CHAPTER X

INDUSTRIAL SCENARIO AND NATURE OF EMPLOYMENT GENERATION

In view of arduous geographical location and topographical features, the Himalayan State of Sikkim suffers from constraints of lack of infrastructural facilities, particularly in respect of transport communication and socio-economic resources, limiting the scope for vigorous industrialisation in a big way, thereby resulting in the backwardness of the state.

Despite the bottlenecks in industrialisation, the state went for industries since fifties. With the advent of planned economic development since 1954, a few medium scale industries were set up which in turn occupy a major role in the economy of the state. The state in process of ushering towards a dawn of industrial development, established Sikkim Distilleries Limited, Government Fruit Preservation Factory, Sikkim Jewels Limited, Sikkim Time Corporation etc.

This chapter discussed the industrial picture of the state. A general industrial picture has been drawn. The assisted units have been examined with various parameters. The chapter also accounted the employment generation in course of industrialisation.

SIKKIM DISTILLERIES LIMITED (SDL)

The SDL was established by Jimmy R.Contractor a seventh generation businessman of liquor, as a joint sector with the government of Sikkim. The Company was established by an invitation of the Chogyal of Sikkim in 1954. The State Government occupied

48.0 percent equity in the SDL. It was registered with a Capital of Rs.4.0 lakhs, which rose to Rs.460.0 lakhs in 1993. Turnover escalated from Rs.13.0 lakhs in 1963 to Rs.1150.0 lakhs in 1993. The growth in turnover between the periods accounted to more than 88 times. The SDL is a dividend paying company since 1962-63. It also issued bonus shares on 13 occasions in the last twenty six years, so that 1 share held in 1965 has become 120 shares by 1992.[1]

The company employed 400 workers and 40 odd managerial and technical staff to run the distillery efficiently. It is the oldest and largest company in Sikkim. SDL produces different types of liquors - Whisky, Rum, Brandy, Gin etc. Besides, the company has a small but reputed Aromatics division. Among aromatics, important are after-shave lotion and perfume. Current liquor production capacity is over 2,000 cases per day and the distillery is gearing to increase production capacity to 3,000 cases per day. Maturation capacity (taken on the basis of a number of Vats vis-a-vis Sales) is by far the highest of any liquor manufacturing unit in this country. Storage capacity of rectified spirit is 6,50,000 litres. Installed capacity utilization is 80-85 percent.[2]

The major portion of the sales take place in Sikkim followed by Kerala, Pondicherry, Western India and other parts of the country. Export from the SDL occasionally made to England, Holland, Germany, Papua and New Guinea.

Being a joint sector enterprise, the working and policies are decided by a Board of Directors, comprising of nominees representing the state government and the founder entrepreneurs family, through a full time Managing Director.

Since inception,by agreement the SDL is the sole producer of liquor in Sikkim. In early years, SDL possessed a renewable licence, and now a permanent licence is given to the Company to maintain the status quo of whole and sole producer of liquor in Sikkim. The Company has so far made no effort for specialised marketing agencies to market product. It has available market which still demands more product.

SIKKIM TIME CORPORATION

Sikkim Time Corporation, was established in 1976, fully owned by the Government of Sikkim in collaboration with the Hindustan Machine Tools Limited (H.M.T.), Bangalore to assemble 2.5 lakhs watches per year. During 1978-79, Corporation produced about 800 watches a day.[3]

During 1979-80, the Corporation had a paid up capital of Rs.38.0 lakhs, which raised to Rs.233.0 lakhs during 1990-91. The total capital investment also stood same as the paid up share capital. The turnover of Rs.13.00 lakhs during 1979-80 rose to Rs.202.6 lakhs during 1990-91. The amount of Profit earned was Rs.2.4 lakhs during 1979-80 which rose to Rs.64.2 lakhs during 1990-91. The Corporation contributed Rs.11.7 lakhs to the State Exchequer during 1990-91. In 1979-80, the Corporation employed 88 persons and in 1990-91 the number of employees rose to 202.[4]

SIKKIM TEA BOARD

There is one tea garden in Sikkim — Temi Tea Estate near Singtam. To guide and regulate the tea garden, the Government of Sikkim established Sikkim Tea Board in the form of departmental public sector undertaking.

1987.

The number of employees in the garden stood at 400 during 1979-80, which registered a small growth to 415 employees during 1990-91. In 1979-80, amount of capital investment was Rs.117.8 lakhs and in 1990-91 investment rose to Rs.514.0 lakhs. The amount of loss was Rs.9.8 lakhs during 1979-80. The loss was converted into a profit of Rs.86.7 lakhs during 1990-91. The contribution to the state exchequer raised from Rs.5.4 lakhs in 1979-80 to Rs.140.0 lakhs in 1990-91.[5]

GOVERNMENT FRUIT PRESERVATION FACTORY

The Government Fruit Preservation Factory was established in 1965 at Singtam. It was registered as a government Company. The factory uses agro-products like oranges, apples, ginger, tomatoes and similar other products locally grown in abundance and produces squashes and cordial juices, fruit in syrup, jams and jellies, marmalades and tomato products. The factory also manufactures orange oil and pectin out of the peel waste.

The Company registered a paid up Capital of Rs.67.5 lakhs, capital investment of Rs.75.0 lakhs and working capital of Rs.39.1 lakhs till March 1980. The turnover amounted to Rs.45.5 lakhs with a net profit of Rs.0.6 lakhs, during the same period. The performance of the Company till March, 1987 revealed the investment of fixed capital ofRs.34.9 lakhs, capital investment of Rs.93.2 lakhs. The output was valued at Rs.149.1 lakhs. The net value addition was Rs.67.8 lakhs. The factory employed 122 persons of which 106 were workers.[6]

The factory was leased out to a Private Company named M/s. Sikkim Food and General Industries Limited since 2nd July, 1987.

INVESTMENT IN PUBLIC SECTOR ENTERPRISES

About 90.0 percent of the State population is dependent directly or indirectly on agriculture. Hence to achieve a rapid industrialisation and development of the financial sector, the State Government made an investment of Rs.20.7 crores — Rs.5.3 crores to 9 Government Companies, Rs.15.2 crores to 6 Statutory Corporations and Rs.0.2 crore to 5 Bank and Co-operative Societies.[7]

Table X.1 exhibited yearwise breakup of the investment made and returns received by way of dividend therefrom. The year 1990-91 experienced highest investment. The maximum amount of dividend received during 1988-89. The average rate of dividend was about 5.8 percent. The actual position, however, would be far more worse if the return from the Sikkim Distilleries Limited which accounted for more than 90.0 percent of total return is considered separately.

An analysis of the performance of five public sector enterprises which account for 80.0 percent of the total investment by the State Government, is depicted in Table X.2.

ASSISTED UNITS : EQUITY PARTICIPATION

The Corporation, till March, 1995, participated in the equity capital of 18 industries as evident in Table X.3. However, after disinvestment in 3 industries during 1990-91, the equity stock reduced to 15 industries (Table X.4).

Total participation in 18 industries were valued at Rs.254.8 lakhs. After disinvestment, the invested amount came down

to Rs.242.2 lakhs. Out of this Sikkim Jewels Limited occupied major share of Rs.117.2 lakhs i.e. 48.4 percent to the total investment. Vanaspati industry shared Rs.93.3 lakhs, breweries Rs.30.0 lakhs.

East district gathered assistance of Rs.118.9 lakhs followed by South District with Rs.123.3 lakhs. The West and North district is not having any industry with the equity holding of the Corporation. Among the recipient, Private Sector received lion's share of Rs.148.2 lakhs i.e. 61.2 percent of the investment.

The Corporation disinvested its holdings of 3 companies in the financial year ended in 1991. Among these Companies, Sikkim Tobacco Private Limited possessed an equity investment from the Corporation worth Rs.4.9 lakhs. But the Company paid dividend to the Corporation worth Rs.11.8 lakhs with 2 years of workings. Sikkim Services Limited paid a dividend of Rs.1.0 lakh. By disinvesting its share, the Corporation gained Rs.4.5 lakhs. Another disinvested Company was Himalayan Distilleries Limited, where neither any dividend nor any profit on realisation was obtained by the Corporation.

We first review the performance of the equity participated units of the Corporation.

SIKKIM VANASPATI LIMITED

The Sikkim Vanaspati Limited (SVL) was established in 1985 as a joint sector. This is the only company in which the Corporation has highest equity investment i.e. 51.5 percent. The Company was financed by the IDBI, IFCI and ICICI under the Project Financing Participation Certificate Scheme to the extent of

Rs.400.0 lakhs.[8]

The company as on 31.3.92, as exhibited in Table X.5, possessed share capital of Rs.181.0 lakhs; loans Rs.980.2 lakhs; Current assets of Rs.43.8 lakhs and Current liabilities worth Rs.108.1 lakhs. The net loss of the SVL amounted to Rs.189.8 lakhs which even exceed the amount of capital of Rs.181.0 for the same period.

The SVL created a history of survival, since inception. In early 90s, the owner of the Company disposed of their holdings. By then, the Company stopped production. During 1992-93, the Corporation entered into partnership with new owner and the goverment provided Rs.200.0 lakhs as soft loan, to revive the Company.[9] The company started production in early 1993 and again closed down within a few months. At present the Company ceased to operate and production is in standstill.

SIKKIM JEWELS LIMITED

Sikkim Jewels Limited (SJL), a joint sector concern, is one of the oldest industry in Sikkim. It is operating since 1962 i.e., from the time of Chogyal, the King of Sikkim. It is a sophisticated and precision oriented industry for the manufacture of Jewel bearings for electric metres, water meters and other measuring instruments like watches and clocks. It has a factory area of 9,500 square feet with well trained personnel. Top technical staffs and engineers were trained in Switzerland.

Till March, 1992, the Share Capital was Rs.146.0 lakhs, loan amounted to Rs.183.4 lakhs, and working capital was Rs.170.6 lakhs. Table X.5 op.cit., recorded the financial

position of the Company.

The debt equity ratio of SJL was satisfactory. The current ratio, however, is higher than the usual norm. The net profit to turnover is 19.0 percent. Interest coverage ratio is 2.6:1.

To give fillip to the industry, SJL undertook diversification programme with 10 ancillary units. The operation of those units, however, not been commensed.

YOKSOM BREWERIES LIMITED

The Yoksom Breweries Limited (YBL) is the only joint sector profit-making beer company in the State. It is located at Melli, South district of Sikkim.

The Corporation invested Rs.30.0 lakhs and acquired 16.7 percent holding in the Company. The Company with most sophisticated plant earned revenue of Rs.730.0 lakhs during 1992-93. As on 31.3.93, the Share Capital was Rs.182.3 lakhs, Fixed assets was Rs.636.6 lakhs and the amount of Secured loan was Rs.513.3 lakhs. Despite a net loss of Rs.7.0 lakhs in 1988-89, the Company earned net profit of Rs.67.3 lakhs during 1992-93. The changes in Fixed assets were meagre and the share capital remained same between 1988-93.[10]

As evident in Table X.6, the debt-equity ratio is high. Its current ratio is slightly higher than the norm. Return on turnover is also marginal and interest coverage capacity of the YBL is low.

During 1993-94, the Corporation inducted the Managing

Director of YBL, in its Board. This was an agelong recommendation of the IDBI which has been fulfilled by this induction. The expertise of the MD of YBL would certainly be useful to the Corporation.

SCAN INDUSTRIES PRIVATE LIMITED

The Scan Industries (Private) Limited received equity base from the Corporation worth Rs.1.0 lakh during 1986-87. The Corporation acquired 20.0 percent equity in the Company, Table X.3 op.cit.

The company earned a sale proceed of Rs.177.3 lakhs during 1990-91. The Company is a loss-making concern since 1988-89. During 1990-91, the Company suffered a net loss of Rs.21.8 lakhs, Table X.5 op.cit.

The company's fund is mainly supported by loan amount. During 1990-91, the loan was Rs.190.1 lakhs and fixed assets valued at Rs.51.4 lakhs. The debt-equity ratio was astronomical, i.e. 38:1, Table X.6, op.cit.

Laxity of fund compelled the company to close down the operation. The Corporation, however, has not disinvested the shares. The proprietor has become an important leader in newly formed Government in the State. Thus the hope for revival of the unit still persist.

WEST BENGAL CONSULTANCY LIMITED (WEBCON)

The Corporation made its first equity investment to the WEBCON in 1979-80 with an amount of Rs.50,000. Reinvestment of Rs.25,000 was made in 1982-83. The Corporation hold 5.0 percent

equity of the Company, Table X.3, op.cit.

Since inception, the WEBCON provided required consultancy to the Corporation. It has undertaken many study on the Corporation, other state agencies and entrepreneurs. WEBCON has a branch named Sikkim Consultancy Limited (SICON) which works on Sikkim.

ANCILLARY UNITS OF SJL

The Corporation invested a total of Rs.48.8 lakhs in the 10 ancillary units of the SJL, during 1989-91, Table X.3, op.cit. However, the units have not started production, so far.

The other three Companies where the Corporation had a equity stake before disinvestment were Sikkim Tobacco (Private) Limited, Himalayan Distilleries Limited and Sikkim Services Limited.

SIKKIM TOBACCO PRIVATE LIMITED

Sikkim Tobacco (Private) Limited was operating since early eighties. In its total paid up Capital of Rs.10.0 lakhs the Corporation's equity was Rs.4.9 lakhs i.e. 49.0 percent, Table X.3, op.cit. The Company manufactured Cigarettes and other tobacco related products.

It is interesting to note that, within two years of investment the Corporation received a dividend of Rs.11.8 lakhs. This was more than double of the total investment of the Corporation to that Company.

The Company was one of the few off-spring companies which

came into existence in Sikkim to evade tax especially, excise duty. Because, the excise duty came into force in Sikkim in 1983. This tobacco company, till 1983, earned several hundred crores of profit and evaded an excise of Rs.100.00 crores because then in other parts of India the excise on tobacco was to the extent of 300.0 percent. Obviously, the Company wound up as soon as Central Excise Duty extended in the state in 1983.[11]

SIKKIM SERVICES LIMITED

The Sikkim Services Limited was also a profit-making company in early eighties. The Corporation held 49.0 percent equity at a cost of Rs.1.5 lakhs. Till 1983, the Company had a paid up Capital of Rs.3.0 lakhs. During 1985, the Company gave dividend of Rs.1.0 lakh to the Corporation, Table X.3, op.cit.

The Company was a victim of an age-old legal provision of the Chogyal Kingdom. As per the provision, any company on completion of 5 years of operation in Sikkim had to pay 3.0 percent tax on turnover. In view of the heavy tax burden under that law, the management finally closed down the production in 1992-93.[12] By disinvesting the shares, the Corporation gained Rs.4.5 lakhs from the holding, Table X.4, op.cit.

The Corporation invested Rs.6.3 lakhs in the Himalayan Distilleries Ltd. and acquired 25.0 percent equity capital in the Company. During 1990-91, the Corporation disinvested such shares at cost, Table X.3 and Table X.4, op. cit.

LOAN ASSISTED UNITS

Among the loan assisted industries, a few medium size

industries submitted annual accounts to the Corporation. They are Sikkim Minerals Private Limited, Metalex Industries Private Limited and Labott Private Limited.

The Sikkim Minerals Private Limited is engaged in the extraction of minerals like copper, iron ore etc. Till March, 1992, the Company had Share Capital of Rs.12.0 lakhs and loan of Rs.32.6 lakhs. The net profit during that period stood at Rs.4.2 lakhs, Table X.5, op.cit.

Table X.6, op.cit., represents ratio analysis in which debt equity was higher and current ratio was unity. A reasonable return of 10.0 percent on turnover gave berth to a moderate interest coverage ratio.

Labott Private Limited is producing bottle and bottle-cap. Most of its product is used in the State's beer and liquor factories. Till March 1993, the Company held Share Capital of Rs.50.0 lakhs and loans of Rs.127.7 lakhs. The loan outstanding to SIDICO was Rs.95.7 lakhs.[13] The Company earned net profit of Rs.1.6 lakhs during that period, Table X.5, op.cit.

The ratios, Table X.6, op.cit., are ideal in case of debt-equity and current ratio. The Profit margin was, however, very low i.e. 0.5 with lower interest-coverage ratio.

The Metalex Industries Private Limited registered with paid up Capital of Rs.7.7 lakhs, fixed assets of Rs.19.0 lakhs and loans amounting to Rs.46.0 lakhs during 1991-92. SIDICO's contribution in the total loan accounted for Rs.25.8 lakhs for the period.[14] The Company was slumped into losses since 1989-90. Till March, 1992, the net loss depleted to Rs.11.3 lakhs. Ratio

analysis indicates high debt-equity and current ratio of the company, Table X.5 and Table X.6, op.cit.

LOAN ASSISTANCE

The Corporation as Primary term-lending institution, sanctioned term loan amounting to Rs.2,430.6 lakhs and disbursed upto Rs.2,159.3 lakhs, till March, 1995. In the last three year, fund-constraint declined the quantum of sanction to a record low. Table X.7 depicts the amount of assistance over the years.

The rate of disbursement to the amount sanctioned was moderate. In mid-eighties, the share of disbursement was on an average 60.0 percent to that of sanction. In later years, i.e. 1991-95, the rate of disbursement to sanction improved to an average of 221.2 percent. This was largely due to disbursal of old sanctioned amount, in later years. In 1993, the percentage of disbursement mounted to record high of 584.6 percent. The compound growth rate was not high. This was due to low activity in the last year i.e. in 1995.

The Corporation provided loan assistance on various account. The term loan sanction and disbursement till 31.3.94 on various headings have been depicted in Table X.8 to Table X.14.

Schemewise, till March, 1994, the Corporation as mainly a term-lending financial institution, disbursed 92.8 percent of the total sanction as Normal term loan. However, unitwise more than 99.0 percent of the total units received normal term loan. The loan for modernisation occupied only 6.7 percent of the sanction and 7.8 percent of the disbursement. Rehabilitation and SEMFEX Schemes were alloted a very meagre percentage of 0.2 and 0.3

respectively (Table X.8).

Sizewise, uptil March, 1994, although 1232 units out of a total 1274 units i.e. 96.7 percent received loan upto Rs.10.0 lakhs but amountwise these units accounted Rs.1,118.8 lakhs i.e. 47.0 percent of the total sanction. This was followed by 21.4 percent sanction to the units upto the loan of Rs.30.0 lakhs. A total of 7 units obtained 15.2 percent of the loan sanction within the limit of Rs.40.0 lakhs to Rs.60.0 lakhs. Only 3 units were provided with 10.4 percent of the total term loan sanction exceeding Rs.60.0 lakhs per unit (Table X.9).

Purposewise, till March, 1994, the Corporation gave priority to new projects. Unitwise, about 1206 units i.e. 95.0 percent of the total units obtained term-loan of Rs.2,128.0 lakhs i.e. 89.0 percent of the total sanction for setting up new projects. The sanction and disbursement as percentage to total sanction and disbursement figured almost same i.e. about 89.0 percent for different purposes. The loan assistance for diversification was 6.3 percent to the total and overrun and rehabilitation occupied very nominal percentages to the total (Table X.10).

Sectorwise, till March, 1994, sole-proprietorship and partnership business occupied more than 96.0 percent units of the total assisted units. But, private limited companies obtained maximum sanction i.e. 47.3 percent of the total. Sole Proprietorship and Partnership accounted 44.7 percent of the total sanction. However, this sector accounted for 58.1 percent of the total disbursement (Table X.11).

Districtwise, till March, 1994, most of the term loan

provided in east district. East district occupied 63.3 percent of the total units amounting 81.3 percent of the total sanction and disbursement. North district hold second position unitwise, followed by south and west districts. Unlikely, amountwise South district occupied 10.4 percent, West 5.5 percent and north 2.8 percent of the assistance (Table X.12).

Categorywise, till March, 1994, SSIs occupies major term loan assistance in terms of both sanctions and disbursement. Unitwise, SSIs accounted 66.7 percent of the total units. Amountwise, SSI possessed 65.6 percent of the total sanction and almost same i.e. 69.8 percent of the total disbursement. Unitwise, Small Vehicle Operators stood second with 18.3 percent of the total. Unlikely, amountwise, hotel industry received 25.1 percent of the total sanction and SVOs only 9.3 percent to the total (Table X.13).

Industrywise, upto March, 1994, as an individual industry, hotel accounted for the highest sanction i.e. 25.1 percent of the total. Food manufacturing industry and Road Transport or SVOs or Taxi Loans represent 9.4 percent and 9.3 percent of the total sanction. Other service industries and other industries consisting Jewels, Motor repairing, Tailoring, Laundries, Rice Mills etc., however, groupwise account for 38.7 percent of the total sanction. Disbursement of term loan also follows the same trend as observed in sanctioned head. Unitwise, however, textile sector, mostly composed of Carpet Weaving, Woollen Products etc., occupies 23.4 percent of the total unit. This is followed by SVOs and hotels with 18.3 percent and 15.0 percent respectively. Other industries jointly occupies 30.1 percent of the total units (Table X.14).

REVIEW

To evaluate the Corporation's term loan assistance in various ways, it can be said that despite inherent hindrances in promoting industries in the State, a fairly large amount was sanctioned and disbursed. The disbursal was 88.9 percent to the sanction in total. However, in districtwise analysis, share of sanction and disbursement were identical to the total sanction and disbursement.

An uneven concentration of loan assistance has been observed in east district. With comparatively less percent of unit, the district got loan at a much higher percentage and in other district just opposite trend happened. Thus to avoid imbalances, all the districts should be given equal priority as far as loan sanction and disbursement is concerned. The type of industries may be different, but effort should be made to give financial assistance at par as practicable.

The Corporation should increase allocation on rehabilitation and SEMFEX Scheme. This is necessary to set right huge arrear-amount. The Corporation should encourage to set up medium and large scale industries, as viable, to enrich the state with better technology and entrepreneurship. The sizewise sanction should be shifted from low range to medium and upper range.

Besides term loan facility, the Corporation provided a stop-gap loan equivalent to the Central investment subsidy of each unit. This loan was provided to the assisted units to make available fund for their uninterrupt activity. As disbursal of Central investment subsidy was generally delayed, thus to make a

bridge in requirement and time taken, such loan was provided as a part of total sanction.

The Corporation started bridge loan provision since 1981-82. Since the discontinuance of Central investment subsidy, bridge loan provision has been affected. Total bridge loan sanctioned till 1994 is Rs.317.6 lakhs and disbursement is Rs.181.7 lakhs i.e. 57.2 percent.[15] Bridge loan sanction was stopped since 1989-90 as Central Investment subsidy also discontinued since that time.

The Corporation also provided soft loan on minimum rate of interest. The maximum amount provided as soft loan was during 1992-93, when it provided Rs.200.0 lakhs to the Sikkim Vanaspati Limited.

Amidst the assisted units, both in terms of equity and loan capital, the Yoksom Breweries Limited occupies the major share. However, during 1993-94, Yoksom Breweries, Sikkim Jewels, Vanaspati Limited and Labott Limited were the only functioning units.

Sikkim Jewels Limited is the maximum profit-earning company assisted by the SIDICO. Yoksom Breweries generated highest turnover followed by Labott Private Limited.

Debt-equity ratio of the Sikkim Jewels appears unique. However, it can be extended to 2:1, the standard norm. The Labott industry and Yoksom Breweries possesses a higher debt-equity ratio.

The current ratio of Labott is ideal and for Yoksom and

Vanaspati albeit high. Sikkim Jewels earned a lucrative return on turnover i.e. 19.1 percent. Its interest-coverage ratio too is satisfactory.

Thus, in terms of ratio analysis, Sikkim Jewels Limited outnumbered other assisted industries by profitability and better financial management in Sikkim.

CREDIT FACILITIES TO SMALL BORROWERS

The meaning of tiny, cottage, and small scale industries have well-defined by different committees under the Govt. of India.[16] All these sector enabled small borrowers to avail loan at easier terms.

The Corporation formulated certain liberal credit policies to suit the requirement of small borrowers. The policy of finance of the Corporation has been to nourish and flourish the growth of promising small concerns. In order to enable the Corporation to play a more effective role in the development of small scale industries in the backward region it has had to consider a number of relaxations to attract industries in the State. As per the consensus of financial institutions, the IDBI evolved some norms. As a result of relaxations, it can be noticed that,1) the earlier limit of loans of Rs.20,000 was lowered to Rs.10,000 for small scale units in backward region. This enabled SIDICO to provide loan with lesser amount i.e. above Rs.10,000 which increased the number of small borrowers.

2) the norm relating to debit-equity ratio was relaxed to 75:25 with further relaxations for special category of entrepreneur like technician etc.;

3) the initial moratorium period of three to four years to be allowed to backward areas;

4) the security margin i.e., promoters' contribution was reduced from 50.0 percent to 25.0 percent of the value; and

5) the rate of interest was fixed by the IDBI which certainly cost less to the borrower compared to market rate.

These relaxations were further reduced in one case in Sikkim. The promoters' contribution is reduced to 12.5 percent. Besides, 25.0 percent subject to maximum Rs.25.0 lakhs as central investment subsidy and 90.0 percent transportation cost from the nearest Railway or Air link was allowed as central transport subsidy. The important point to note here is that the scheme covered large number of small entrepreneurs in tiny and village industries but the amount involved was comparatively smaller.

The loan assistance was provided to comparatively smaller industries while medium scale industries were assisted with equity investment. The logic behind such division was to be a party and dividend-getter from the big concern and to utilise own resource and earnings from other investments to promote and develop tiny, village and small scale industries.

In the loan-portfolio of the corporation, cottage industry occupied a significant position. However, in plan documents cottage industry is included in Khadi and Village industries. This sector has granted loan mainly under composite loan scheme. This loan was provided upto Rs.25,000 with lowest rate of interest to the artisans, village and cottage industries. Till 31st March, 1995 maximum number of beneficiaries were in composite loan. Small scale industries on the other hand occupied

maximum amount of assistance with lesser number of beneficiaries. Table X.15 exhibited detail allocation of assistance to Khadi and Village level industries under composite loan, SSIs and others.

The growth of Khadi and Village industries (KVI) and SSIs in the state was remarkable. The growth rate of KVI production was 27.4 percent during 1986-87 which shot-up to 75.0 percent during 1987-88 compared to the previous year. However, production of village industries grew heavily, registering 100.0 percent growth during 1987-88, compared to previous year.

During 1985-88, KVI registered an employment of 2081 persons in which village industries provided more than 85.0 percent of employment.

The SSIs raised the production at a slower rate. The production was Rs.23.0 lakhs in 1985-86; Rs.35.0 lakhs in 1986-87 and Rs.40.0 lakhs in 1987-88. During 1985-88, the employment in SSIs was 2,375 persons.

The performance of Khadi, Village and Small Scale Industries are greatly influenced by the SIDICO. Because more than 90.0 percent of the State's industrial activities are financed by the SIDICO. The Corporation has also promoted industrial estates. It has also geared entrepreneurship by various entrepreneurship development programme (EDP) in collaboration with the Directorate of Industries.

A number of variable impact were observed in the course of development for KVIs and SSIs :

1. Promotion and development of village and SSIs were materialised by the loan of the Corporation.

2. Quantum of loan and size of industries were directly related.

3. The subsidy assistance by the corporation enlarged the capacity of loanees.

4. Poor recovery performance synchronized the fund for the entrepreneur.

5. The corporation made assisted units accountable through follow-up.

6. By providing loans to composite and SSI sector, it created ancillary activities and catered hotels and vehicles to promote tourist industries.

The portfolio balance of the corporation is largely tilted to SSIs followed by hotel, SVO and tiny, cottage and village industries in the form of composite loan. The cottage and village industries to be alloted higher share in the loan portfolio. The dispersal of village industries can be more beneficial than to provide loan for large scale industries. In the difficult terrian of Sikkim household industries and small scale industries with required expertise can tap natural resources to the fullest extent.

The experience of more than two decade of merger shows an upsurge of small and tiny industries in Sikkim. As a place of tourist interest, the state was bound to be tilted to the development of transport and hotels. These factors have

circumscribed the activity of the corporation on SSIs, hotels and Small Vehicle Operators (SVO). The Corporation, however, provided loan to medium scale which with the increase of ceiling for Small-Scale Units lost their nomenclature and became SSIs. Thus, loan assistance to two medium scale industries worth Rs.297.0 lakhs were merged in the nomenclature of SSIs with the increase in its ceiling in 1990.

Till March, 1994, the Corporation provided loan including term loan, bridge loan and other soft loans to 1274 units worth Rs.2,904.6 lakhs. Table X.16 exhibited the loan assistance to SSIs, hotels, SVOs and composite sector.

Amountwise, SSIs were largest recipient of loan followed by hotels, SVOs and composite loan. Out of a total of Rs.2,904.6 lakhs, SSIs received Rs.1,673.2 lakhs, hotels Rs.646.4 lakhs, SVOs Rs.223.5 lakhs and composite in the form of village and cottage industries of Rs.161.4 lakhs. During 1993, soft loan of Rs.200.0 lakhs was provided by the Corporation to revive the Sikkim Vanaspati Limited. In early years too, a few soft loans and short term loans were provided which inturn consolidated with the term loan.

Unitwise, however, composite loan account is the highest at 638 units out of 1,275 units i.e. 50.0 percent. This account coupled with SSIs occupies major share both unitwise and amountwise.

Analysis, as evident in Table X.17, has been carried out on total assistance sanctioned to small scale units since inception upto the end of different years and percentage increase

or decrease thereon and also the share of SSIs compared to all the sector i.e. SSIs and others.

It is transparent from the table that, the loan assistance both unitwise and amountwise fell down successively over the years. The trend persists in the share of SSIs to total number and amounts, too. The situation worsened in 1993 and 1994, when no sanction could be made to SSIs. This reveals dearth of fund has impeded the Corporation in new sanction.

The number of loan proposal sanctioned is to be substantially increased so that a large number of small borrowers can avail the facilities offered by the Corporation. It is wise that the risk of financing should be diversified over a large group of borrowers.

In case of loan to SSIs, maintenance cost and cost for administering the loan is higher in comparison to that of other than SSIs. Risk involvement is higher in other than SSIs involving huge amount of loan, but it is lower in case of SSIs. Sanctioning of small and smaller loans to village and cottage industries are for meeting Corporation's social obligations whereas sanctioning loan to comparatively bigger units in small scale and medium-scale sector are to prove corporation's viability. SSIs and tiny and village industries, risk involvement is lesser in that in case of default by one unit, will have little effect on total default figure since the amount involved is less. For example, huge investment in SVL alone with Rs.93.3 lakhs disdained the optimism of large scale investment.

A study in 1990 revealed only 94 operating industrial units in the state. In Table X.18, maximum 22 Units were found

engaged in the production of flour. Printing and Press appeared second largest units followed by Electrical product manufacturing units, Confectionaries and wooden furniture and fixtures etc.

Two medium scale companies engaged in the production of malt liquor and beer possesses maximum fixed and working capital, output, net value addition, employment and provide highest emoluments.

In total, SSIs and MSIs hold fixed capital of Rs.1,290.7 lakhs and working capital being Rs.648.4 lakhs. Total output stood at Rs.1,669.4 lakhs and net value added was Rs.615.5 lakhs. Total employment generation was 1,676 persons with an accumulated emolument of Rs.121.2 lakhs.

CAPITAL OUTPUT AND OTHER RATIOS

The tool of ratio analysis has been followed to evaluate the intrinsic condition of these 94 industrial units.

For all industries, capital-output ratio is 0.8:1.0 as shown in Table X.19. The highest ratio of 7.4 was in rice mill units. The lowest of 0.03 capital-output ratio was observed in jewellery Units.

The contribution of capital to net value, net value to output and emolument to net value appeared as 2.1, 0.4 and 0.2 respectively. The output per factory and employee is satisfactory. Net value addition per factory is also high. The emolument of the employees are Rs.7,219.6. Employees per factory was 18 and value addition per employee was 0.4 lakhs. All these ratios are high due to presence of MSIs in the calculation, because two MSIs occupy

60.0 percent of the fixed capital, 50.0 percent of the working capital and 40.0 percent of the gross output.

The capital-output ratio of SSIs (excluding MSIs) would be 0.5:1. Capital to net value, net value to output and output per factory would be 1.3, 0.4 and 10.8 respectively.

By Questionnaire, besides being collecting monetary information, an effort had been made to bring out the problems of the entrepreneurs in various fields. The problem areas were identified on Financial, Raw Material, Production and Marketing Arenas. Moreover, reasons for sickness and measures to be taken to improve the workings of the Corporation and the Government were also asked to the respondents. Performance of some SIDICO assisted industries and proforma of Questionnaire included in Appendix No. II & III.

Some of the problems mentioned by the respondent on various fields were as follows :

Questions to SSIs	Yes(%)	No(%)
1. Is SIDICO's loaning procedure satisfactory?	80.0	20.0
2. Any difficulty in the procurement of raw material?	80.0	20.0
3. Any guidance provided by the SIDICO?	-	100.0
4. Any complaint against the SIDICO?	40.0	60.0
5. Any Marketing Problem?	100.0	-
6. Is your unit sick?	30.0	70.0

OBSERVATIONS

1. SIDICO is oblivious to the task of providing necessary guidance to the assisted units.

2. All units envisage marketing problem.

3. Impediment in procuring raw-materials.

4. Loaning Procedure was satisfactory.

5. Only one-third of the units is sick. It is worth mentioned that entrepreneurs were confident, optimistic and reluctant to declare the unit sick.

The location of the state entails procurement of raw-materials and marketing as two most important bottlenecks in setting up congenial industrial base in Sikkim. The problems of guidance, supply of scarce raw-material, transportation cost and documentation complications can be bestowed with immediately, in following lines :

1. The Corporation require to simplify documentation in loaning procedures.
2. It must render necessary post-sanction guidance to the entrepreneurs. Advisory Board can be constituted with specialised personnel for guidance and surveillance.
3. Scarce raw-material must be supplied by the corporation.
4. Transportation subsidy must be sustained.
5. Price preference and local purchase, especially of the state's product should be made obligatory.

Hoteliers in Sikkim are expectant in the bright future of their business. Responses on the Questionnaire revealed problem areas to be resolved for the rapid development of hotels as an important infrastructure for tourism industry. Performance of a few major SIDICO assisted hotels and proforma of Questionnaire

have been shown in Appendix No. IV & V.

On the responses of the hoteliers following are the obstacles.

OBSERVATION

1. Moratorium period is short;
2. Higher rate of interest;
3. Infrastructural facilities are inadequate; and
4. New tourist places in the state to be developed.

In reconciliating observations with ground realities, it is clear that tourist influx in the State caused boom in hotel business. Regarding problem areas, mortorium is granted for more than 5 years by the Corporation. However, due to seasonal business, hoteliers often found difficulties in the repayment of loan and interest. The rate of interest, however, was not relaxed for the State. Political imbroglio in the adjacent state, adverse climatic condition often caused sorrow to the entrepreneurs. Especially, during peak season any such uncertainties dismayed the earnings of hotel business.

Infrastructural facilities in the State need to be improved. With this, new places and means of tourist interest should be developed to cater and attract more influx. Many parts of the state are yet to be connected by road to mobilise more tourists.

Since early nineties, the state started experiencing heavy tourist inflow necessitating the establishment of hotels, lodge etc. in sizeable numbers. Being hilly area, construction was

not easy as plains. Thus to provide lodging, residential houses were converted to hotels and lodges. Tenants of those residential buildings were forced to be shifted in far-flung areas. The rate of house rent increased heavily. The Capital Gangtok was extended in all sides. Other districts of Sikkim started beautifying and glorifying their places to attract tourists. A sizeable number of foreign tourists also visited with foreign exchange contribution to the exchequer. A large number of employment was also generated in transport oriented business. The Corporation advanced loans to the Small Vehicle Operators to purchase vechicle for the employment. The economy of Sikkim increasingly tilted at tourism.

In conclusion, the Corporation should not act only as a passive provider of loan. It should enhance activities mainly to follow-up the assistance required by the assisted units for their sustenance and growth. It should adjust with the changing situation of various industries time to time. The Corporation should find out avenues of resource generation. It should be well-informed with the workings of similar SIDCs in other parts of the country. The research and development activities must be augmented immediately. To make sound financial base, the Corporation should also invest outside the state. This would enable the Corporation to meet up growing financial demand of the State.

REFERENCES AND NOTES

1. Sikkim Distilleries Ltd., Booklet on Sikkim Distillery Limited, 1994, p.3.

2. Ibid, p.4.

3. Government of Sikkim; Industrial Development in Sikkim, 1979, p.8.

4. GOS, A Statistical Profile (1979-80 & 1991-92), p.53.

5. Ibid, p.54.

6. GOS, A statistical Profile, op.cit., p.54 and 'Industrial Economy of Sikkim, GOS, 1990, p.25.

7. GOS, Report on the study on Financial position of the Government of Sikkim, 1994, p.20.

8. SIDICO, Annual Report, 1985-86, p.10.

9. SIDICO, Annual Report, 1992-93, p.5.

10. Yoksom Brewaries Limited, Annual Report,1992-93, p.6.

11. Revealed in an interview with the DGM-I of the SIDICO.

12. Ibid.

13. Labott Private Limited, Annual Report, 1992-93, p.3.

14. Metalex Industries Private Limited, Annual Report, 1991-92, p.6.

15. SIDICO, Annual Report, 1993-94, p.30.

16. The definitions of tiny, cottage, village and small scale industries clarifies the conceptual differences between them. Bhatt Committee report in 1950, created a subcategory of small unit and designated it as a 'Tiny Unit'. The tiny unit was defined as : "meaning a unit in which total capital investment does not exceed Rs.1.0 lakh and investment per worker does not exceed Rs.4,000.0 and turnover of which does not exceed Rs.5.0 lakhs per annum." The tiny unit is significant in SIDICO as most of the small units in Sikkim are tiny units.

    Cottage industries plays a prominent role in our national economy. But there is no clear cut definition of cottage industries. Different definitions were promulgated for different purposes. Sometimes they were lumped with small scale industries, which creates much confusion.

    At one time, the Government of India grouped these industries into two categories - those using power with less than 50 workers and those not using power with less

than 50 worker and those not using power with less than 100 persons with the maximum investment of Rs.5.0 lakhs. The criteria for ownership was sole proprietorship or partnership. The major industries were classified under two heads : the traditional small industries, like khadi and handloom, village industries, handicrafts, sericulture, coir etc. and the other modern small scale industries, ancilliary industries etc. (Jaiswal, N.P., Image of Village Industry, Commerce Journal, 13.3.82).

The working group on Khadi and Village industries said that, "the definition given in the Khadi and Village industries commission act need not be changed, since a suitable definition by connotation is almost impossible". (Khare Committee on the Problems of Cottage, Village and SSIs, 1955).

Cottage industries are thus called village industries, rural industries, agro industries and unorganised industries. The broad classification and criteria for identification as given by the industrial policies are vague and often confusing with small scale industries.

A cottage industry is thus one which is carried on wholly or primarily with the help of members of the family, either as a whole or part-time' occupation. A SSI on the other hand, is one which is operated mainly with hired labour usually 10 to 50 hands (Report of the Fiscal Commission, Government of India, 1950, pp. 99-100).

The only meaingful and clear-cut definition about cottage industries is given by census guidelines, 1981, in which cottage industries are termed as household industries (H.H.I.). According to guidlines, the main characteristics of the household industries are the following :

1. One or more members of the household must participate in work. Participation by hired labour must be minimum;

2. The activity should relate to some production, processing, servicing, repairing or making and selling of goods;

3. The goods produced should not be for consumption by the household itself but should wholly or partly for sale;

4. In urban areas the industry must be carried on in the precincts of the house in which the household lives. In rural areas the industry may be anywhere within the limits of the village;

5. The activity should not be on the scale of a

registered factory; and

6. Professions such as pleader, barbar, doctor, dhobi etc. will not be household industries;

In view of above characteristics a few industries that may be termed as cottage industry are as follows :

1. Khadi;
2. Handloom (spinning and weaving);
3. Sericulture;
4. Coir;
5. Handicrafts like Pottery, Blacksmithy, Cane and Bamboos Products, Jewellery except traded in shop.

6. Village industries like confectionary, food stuff processing, ghani oil preparation etc.

Small Scale Industry (SSI) is a concept gained momentum in mid- seventies. This sector is defined by the ceiling of investment. In 1975, the units with Rs.10.0 lakhs fixed capital investment were termed as SSIs and units with Rs.15.0 lakhs investment were termed as ancillary units of SSIs. With the promulgation of Industrial Policy Resolution, 1980, the limit was raised to Rs.15.0 lakhs for SSIs and Rs.20.0 lakhs for ancillary units. In March 1985, the limit was raised to Rs.35.0 lakhs for SSIs and Rs.45.0 lakhs for ancillaries. On May, 1990, with the announcement of New Industrial Policy, the investment ceiling in Plant and Machinery for SSIs were raised to Rs.60.0 lakhs and for ancillary units to Rs.75.0 lakhs. In 1993 again, the limit is raised to Rs.1.0 Crore. This hectic change signifies the growing attention on the rising trend of SSIs in the country.

Medium Scale Industry (MSI) is an industry with more than Rs.1.0 crore of investment.

Table X.1

INVESTMENT IN PUBLIC SECTOR UNDERTAKINGS

(Rs. in Crores)

Year	Investment during the year	Total Investment	Dividend Received	Dividend as % to total Investment
1979-80	3.1	3.1	0.4	13.0
1980-81	0.3	3.4	0.2	6.0
1981-82	1.5	4.9	0.1	2.0
1982-83	0.4	5.3	0.1	2.0
1983-84	0.3	5.6	-	-
1984-85	0.2	5.8	0.4	7.0
1985-86	0.4	6.2	0.4	6.4
1986-87	0.7	6.9	0.8	11.6
1987-88	1.6	8.5	0.7	8.0
1988-89	1.3	9.8	1.6	16.3
1989-90	1.1	10.9	0.7	6.4
1990-91	3.4	14.3	1.1	7.7
1991-92	2.0	16.3	1.0	6.0
1992-93	2.0	18.3	0.6	3.3
1993-94	2.4	20.7	0.2	-

Source : Study on Financial Position of the Government of Sikkim as on 31.3.94, GOS, p.20.

Table X.2

FINANCIAL POSITION OF MAJOR PSUs

(Rs. in Lakhs)

Public Sector Undertakings	Year	Capital	Profit	Return on Capital Employed (in percent)
1. Sikkim Time Corporation	1992-93	586.0	32.0	3.0
	1991-92	458.0	59.0	7.0
2. Sikkim Jewels Limited	1993-94	156.0	7.0	2.0
	1992-93	156.0	23.0	5.0
3. State Trading Corporation	1990-91	35.0	16.0	12.0
	1989-90	30.0	1.0	1.0
4. Sikkim Mining Corporation	1992-93	272.0	(19.0)	-
	1991-92	245.0	(0)	-
5. SIDICO	1993-94	993.0	(197.0)	-
	1992-93	933.0	(71.0)	-

Note : Figures in parentheses denote net loss.

Source : Study on Financial Position, op.cit. p.21.

Table X.3

PARTICULARS OF EQUITY INVESTMENT HELD AS ON 31.03.1990

(Rs. in Lakhs)

Sl. No.	Name of Company	Total Paid-up Capital	Year of Investment	% owned by SIDICO	No. of Share held	Amount of Investment	Dividend Recd. Year	Dividend Recd. Amount
1.	West Bengal Consultancy Org. Ltd.	15.0	79-80 82-83	5%	50 25	0.5 0.3	-	-
2.	Sikkim Tobacco (P) Ltd.	10.0	80-81 81-82	49%	17000 32000	1.7 3.2	1983	11.8
3.	Sikkim Services Ltd.	3.0	82-83	49%	14700	1.5	1985	1.0
4.	Himalayan Distilleries Ltd.	25.0	83-84	25%	62500	6.3	-	-
5.	Yuksom Breweries Ltd.	180.0	83-84	16.7%	30000	30.0	-	-
6.	Sikkim Vanaspati Ltd.	175.0	85-86 86-87 87-88 88-89	51.5%	892500 40263	45.0 10.8 33.5 4.0	-	-
7.	Scan Industries Pvt. Ltd.	5.0	86-87	20.0%	1000	1.0	-	-
8.	Sikkim Jewels Ltd.	-	89-90 91-92	43.9%	25000 5432	25.0 43.5 1	-	-
9.	Ancillary Units of Sikkim Jewels Ltd.	-	89-90 90-91	33.9%	32000 16750	32.0 16.8	-	-

Note: 1. Investment at a premium of Rs.700 per share.

Source : Annual Reports, relevant issues, SIDICO.

Table X.4

DISINVESTMENT BY SIDICO DURING 1990-91

(Rs. in Lakhs)

Sl. No.	Name of the Company	% owned by SIDICO	No. of Shares	Value at Cost	Value of Disinvestment
1.	Sikkim Tobacco Pvt. Ltd.	49	49000	4.9	4.9
2.	Himalayan Distilleries Ltd.	25	62500	6.3	6.3
3.	Sikkim Services Ltd.	49	14700	1.5	6.0

Source : Annual Report, 1990-91, SIDICO, p.8.

Table X.5

FINANCIAL POSITION OF SOME MAJOR ASSISTED INDUSTRIES ON 31.3.92

(Rs. in Lakhs)

Sl. No.	Companies	Share Capital	Loans	Current Assets	Current Liabilities	Net Profit	Turnover	Interest
1.	Yoksom Breweries Ltd.	182.3	546.7	304.6	112.2	8.9	368.5	84.9
2.	Sikkim Jewels Ltd.	146.0	183.4	254.3	83.7	30.6	160.2	18.8
3.	Sikkim Vanaspati	181.0	980.2	43.8	108.1	-189.8	-	145.4
4.	Labott Pvt. Ltd.[1]	50.0	127.7	115.7	60.0	1.6	294.5	20.4
5.	Sikkim Minerals (P) Ltd.	12.0	32.6	7.1	6.5	4.2	41.6	3.9
6.	Metalex Inds. Pvt. Ltd.	7.7	46.0	8.3	2.9	- 11.3	4.1	3.6
7.	Scan Inds. Pvt. Ltd.	5.0	190.0	-	-	- 21.8	177.3	-

Note : 1. Figures are for the year ended 31.3.93.

Source : Annual Reports of relevant companies.

Table X.6

RATIO ANALYSIS AS ON 31.3.92

Sl. No.	Companies	Debt-Equity Ratio	Current Ratio	NP to Turn-over (%)	Interest Coverage Ratio
1.	Yoksom Breweries Ltd.	3.0	2.7	2.4	1.1
2.	Sikkim Jewels Ltd.	1.3	3.0	19.1	2.6
3.	Sikkim Vanaspati Ltd.	5.4	0.4	-	-
4.	Labott Pvt. Ltd.	2.6	2.0	0.5	1.1
5.	Sikkim Minerals(P) Ltd.	2.7	1.0	10.1	2.1
6.	Metalex Indus. Pvt. Ltd.	6.0	2.9	-	-
7.	Scan Inds. Pvt. Ltd.	38.0	-	-	-

Source : Computed from the Annual Reports of relevant Companies.

Table X.7

TERM LOAN SANCTION AND DISBURSEMENT BY THE SIDICO

(Rs. in Lakhs)

Year ending 31st March	Sanction	Disbursement	Percent Disbursement to Sanction
1978	5.2	0.6	11.5
1979	18.1	3.6	19.9
1980	12.0	17.4	145.0
1981	31.3	26.8	85.6
1982	35.3	22.8	64.6
1983	34.5	40.2	116.5
1984	75.9	40.3	53.1
1985	142.0	117.4	82.7
1986	202.7	124.3	61.3
1987	305.3	161.2	52.8
1988	237.2	341.5	144.0
1989	345.2	207.5	60.1
1990	308.2	257.9	83.7
1991	196.4	278.6	141.8
1992	365.0	254.4	69.7
1993	20.8	121.6	584.6
1994	51.7	48.1	93.0
1995	43.6	94.6	217.0
Total	2430.6	2159.3	
Compound Growth Rate	12.6	32.4	

Source : Annual Reports, 1994-95, SIDICO, p.22.

Table X.8

TERM LOAN : SCHEME-WISE(1993-94) (Rs. in Lakhs)

Sl. No.	Scheme	No. of Units	Sanction	Disbursement
1.	Normal Term Loan	1263 (99.1)	2214.6 (92.8)	1892.2 (91.7)
2.	Modernisation Loan	6 (0.5)	161.5 (6.7)	161.6 (7.8)
3.	Rehabilitation Loan	1 (0.1)	4.6 (0.2)	4.6 (0.2)
4.	Others (SEMFEX)	4 (0.3)	6.3 (0.3)	6.3 (0.3)
		1274 (100.0)	**2387.0 (100.0)**	**2064.7 (100.0)**

Note : Figures in Parentheses denote percentage.

Source : Annual Report, 1990-94, SIDICO and Official Records.

Table X.9

TERM LOAN : SIZE-WISE (1993-94)

Size	No. of Units	Amount (Rs. in Lakhs)
Upto Rs.10.0 Lakhs	1232 (96.7)	1118.8 (47.0)
Rs.10.0 - Rs.30.0 Lakhs	28 (2.2)	511.6 (21.4)
Rs.30.0 - Rs.40.0 Lakhs	4 (0.3)	144.0 (6.0)
Rs.40.0 - Rs.60.0 Lakhs	7 (0.5)	364.6 (15.2)
Over Rs.60.0 Lakhs	3 (0.3)	248.0 (10.4)
Total	**1274 (100.0)**	**2387.0 (100.0)**

Note : Figures in Parentheses denote percentage.

Source : Annual Report, 1993-94, SIDICO, p.38 and Official Records.

Table X.10

TERM LOAN : PURPOSE-WISE (1993-94) (Rs. in Lakhs)

	Purpose	No.	Sanction	Disbursement
1.	New Projects	1206 (94.7)	2124.4 (89.0)	1819.7 (88.2)
2.	Expansions	41 (3.2)	64.8 (2.7)	64.8 (3.2)
3.	Diversification	6 (0.5)	150.0 (6.3)	137.2 (6.6)
4.	Rehabilitation	1 (0.1)	4.6 (0.2)	4.6 (0.2)
5.	Overrun Financing	20 (1.5)	43.2 (1.8)	38.3 (1.8)
		1274 (100.0)	**2387.4 (100.0)**	**2064.7 (100.0)**

Note : Figures in Parentheses denote percentage.

Source : Annual Report, 1990-94, SIDICO and Official Records.

Table X.11

TERM LOAN : SECTOR-WISE (1993-94) (Rs. in Lakhs)

Sl. No.	Sector	No. of Units	Sanctions	Disbursement
1.	Public Sector	4 (0.3)	193.2 (8.0)	164.2 (7.9)
2.	Private Limited Cos.	46 (3.6)	1130.4 (47.3)	702.3 (34.0)
3.	Others(Sole-Proprietorship Partnership etc.)	1224 (96.1)	1063.4 (44.7)	1198.2 (58.1)
		1274 (100.0)	2387.0 (100.0)	2064.7 (100.0)

Note : Figures in Parentheses denote percentage.

Source : Annual Report, 1993-94, SIDICO, pp.30-40.

Table X.12

TERM LOAN : DISTRICT-WISE(1993-94) (Rs. in Lakhs)

Districts	No. of Units	Sanction	Disbursement
1. East	806 (63.3)	1940.4 (81.3)	1677.5 (81.3)
2. West	112 (8.8)	131.0 (5.5)	112.6 (5.5)
3. North	182 (14.3)	67.9 (2.8)	56.6 (2.7)
4. South	174 (13.6)	247.7 (10.4)	217.8 (10.5)
	1274 (100.0)	2387.0 (100.0)	2064.7 (100.0)

Note : Figures in Parentheses denote percentage

Source : Annual Report, 1993-94, SIDICO, pp. 30-37.

Table X.13

TERM LOAN : CATEGORY-WISE(1993-94) (Rs. in Lakhs)

Category	No. of Units	Sanctions	Disbursement
1. SSIs, Vill. & Cottage Inds.	850 (66.7)	1564.0 (65.6)	1440.0 (69.8)
2. Hotels	191 (15.0)	600.0 (25.1)	410.8 (19.8)
3. SVOs	233 (18.3)	223.0 (9.3)	214.0 (10.4)
	1274 (100.0)	2387.0 (100.0)	2064.7 (100.0)

Note : Figures in Parentheses denote percentage

Source : Annual Report, 1993-94, SIDICO, pp. 30-36.

Table X.14

TERM LOAN : INDUSTRY-WISE (1993-94) (Rs. in Lakhs)

Industry	No. of Units	Sanction	Disbursement
1. Food Manufacturing	84 (6.6)	224.6 (9.4)	221.6 (10.7)
2. Textiles (Carpets)	298 (23.4)	82.9 (3.5)	75.0 (3.6)
3. Printing & Paper Product	30	37.4	26.7
4. Rubber Products	4	31.4	27.5
5. Chemical Product	20	102.7 (4.3)	87.1 (4.2)
6. Metal Product	17	110.2 (4.6)	116.5 (5.6)
7. Electrical Product	13	54.0	47.8
8. Hotels	191 (15.0)	600.8 (25.1)	410.8 (19.9)
9. Road Transport (SVOs)	233 (18.3)	223.0 (9.3)	214.0 (10.3)
10. Others (Services and Inds.)	384 (30.1)	920.0 (38.7)	837.7 (40.6)
	1274 (100.0)	**2387.0 (100.0)**	**2064.7 (100.0)**

Note : Figures in Parentheses denote percentage

Source : Annual Report, 1993-94, SIDICO, pp. 30-36.

Table X.15

PLAN ACHIEVEMENT FOR KVIs AND SSIs IN SIKKIM

(Rs. in Lakhs)

Item	1985-86		1986-87		1987-88	
	Prodn.	Emp. (in Nos)	Prodn.	Emp. (in Nos)	Prodn.	Emp. (in Nos)
1. Khadi :						
Cotton	3.1	60	4.7	80	4.5	90
Woolen	1.3	30	1.2	15	2.0	20
	4.4	**90**	**5.9**	**95**	**6.5**	**110**
2. Village Industries :						
Handmade Paper	0.3	15	-	-	1.0	19
Fibre	-	1	-	-	0.6	4
Leather	-	-	0.6	8	0.7	12
Cane & Bamboo	5.0	110	3.5	200	10.0	315
Beekeeping	1.5	95	2.0	100	2.5	110
Processing of Cereals & Pulses	2.1	100	3.0	140	3.2	125
Carpentry & Blacksmithy	2.1	109	3.3	105	7.0	147
Fruit Preservation	1.0	3	1.6	7	2.6	5
Village Oil	-	-	-	-	1.0	2
Lime Industry	-	-	1.0	18	1.5	36
	12.0	**433**	**15.0**	**578**	**30.1**	**775**
3. Small Scale Industries	23.0	575	35.0	1000	40.0	800

Note : Emp. = Employment.

Source : Draft Annual Plan, 1988-89, Department of Industries, GOS, pp. 15-17.

Table X.16

TOTAL LOAN SANCTION BY THE SIDICO TILL 31ST MARCH, 1994

(Rs. in Lakhs)

Year Ending 31st March	Composite		S.S.I.		Hotels		S.V.O.		Others		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1978	4	0.9	4	4.3	-	-	-	-	-	-	8	5.2
1979	-	-	4	6.1	1	12.0	-	-	-	-	5	18.1
1980	2	0.3	8	8.7	2	3.0	-	-	-	-	12	12.0
1981	9	1.8	8	17.6	5	16.9	-	-	-	-	22	36.3
1982	8	1.4	13	22.6	8	16.6	-	-	-	-	29	40.6
1983	7	1.4	12	40.3	-	-	-	-	-	-	19	41.7
1984	23	4.9	22	54.8	16	36.4	-	-	-	-	61	96.0
1985	77	17.1	19	104.8	16	26.1	36	26.6	-	-	148	174.5
1986	58	8.9	26	183.9	18	32.2	37	27.0	-	-	139	252.0
1987	96	17.5	17	290.4	19	67.2	18	15.4	-	-	150	390.6
1988	83	10.5	24	261.1	11	24.8	21	15.3	-	-	139	311.6
1989	35	8.7	25	325.9	12	20.5	11	7.8	-	-	83	363.0
1990	43	16.7	11	267.9	5	2.5	38	37.2	-	-	97	324.4
1991	30	24.1	9	62.3	22	84.4	21	25.8	-	-	82	196.7
1992	145	40.5	3	22.5	37	253.3	38	53.0	-	-	223	369.3
1993	12	4.7	-	-	6	4.5	12	11.6	-	200.0	30	220.8
1994	6	2.0	-	-	18	46.0	3	3.7	-	-	27	51.7
TOTAL	**638**	**161.4**	**205**	**1673.2**	**196**	**646.4**	**235**	**223.5**	**-**	**200.0**	**1274**	**2904.6**

Source : Annual Report, 1993-94, SIDICO, p.31.

Table X.17

INCREASE AND DECREASE IN NUMBER AND AMOUNT OF SANCTION TO SSIs & OTHERS

(Rs. in Lakhs)

Year Ending 31st March	Sanction to SSI (Cumulative)		Percentage increase or decrease in No.	Percentage increase or decrease in amount	Sanction to SSI & Others (Cumulative)		Percentage share of SSIs to total number	Percentage share of sanctioned amount of SSIs to the Total
	No.	Amount			No.	Amount		
1978	4	4.3	-	-	8	5.2	50.0	82.7
1979	8	10.4	100.0	141.9	13	23.3	61.5	44.6
1980	16	19.1	100.0	83.6	25	35.3	64.0	54.1
1981	24	36.7	50.0	92.1	47	71.6	51.1	51.2
1982	37	59.3	54.2	61.6	76	112.2	48.7	52.8
1983	49	99.6	32.4	67.9	95	153.9	51.6	64.7
1984	71	154.4	44.9	55.0	156	250.0	45.5	61.8
1985	90	259.2	26.8	67.9	304	424.4	29.6	61.1
1986	116	443.1	28.9	70.9	443	676.4	26.2	65.5
1987	133	733.5	14.6	65.5	593	1067.7	22.4	68.7
1988	157	994.5	18.0	35.6	732	1378.6	21.4	72.1
1989	182	1320.5	15.9	32.8	815	1741.6	22.3	75.8
1990	193	1588.4	6.0	20.3	912	2066.0	21.2	76.9
1991	202	1650.7	4.7	3.9	994	2262.7	20.3	72.9
1992	205	1673.2	1.5	1.4	1217	2632.0	16.8	63.6
1993	-	-	-	-	1247	2853.0	-	-
1994	-	-	-	-	1274	2904.6	-	-

Source : Annual Reports, relevant issues, SIDICO.

Table X.18

POSITION OF SSIs AND MSIs IN SIKKIM (1990)

(Rs. in Lakhs)

Industries	No. of Units	Fixed Capital	Working Capital	Gross Output	Net Value Addition	Employment	Emoluments
1. Flour Mills	22	106.6	28.5	128.7	21.0	108	13.0
2. Printing	11	49.1	-	18.0	7.2	99	7.5
3. Electrical Product	8	69.1	37.2	14.1	0.1	93	4.1
4. Confectionary	7	41.3	2.4	39.6	4.2	35	2.1
5. Wooden Furniture & Fixtures	5	1.9	0.6	3.7	1.8	24	1.3
6. Textiles	4	2.2	0.1	2.7	-	22	1.0
7. Rice Mill	4	3.7	0.02	0.5	0.1	9	0.2
8. Cosmetics & Cleansers	4	3.0	1.1	8.6	0.7	19	0.5
9. Structural Metal & Steel Product	4	47.4	40.8	58.7	35.8	144	8.6
10. Soaps & Detergents	3	2.5	0.3	5.8	3.5	16	0.9
11. Carpert, Rugs Weaving	2	6.9	2.6	7.8	5.5	84	1.6
12. Jewellery	2	0.2	2.4	7.0	3.2	13	0.8
13. Food Processing	2	1.4	-	1.6	0.3	8	0.3
14. Malt Liquor & Beer	2	769.6	334.0	677.1	225.9	579	45.0
15. Allopathic & Ayurvedic Medicine	2	31.3	83.2	431.0	185.7	96	7.7
16. Leather	2	5.0	-	2.6	0.2	22	1.0
17. Tea Processing	1	8.5	0.7	44.7	28.6	39	2.3
18. Others	9	141.0	114.5	217.2	91.7	266	23.3
TOTAL	94	1290.7	648.4	1669.4	615.5	1676	121.2

Note : MSI = Medium Scale Industries.

Source : Industrial Economy of Sikkim, 1990, B.E. & S., GOS. pp. 25-35.

Table X.19

RATIO ANALYSIS OF SSIs AND MSIs PERFORMANCE

(Rs. in Lakhs)

Industries	Capital Output ratio	Capital to Net val. Add.	Net val. to output	Emoluments to net val.	Output per factory	Output per employee	Net val. per factory	Emolument per employee (in Rs.)	Employees per factory	Net val. per employee
1. Flour Mill	0.8	5.1	0.2	0.6	5.9	1.2	0.9	0.1	5	0.2
2. Printing	2.7	6.8	0.4	1.0	1.6	0.2	0.6	0.1	9	0.1
3. Electrical Product	4.9	691.0	N	41.0	1.8	0.1	N	N	12	N
4. Confectionary	1.0	9.8	0.1	0.5	5.6	1.1	0.6	0.1	5	0.1
5. Wooden Furniture & Fixture	0.5	1.1	0.5	0.7	0.7	0.1	0.4	N	5	0.1
6. Textiles	0.8	-	-	-	0.7	0.1	-	N	5	-
7. Rice Mill	7.4	37.0	0.2	2.0	0.1	0.1	N	N	2	N
8. Cosmetics & Cleansers	0.3	4.3	0.1	0.7	2.2	0.4	0.2	N	5	0.04
9. Structural Metal & Steel Prod.	0.8	1.3	0.6	0.2	14.7	0.4	9.0	0.06	36	0.2
10. Soaps & Detergents	0.4	0.7	0.6	0.3	1.9	0.4	1.2	0.06	5	0.2
11. Carpet, Rugs Weaving	0.9	1.3	0.7	0.3	3.9	0.1	2.7	0.02	42	0.1
12. Jewellery	0.03	0.1	0.5	0.3	3.5	0.5	1.6	0.1	6	0.2
13. Food Processing	0.9	4.7	0.2	1.0	0.8	0.2	0.2	0.04	4	0.03
14. Malt Liquor & Beer	1.1	3.4	0.3	0.2	338.6	1.2	112.9	0.1	290	0.4
15. Allopathic & Ayurvedic Medicine	0.1	0.2	0.4	0.04	215.5	4.5	92.8	0.1	48	1.9
16. Leather	1.9	25.0	0.1	5.0	1.3	0.1	0.1	0.05	11	N
17. Tea Processing	0.2	0.3	0.6	0.1	44.7	1.1	28.6	0.06	39	0.7
18. Others	0.6	1.5	0.4	0.3	24.1	0.8	10.2	0.1	30	0.3
TOTAL	**0.8**	**2.1**	**0.4**	**0.2**	**17.8**	**1.0**	**6.5**	**0.07**	**18**	**0.4**

Note : N = Negligible.

Source : Computed from The Industrial Economy of Sikkim, 1990, GOS.

Output of Major industries in Sikkim (Up to end March, 1990)