rs.1 to Rs. 1.5 for 5 years.
- ❖ There are three branches of MSME-DI in West Bengal. One of them is in Siliguri covering Darjeeling, Jalpaiguri, Cooch Behar, Uttar Dinajpur, Dakshin Dinajour and Malda districts. It is engaged in the following activities: i) consultancy service to the prospective and existing entrepreneurs, ii) organizing various training programs to build up entrepreneurial and managerial skill, iii) supporting for export promotion, iv) development of new projects through preparation of District Industrial Potentiality Survey Reports, v) providing marketing support, vi) providing common workshop facilities, vii) MSE-luster Development Program, viii training and awareness program for modernization and technology up gradation, ix) providing information on various activities and programs through websites, etc.

- ❖ **EDP(Entrepreneurship Development Program):** EDP at Malda was conducted on 18.11.11 to 1.12.11 under MSME-DI(Siliguri) in which 22 SC candidate got training.
  - ❖ **ESDP(Entrepreneurship Skill Development Program):** conducted at Malda( NTPC, Farakka) on food processing on 29.6.11 to 9.8.11, attended by 25 women candidates under MSDE-DI (Kolkata), on Bamboo and Cane craf, Beautician, Computer Software, Food Processing and Tailoring and Readymade Garments under Branch MSME-DI, Siligiri, attended by 122 candidates.
  - ❖ **IMC (Industrial Motivational Campaign):** Under Br. MSME-DI, Siliguri, four programmes from 18.9.11 to 15.3.12 were organized, attended by 200 candidates.
  - ❖ **MDP(management Development Program):** at College Para, Siliguri from 6.2.12 to 10.2.12, one programme on marketing management was conducted and attended by 24 candidates.
  - ❖ **CTP (Computer Training Program):** 15 programs though SENET Division attached to the institute were conducted and it was attended by 112 candidates.
  - ❖ Total 15 different programs were organized in the 6 districts with 560 participants out of total 487 programs held in the state in 2011-12 with 19328 participants.
  - ❖ **Marketing Support:** State Level Vendor Development Program- cum- Exhibition 2011-12: During the year, the institute organized 7 SLVDP- cum-Buyer Seller Meets in association with various chambers of commerce, MSME Associations, Large Scale Undertakings/PSUs at different places of the state. In all these programs, products manufactured by the MSEs and in demand of large houses were put on show. Number of 286MSEs participated. Rs.154050 revenue was collected.
  - ❖ Under NMCP(National Manufacturing Competitiveness Program), 18 programs were conducted for activities like i) marketing assistance and technology up gradation(15), ii) awareness program on IPR(2) and Quality Management Standard(QMS)/Quality Technology Tools(QTT)(1) in Siligiri, S.24 Pgs, Kolkata, urgapur, Barasat, etc.
- According to West Bengal, MSME-DI, as summarized in its Annual Report 2012-13:***
- ❖ Ntional Level Vendor Development Program 2012-13: Two program were conducted in Burdwan and 24 Pgs. with number of participants 300 and revenue collected Rs.744000.
  - ❖ **SLVDP:** 16 programmes were organized by the institute in different places, one of which was held in Jalpaiguri on 2.3.13 with 80 participants. Rs. 20000 was collection as revenue. NBCCI, BSF and BSNL like PSUs attended that program.
  - ❖ **ISO Reimbursement:** During the year, the institute received 98 applications of which 86 were approved and processed and a sum of Rs.3875110 was disbursed to them in the state. None of them were from North Bengal.

- ❖ 28 Trade Fair were organized in 2012-13 under NMCP and MATU in the state of which one each was held in Siliguri and Jalpaiguri.
- ❖ Details of the units inspected under NSIC Single Point Registration: 6 units were supported in the year under Br. MSME-DI(Siliguri) under scheme of service to the existing and prospective entrepreneurs.

## **7. Suggestions**

*Prospects:* Agriculture and Tourism are the major industries of the district. The district has rich forest coverage. Major forest resources are cintronella grass, sal leaves, honey, medicinal plants, etc. Pharmaceutical and ayurvedic small industries can be developed in the district hills if proper infrastructural support can be given. Electrification expansion and uninterrupted power supply is to be ensured. “The poor energy and environmental performance is directly related to the lack of technical capacity in these enterprises to identify, access, adapt and adopt better technologies and operating practices”(Girish Sethi et.al, n.d.). Much land is not is available for large scale industrial use as these may cause deforestation. For supply of skilled labour, various knowledge based training programs have to be organized in the hills.

Setting up of clusters is important for efficiency of production in SSI as they cannot gain benefit of economies of mass production producing in the small units. On 17<sup>th</sup> August, 2013, Chief Minister of the new government declared tie up with UNESCO in preserving crafts, providing modern technology, marketing infrastructure and creating avenues for going to the international market for marketing products of handicrafts industry from Bengal. It was decide to establish handicrafts clusters in 10 districts ( Burdwan, Birbhum, Nadia, Bankura, Purulia,

Midnapur(E&W), Dakshin Dinajpur and Cooch Behar) of the state. Darjeeling district should be brought in the map of clusters of handicrafts in West Bengal as it has great potentiality in this case no less than any district, specially, the hills where wool and wood based handicrafts are already making different types of products. If proper training under the scheme of UNESCO and WBSIDC can be provided this sector in the hills can flourish undoubtedly (Anandabazar, 2013)

West Bengal, CLE, (2010) calculates that West Bengal is the country`s leading exporter of flowers. The state accounted for around 70% of India`s dried flower export in 2008. West Bengal is the one of the country`s leading exporters of finished leather goods. In 2008-09, the state accounted for around 15.7% of the country`s export of leather and leather products. The expertise and experience of the state in this sector should spread to other districts where these industries can develop in suitable natural environment. In Darjeeling Hills, weather remains



dry and cool except four months` rainy season. Here, the flower and leather based industries have great possibility (IBEF, 2010, p21)

Govt. of India, Census 2001, shows that Work force constitutes 25.96% of total population in the district Darjeeling. Of this, 7% are engaged in manufacturing activity; in whole sale and retail trade 13%, cultivation 14.50; highest in financial intermediation, real estate (21%) (Department of Food Processing Industries and Horticulture, GOW; n.d, p-2).

Department of food Processing Industries and Horticulture, GOW ( n.d.) shows the district has good network of Roadways with NH55, 31, 31A, 31C and SH12 connecting different important places; nearest major railway station is NJP which is the nodal point to access the other north-eastern states; it has a customs airport at Bagdogra, only 16k.m. away from Siliguri city; it has connectivity to all the metropolitan cities of the country; Tista, Great Rangeet, Mechi, Balason, Mahananda, Ramman, jaladhaka are some of the important rivers that passes through the district. Most of them are used for hydro power generation.

WBSE Transmission Co.Ltd shows there are 5 hydro power generation station in the district: JHP-I, JHP-II, TLDP-III, TLDP-IV, T-I, TCF-II; 4 power stations are at Lebong and Kalimpong, NBU and Ramman-II. (Department of Food Processing Industries and Horticulture, GOW; n.d., p4-5)

West Bengal, State Water Investigation Directorate shows it has been observed that one of the major sources of water for food processing units in West Bengal is ground water. Mirik had depth of ground water more than 4 meters (6.3 meters) during April, 2011; it was better than Phansidewa, Kharibari, Naxalbari, Matigara, Siliguri Corporation (Department of Food Processing Industries and Horticulture, GOW; n.d., p5)

Table 20: Production of Some selected items of agricultural items

Items	2007-08	2008-09	2009-10	2010-11
Pineapple	126.40	126.90	126.90	131.90
Manderin Orange	35.98	35.98	36.23	36.53
Peas	12.22	12.22	12.22	12.59
Maize	38.2	42.90	39.60	40.80
Ginger	6.7	6.8	6.9	6.9

Unit: Thousand tons.(Source: Directorate of Agriculture, GOW and BAES in District Statistical Hand Book-2011, Excel Table from 5.3 to 5.3c)

Production of flower in the District for the year: 2010-11

Marigold	Jasmine	Seasonal Flower	Misc. Flower
.110	.018	.103	.078

Unit: 0.000mt; (Source: Directorate of Food processing Industries and Horticulture, GOW; BAES in Darjeeling District Handbook 2011, Table in Excel No. 5.3e).

West Bengal, Evaluation Wing, Directorate of Agriculture, GOW, et.al, 2009-10, shows that the district ranks 1<sup>st</sup> in the production of pineapple, mandarin orange and other temperate

fruits. District is major producer of maize, peas, ragi, ginger and large cardamom (Department of food Processing Industries and Horticulture, GOW; n.d., p6)

West Bengal Cooperative Milk Producers ` Federation Ltd (2011) informs out of total 23 chilling plants/ Bulk milk cooler(BMC) in the district, about 11 are in the hills. But, no cold storage are there in the hills. Two multi-purpose cold storage of the district are in at Mallaguri and Siliguri(RMC) ( under construction) (Department of food Processing Industries and Horticulture, GOW; n.d., p7).

Cinchona plantation area in Mongpoo in Darjeeling district belongs to the state government. Plants like large cardamom, ginger, orange trees are seen in the entire Cinchona plantation area. The area is perfectly suitable for horticulture and floriculture. This land can be commercially exploited by the department, according to Department of food Processing Industries and Horticulture, GOW (n.d., p-10). Once the area is developed into a major cultivation area for fruits and flowers, the required infrastructure for processing the produce can be developed with private sector partnership. If the problem like, infrastructural problems(roads), political problems and problems of lack of work culture among the government employees of the Cinchona factory can be solved and the government`s cinchona factory can be revived, a good fortune will be waiting for the cinchona plantation in the area.

### **7.1 Suggestion**

- 1) Branch of DIC-Darjeeling should be established in every sub-divisions of the hills. Or, the block development offices are to be entrusted with more specific responsibilities and power to be able to provide support the needy existing and prospective entrepreneurs.
- 2) Information on all the relevant and important schemes should be made available to the prospective entrepreneurs ready without delay and harassment.
- 3) Various schemes and programs are to be coordinated to remove confusions and to reap maximum benefit from them.
- 4) Rules for sanctioning loan should be made simple and to see that nobody is harassed and they are treated with sympathy.
- 5) Training institutes should be established for the hills only where artisans can take proper training for their units, including training for the things that are very normal to the region, e.g., training for processing fruits and flowers for preservation during their season. This will help in avoiding clearance sale and protecting against price fluctuations.
- 6) Subsidy should be given for investing in modern machines to increase production and become cost effective.

- 7) Proper cold storage system should be maintained to store excess production in the harvesting season.
- 8) Research center should be established to develop new herbal medicines from innumerable flora and fauna of the region.
- 9) Cinchona factory and plantation should be revived by proper planning and implementation.
- 10) Entrepreneurs development institute is to be established to train potential entrepreneurs.
- 11) Trade Centre may help artisans in marketing their products and be competitive in price and quality being informed on market environment. These types of Trade Centres are possible in Sukna, Dudhia, Gorubathan, etc.
- 12) Separate policies and schemes should be formulated for the hills only keeping in mind different attributes and perspective problems particular to the region.
- 13) Infrastructural Development(University, Govt. English Medium School, Technology and IIT Institutes, health service, transport, drinking water, rain water preservation, electricity, etc) is to be done fast to induce rapid growth of suitable industry here in the Darjeeling Hill.

West Bengal, MSME-DI, Kolkata (n.d.) suggests potential service and manufacturing industries in the Darjeeling Hill are: a)Service: Automobile repairing, painting; T.V., computer, mobile phone repairing and servicing; cold storage, etc; b) Manufacturing: Fruits and vegetable processing and preservation; Tea oriented industry ( blending, packaging and caffeine extracting); Ginger oil and powder; Corn flakes and potato chips, squash pickles; Horticulture and floriculture related industry( dry flower etc.); honey filtration and packing; stone crushing; milk products( paneer, churpi, etc.); forest based industries( broom from amliso stick, cane and bamboo work, sal leaves plate, handmade paper form dufney plant bark, citronella oil from citronella grass; fuel briquette from forest waste and incense stick from dhupi leaves, etc.

(Brief Industrial Profile: Government of West Bengal, n.d, p9-11).

## **8. Conclusion**

Steps should be taken for coordination and organization of various schemes. More power is to be given to block development office and district industry centre. Attitude of buck passing is to be avoided on the part of the government departments. Special care must be taken in the hilly areas to inform scattered people in different far away habitats of the hills of the Darjeeling District. More advertisements for dissemination of information are necessary. Concerted all round efforts should be made to take benefit of available natural resources and efficient artisans for development of small scale industry in the hills of the district. Here, heavy industry and intensive cultivation is not possible due to its characteristic natural terrain. People those can, go outside looking for job. Other poor economically marginal families live in distress helplessly.

It was found while doing primary survey, in reality, hardly existence of any kind of government support is felt in the socio-economic life of that section of the people who actually needed it. They had not even heard of any schemes from government. This makes them depend on local private lenders and suppliers (*Mahajan*) and do little jobs or sometimes hired on very low wages leading to exploitation. It was felt that govt. schemes do not reach the place of need ever on time and there is lack of proper planning and good will. Otherwise, it would not have been difficult to develop small industries in the hill with most of the necessary elements of setting up profitable economic enterprises already present here.

Tea industry is the only large scale industry in the hilly region. If it can be revived to its past glory, related small industries also can be revived. Thus ancillarization of small industry to the tea industry can create business opportunity leading to economic development of a section of people. This may also help in shifting marginal labours of the tea industry to other productive sector, thereby, decreasing dependence of the next generation solely on the tea gardens as labour and checking exploitation.

Proper measure should be taken by government to well manage the timber industry, another important, big industry of the region 'to check oligopolistic trend in this industry in the district of Darjeeling.' (Mukherjee, p20,1997). These are the raw materials for the furniture and other wood crafts of small industry. This has great demand in the district and other parts of the country. But, this forest resource is to be used with care and proper planning, else, will be lost forever. Policy of giving right of the forest to the original habitats of the region may be tried to prevent illegal cutting of premature trees and conserve forest.

People have to avoid negative attitude and be initiative. Techniques to be invented for adopting adverse weather (heavy rainfall, severe winter, etc.). Infrastructural development would induce mobility of labour and ease exchange of labour and culture between the plain and the hilly region creating an environment of healthy competition through acquiring knowledge and information on business and industrial environment of the country. 'Economic development does not simply depend on growth of SSI; .... also depend on attitude of labour, productivity and mobility of labour, technological changes and innovations and inventions.'(Mukherjee, 1997,p208,).

So many schemes are there. But, implementation aspect also should be given importance by removing hindrances in the way, such as, lack of information, campaigning, communication, inability to reach target section of people due to interiority and inaccessibility of the hilly region. Being a remote place, it needs to be given broad general directions on where to go for help and support in any problem. For this, all should work in cooperation-both the govt. depts and local potential entrepreneurs. The task of informing all the needing entrepreneurs to be taken as a priority for implementation. Potential entrepreneurs must take

proper initiative without losing hope. Government and loan sanctioning authority should take care of the project not just upto the sanction of loan and waiting for its repayment; but also to see the matter of its execution till it starts the production and become economically viable by giving all the support they need in between.

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