Uttar Pradesh’s Manufacturing Sector State,
Structure and Performance
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I. Introduction

“If Uttar Pradesh were a country, it would be the world’s seventh largest. It is the most populous state of India and is host to one-sixth of the country’s population. The large size of Uttar Pradesh is indicative of the large contribution that its manufacturing sector can make to the country’s economic growth” noted Planning Commission (2001). Uttar Pradesh’s large size relative to other Indian states and the professed goals of its leaders and policy makers make it imperative for industries in this state to develop fast. However, recently there has been a marked deceleration in industrial growth which needs to be addressed by a strategically oriented industrial policy.

In Uttar Pradesh reform measures in the industrial sector started with the announcement of the Industrial Policy, 1998. The policy aimed at accelerating industrial growth by attracting a steady stream of investment by creating a congenial investment climate. As 90 percent of the industrial sector is made up of Small Scale industries the major policy shifts in the State’s policy are directed towards this sector only. Emphasis is placed on attracting private investment in software, hardware and telecommunications. The private sector would be encouraged to set up technology parks and other infrastructure. It offers a varying investment subsidy, depending upon the amount of investment and employment generation, and other incentives. One of the major exercises undertaken recently (in 2004 Policy) is to synchronize the prevailing policy framework with contemporary international economic thinking. The government has, in the recent past, announced New Industrial Development and Service Sector Investment Policy- 2004.

The Industrial policy so declared pointed towards the implementation of SINGLE TABLE SYSTEM, development of 7 Industrial Corridors, Regular Supply of Power to the Export Oriented Units, Abolition of Inspector Raj, Re-habilitation of SSI units, Technology Mission , Increase of Employment from 8 percent to 15 percent in Industrial Sector , Increase of Industrial Contribution in Gross Domestic Production from 20 to 25 percent , Suspension of Trade Tax Chaukis , Creation of Road Development Fund and Authorisation to Industrial Units for Selling the Electricity direct etc. All possible measures were taken to put industrial policy into practice and it is worthwhile to mention that the achievement of 97 percent under single table system is indicative of successful implementation of the industrial policy.
This paper seeks to analyse why this state has not been able to catch up with the industrialised states in spite of its proximity to abundant natural resources. The study is exploratory in nature and makes an attempt to identify the characteristic pattern of industrial progress in the state in the last few years since 1998-99 till date. Section II gives a brief account of the economic background of the state, present scenario at the industrial front and the promotional measures thus formulated to trigger growth in the sector. Section III discusses the possible sources of data on industrial sector of the state economy. Section IV lays down changes in structural parameters in the economy of Uttar Pradesh with Section V focusing on structural ratios and Technical coefficients of the industrial sector. Section VI deal with impromptu status of performance gaps that lay open for policy makers to investigate and Section VII analyses the status of small scale industries in the state and Section VIII finally concludes.

II. The Backdrop

Having vast fertile plains, rich natural resources and a large population the state of Uttar Pradesh possesses a good potential for rapid industrial development. The economy of U.P., despite being predominantly agrarian, has witnessed considerable growth and structural changes in recent years. Owning largely to an emerging industrial sector the share of secondary sector in the state income has shown considerable increase over the years - from 10.7 percent 1960-61, it increased to about 20 percent in 2000-01. Almost 80 percent increase in index of industrial production during 1985-86 to 1996-97 significantly reflects changes in the aggregate industrial activity in the state.

Endowed with fertile land, a salubrious-climate and perennial river system, the state has long been the granary of India. Agriculture is the mainstay and major source of income for about 72 per cent of the population. The state is one of the leading producers of food grains and other commercial crops in the country. The state has a well-developed traditional industry besides mineral based industry. UP is now flexing its status as the leading agricultural state in the country to emerge as a preferred destination for the food-processing industry in the country. The state has some of the oldest powerhouses and currently is one of the largest power producers in the country. The state has good communication network including one of the longest rail and road lengths. The state is keen to improve the industrial infrastructure and has developed integrated industrial townships like Noida with state-of-the-art facilities. Noida export zone enjoyed a good inflow of investment from many domestic and international players. The state has established four agro export zones and three Special Economic Zones (SEZs) are under implementation. Centre
for Monitoring Indian Economy (CMIE) index of Relative Development of Infrastructure of the state (2002-03) is at 103.3 against an all India figure of 100.

The state has a well-developed agro-based industry. Being one of the largest producers of sugar cane, the state is India’s sugar bowl. UP accounts for 28.03 per cent of India’s sugar production. The affluence of agriculture spurred the growth of allied industries like cold storages and warehousing. In addition to industrial areas, many centres like Kanpur, Ghaziabad and Lucknow have an established traditional industry. The large livestock population allowed the leather industry to flourish in the state. Kanpur and Agra emerged as the hubs for leather goods in the country. Textile industry is the other promising sector in the state.

Uttar Pradesh is the largest producer of electronic goods and is the fourth largest exporter of software products from the country. UP accounted for close to 10 per cent of IT & BPO exports from the country in 2003-04. With a productive and cost-effective manpower, the state has attracted some of the largest MNCs to set-up their manufacturing facilities – Coca-Cola, Pepsi, Glaxo, Daewoo, Honda, and Piaggio to name a few. The state with its human resource potential, proactive policies and commitment to ensure encouraging climate to the investors is poised to emerge as a manufacturing hub in the country. The state has become a hub for corporate R&D with many domestic players and MNCs establishing their facilities.

The industrial panorama seems to be quite encouraging and reflects the emergence of considerable potential for further growth in the industrial sector of the state. Hence it is pertinent enough to gauge the status of policy prerogative of the state in terms of exactly the state has been doing in terms of promoting industries and to reap the benefits that might accrue from that potential.

III. Sources and Limitations of Data

For this analysis we have collated data on some key variables, relevant to the industrial sector, from various reports of the Annual Survey of Industries (ASI) covering all factories registered under Sections 2m (i) and 2(ii) of the Factories Act, 1948 i.e. those factories employing 10 or more workers using power; and those employing 20 or more workers without using power. The latest data available on industrial statistics pertains to the accounting year 2005-06. We chose to take data from 1998-99 to 2005-06 and have tried to capture the structure of industrial growth for the period after the advent of reforms in the state economy.
IV. Changes in Structural Parameters

To carry forward our study we have chosen six variables that will reflect upon the industrial structure of Uttar Pradesh and India. The economic indicators selected are: number of factories, fixed capital, number of workers, value of output, net value added and gross fixed capital formation.

Number of Factories

In the Annual Survey of Industries “the primary unit of enumeration in the survey is a factory in the case of manufacturing ventures, a workshop in the case of repair services, an undertaking or a licensee in the case of electricity, gas and water supply undertakings and an establishment in the case of bidi and cigar industries”. Secondly the reference period for ASI is the “accounting year of the industrial unit ending on any day during the fiscal year” (ASI reports). This reflects that in a particular accounting year if the number of factories has increased in comparison to the previous year it indicates that new factories have got registered in that particular year under section 2m(i) and 2m (ii) of the Factories Act, 1948 (Pani, 2007).
The picture that got reflected by the Figures 1 and 2 above made it quiet obvious that there is a decline in the number of factories established in both Uttar Pradesh and at all India level after 1998-99. In Uttar Pradesh the reform got vitalized after the implementation of Industrial policy in 1998 - that brought reforms to the state. The figures reveal that the New industrial policy of 2004 has given a boost to the industrial sector in U.P. or we may say the policy have currently started showing results.

The figures 1 and 2 both reveals a similar trends showing decline in initial period and thereafter show an increase in the number of factories could be registered in the later period i.e. after 2002-03. There is some difference in the slopes of the respective curves. It is interesting to note that during the declining phase the rate of decline was sharper in case of Uttar Pradesh as compared to All India scenario (Figure 1 & 2). In the era of upswing the rate of growth was more for Uttar Pradesh as compared to All India which conveys the issue of scope of U.P. being an attractive destination for investment.

What is remarkable to mention is that the rate of industrialization achieved negative growth before 2003-04 by after that it followed positive growth trend both in Uttar Pradesh and at the All India level. Looking at the figure 3 we find that the rate of growth of industries in Uttar Pradesh was well below the rate of growth as experienced at the national level. Change in the policy in 1998 perhaps slowed the growth which fell much below the All India growth rate only to rise again in 2003-04 and all time high in 2005-06.

![Figure 3: Rate of Industrialisation](image-url)
Fixed Capital

The study of the term Fixed capital as indicated in Annual Survey of Industries indicate that Fixed capital represents depreciated value of the fixed assets owned by the enterprise which also incorporates other fixed assets such as hospitals, schools, etc which are provided for the betterment of industry personnel besides investment in land, building, plant and machinery. But to our understanding investment in such assets are going to be meager. At the outset this gives an idea of the size of the firm, because higher the investment of fixed nature will lead to higher employment and higher output. Besides this it is also argued that fixed capital investment is of vital importance for productivity (Pani, 2007).

What is remarkable is that in U.P. the curve peaked in 1998-99 and thereafter it took a continuous downward trend only to recover after 2003-04, but the curve for All India showed a continuous upward trend only a marginal drop in 2000-01 and then a steady increase over the rest of the period. It can be reiterated that in the period before reforms the fixed capital investment registered a sharp upward trend but in the post reform period the rate of increase is milder.
Total Number of Workers

The number of workers as defined in ASI states “to include all persons employed directly or through any agency whether for wages or not and engaged in any manufacturing process or in cleaning any part of the machinery or premises used for manufacturing process or in any other kind of work incidental to or connected with the manufacturing process or the subject of the manufacturing process”.

Comparisons made on this variable impart the fact that State of U.P. as well as the national data show that there has been fall in the rate of growth of workers in during 1998-99 onwards only to rise after 2001-02. The curve is steep for the national level as compared to the curve of Uttar Pradesh which followed a downward path with a bit of improvement after passing of few years after the implementation of reforms in 1998-99. Growth of workers if compared on percentage point highlights the hard reality in the face of State economy that reforms were not employment generating as proclaimed by the planners and it took time to translate into positive growth after 2002-03 (Table 8).
Net Value added

As understood value added in a factory is the difference between the value of output and value of input. It is the sum total of contribution made by the factors of production in the manufacturing process. Depreciation is discounted and net value added is computed. At the macroeconomic level this is the component which makes up the domestic product of an economy (Pani, 2007) and ultimately leads to the stage where we can calculate industrial sectors contribution to the State’s domestic product.

In the following figures 9 and 10 the curves very stoutly shows that at the state level few fluctuations could be gauged but after the implementation of reforms steady directional change could be seen and after a transitional phase of four years or so curve is seen picking up. But at the national level steady upward motion of the curve could be observed. So far as the contribution of U.P. is concerned we calculated and found that at the beginning of the time period i.e. 1998-99 the state contributed just about 20 percent to the net value added from the factory sector at the national level. There is a fall after that and during the 2003-04 in terms of value added U.P. contributed once again about 7.05 percent of the national figure.
However after that once again U.P’s contribution fell all time low 5.27 percent of the national figure and when compared to more industrialized states of Maharashtra and Gujarat, U.P. is way behind these states and show a wide divergence between developed and laggard states of the Indian economy when contribution of the manufacturing sector is undertaken.

**Gross Fixed Capital Formation**

Following Pani (2007) GFCF has been taken up as GCF is not relevant here for the “simple reason that GCF also includes the stocks which are indicative of demand pressures and potential sales”. The new investments in physical assets are termed as GFCF and do not incorporate stocks or inventories. The Figure shows that GFCF in UP follows a downward trend after 1998-99 which leads to the ultimate fall in the organized sector employment as well as value added. Sudden change in policy seems to have pulled down GFCF tremendously down at the state level but later coped up and turned positive once again. But on the other hand the national curves charts upward direction peaking in 2001-02 decline in 2002-03 and shoots up till and picked up later to reach maximum level in 2005-06. In terms of UP’s share in the national GFCF is about 7.25 percent (2005-06) which has dropped from 11.80 percent in 1998-99 which registered a record high.
Total Output

All manufacturing and processing is captured into this variable. A continuous upward direction is reflected by the curve at the national level whereas in the state of UP very low level of output is registered in the initial phase of study and it steadily followed upward path with few fluctuations only to pick up all time high in 2005-06. It is remarkable that output rose suddenly after 1997-98 which can be attributed to policy change implemented by the State government. Uttar Pradesh’s share of national economy’s manufacturing is about 6.23 percent in 2005-06 which has declined from 7.42 percent in 1998-99. This depicts the industrial backwardness of Uttar Pradesh as compared to states like Maharashtra, Gujarat and Tamilnadu which contributed approximately 19.5 percent, 16 percent and 10 percent respectively for the same period.
Contribution figures would indicate that U.P.’s share is way below what may be considered as reasonable, if the proportion of population is anything to go by. Even after taking the performance in agriculture into consideration, it will still fall much below the proportionate level of contribution. Of particular concern is the steady downward trend in contribution witnessed on number of factories, fixed capital, net value added, gross fixed capital formation. This would suggest that not only there had been limited investments, growth also is shrinking year on year probably due to relative low productivity and resultant erosion of capital.

V. Structural Ratios and Technical Coefficients

It is established understanding that the real test of industrial sector performance could be gauged by putting the structural ratios and technical coefficients of the sector on a comparative plane with that of others. In this context, we are also dwelling upon certain key structural ratios for comparative analysis, such as number of workers per factory, fixed capital per factory, fixed capital per worker, gross output per worker and net value added per worker. The information thrown up by each class of ratios is interpreted on the basis of an average or typical factory. On the technical coefficient front, this study examines coefficients such as fixed capital to gross output and net value added to gross output.

Fixed Capital Per factory

Fixed capital per factory is indicative of average size of factory, but in investment terms. On this ratio the story of U.P. is somewhat different. Till 2000-01 U.P. could garner relatively higher investment (13.55 percent) compared to all India average, but fell behind thereafter. Though there is some increase in recent years, the gap between U.P. and national average is gradually widening which is alarming and a matter of concern for the policy makers to embark upon the reasons for its fall in the changing policy framework.
Output Per Worker

One of the important measures to gauge the productivity of the industrial sector is gross output per worker as it is a partial measure of efficiency or partial factor productivity. As we know that various factors of production combine in various proportions and labour is not the only input that is used in the production process. Though we know that relative effect of labour on productivity cannot be captured by just deriving output per worker but it still gives some tentative reflections on production capability of workers in a given production set up. Though productivity may be affected by many factors such as superior machinery or equipment, skill of workers, composition of the workforce, etc., yet a comparison with national average can give a feel of the nature and extent of difference. As is evident from Figure 16, gross output per worker was way above the national average during the initial years of our study period. However, like performance on certain other indicators, on this one too, U.P. is showing signs of decline indicating fall in productivity. Lower productivity, in a way, is suggestive of lower competitive strength.

However, the above comparisons clearly show that the gulf between the performance of U.P. and that of the country as whole are widening on certain key ratios like, fixed capital per factory, fixed capital per worker, and gross output per worker. This would suggest that U.P. has been less successful in attracting investments and is probably losing out to other better performing states. In today’s world, where the concern is economic development, every state is trying to attract investors in its fold. This provides the investor with a choice and puts the state to a position of investment seeker. It may therefore be of relevance to compare at places the performance of U.P. with couple of better performing states in order to have a feel how far behind U.P. is.

![Figure 16: Output per Worker](image-url)
Capital Intensity

To delve deep into the matter we have derived ratio between fixed capital per worker which is showing a sharper fall in comparison to fixed capital per factory. This could be suggestive of the fact that average number of workers in a factory may be more than what is required and hence it could also mean investment made per factory is lower than what is required to be able to maintain productive performance. Whatever may be the cause this should also leave us to ponder about as it is reflective of mechanization of production process which impinges on productivity.

Capital intensity as revealed by fixed capital per worker can be an approximate measure to know labour productivity which much depends on mechanization of the production process. Figure 17 shows that capital intensity (fixed capital per worker) has been steadily increasing at the all India level but a continuous and steep fall could be seen in the manufacturing sector of the state of Uttar Pradesh. It is striking to find that capital intensity of the state was once much above the all India level but slumped below the national average after 2002-03 and needs further probing to know pros and cons of this behaviour.

Value Added per worker

Though in terms of net value added per worker, U.P. is lately falling below the all India performance level, it is important to note that U.P. had been maintaining a rising trend in comparison to its own performance year on year for the entire period under consideration (1998-99 to 2005-06). Secondly, even during the latest period the gap does not appear to be all that high to call performance of U.P. to be way below the all India level. Hence, it may be said all may not be lost for U.P., despite poor showing in some of the structural ratios.
Value added to Output

It is one of the significant technical coefficients which shed light on the type of economic organization that exists within the industry. Higher the vertical integration in the sector, more production takes place in house or within the firm (Pani, 2007). Value added to output is derived to highlight this phenomenon existing in the industry. Figure 19 depicts this ratio (value added to output) at the national level has been steady since 2001-02 after declining continuously after 1999-2000. At the state level this coefficient has declined continuously since 1998-99 only to rise once again in 2003-04 and follow a downward trend in the last two years under study –thus widening the gap between state and the all India level. Anyways, the curve hovered below the national average is well depicted and suggests that there is increasing share of inputs in the value of output.

Workers per Factory

Number of workers per factory has a vital bearing on the performance of industrial sector. Apart from reflecting concentration of workers it also impacts productivity. On average factory size, not only the pattern is fairly consistent but U.P. also compares favourably with the overall factory size of India. Figure 20 shows that average factory size as reflected in the number of workers per factory size.
workers per factory has remained more or less constant at the national level. On the whole we find a decline in the factory size in terms of employment per factory after the all time high in 2003-04. It has equated with national average in 2003-04 but remained lower than the all India level during the rest of the period under consideration.

![Figure 20: Workers per Factory](image)

**Capital Output Ratios**

Capital output ratio is the best coefficient that explains the growth in value of output along with an increase in productive efficiency. This technical ratio’s changes justify the investment in fixed capital. We know that investment in fixed capital is carried out with the intention of build capacity for higher growth, capital intensive innovations and diversification, with the intention to bring about change in composition of output. Figure 21 demarcate a steady decline in Uttar Pradesh’s share in capital output ratio as compared to national average. In 1998-99 it can be seen that Uttar Pradesh’s average was well above the national average but fell below all India average in 2001-02 and continues to deplete thereafter.

![Figure 21: Capital Output Ratio](image)
Small Scale Industries in Uttar Pradesh: Overview of Structure and Performance

Data on small-scale industries in Uttar Pradesh were available till now only in respect to registered units but steps were taken to provide some information on unregistered units in the Third Census on sample basis. Effective policy formulation and implementation pertaining to the promotion and development of this sector, requires a sound database. The Office of the Development Commissioner (Small Scale Industries) conducted two censuses of registered SSI units prior to the Third Census. The First Census was conducted in 1973-74 in respect of 2.58 lakh SSI units registered in the country, out of which 25669 units were of U.P. During this Census, only 1.4 lakh units were found working including 12851 units of U.P. The Second Census was conducted during 1990-91 in respect of 9.87 lakh SSI units registered in the country including 95285 units of U.P. up to 31-3-1988. During this Census, only 5.82 lakh units were found working which included 53282 units of U.P. The data generated by the Census with the passage of time had lost its relevance and required immediate updation to achieve its purpose. Accordingly, the Third all-India Census was conducted during 2002-03 for the possible proximate reference year, i.e., 2001-02.

All the Small Scale Industrial undertakings (SSIs) and Small Scale Service and Business (industry related) Enterprises (SSSBES) operating on the date of survey were under the coverage of Third Census. Among these, those that were permanently registered as SSIs, ancillary units and SSSBES till 31-3-2001 were treated as the registered SSI sector, although the criteria for registration and the definitions have been varying over time. The registered SSI sector comprising units permanently registered till 31-3-2001, for which list of names and addresses of the units were available, was covered on complete enumeration basis. The rest of the SSIs and SSSBES were treated as the unregistered SSI sector and these were covered through a sample survey.

In the third Census, the units permanently registered up to 31.3.2001 were covered on complete enumeration basis. A total of 2,85,220 units were surveyed. Out of these, 1,62,938 units were found to be working and the remaining 1,22,282 units were found closed. Thus, the number of working units works out to be 57 percent and those of closed 43 percent.

First census of SSIs was carried out long back in 1973-74. Hence, we put attention on the relatively recent census results of this sector. Table 2 makes comparison among two census reports of SSIs on the basis of some selected indicators. The table reveals that the proportion of working units has increased somewhat in the third period. Per unit fixed investment has substantially risen from Rs. 1.84 lakhs to 4.62 lakhs while per unit employment has gone down from 7.00 to 3.57. This adverse effect on employment can be regarded as a sequel to modernization. Per working unit production has increased from 6.99 lakhs to 10.30 lakhs, which reveals that the small scale sector has become more efficient with regard to overall use of factors
in the working units. On the other hand by investment in plant and machinery increased from 0.93 to 1.30 lakh respectively according to two census reports. This means that capital productivity has registered increase. But labour productivity has continuously increased over the considered period. Besides, the employment- fixed asset ratio shows that the small scale sector is now using capital intensive method of production relative to the past. This indicates that the objective of employment creation has been relatively relegated to the background. This is rather alarming and is largely the upshot of the upcoming modern small scale industries increasingly using higher doses of sophisticated machinery and equipment relative to labour.

**What Causes Performance Hinderance?**

A World Bank Study for Uttar Pradesh has attributed three key factors which undermine growth and productivity:
- Inadequate infrastructure
- Decline in quality of governance and
- Lack of growth of quality human stock

To this Planning Commission added
- Low competitiveness
- Lack of proper incentives
- Poor location of industries and
- Lack of infrastructure

To this we added a few more i.e.
- Stability of policies
- Law and order
- Labour laws
- Trade tax differentials
- Incentives
- Effectiveness of support agencies; and
- Industrial clusters to provide facilities required for industries to develop.

But despite the proliferation of industrial clusters and booming production coupled with export sector largely have its roots into emerging modern small scale industry; there is ample evidence to give pangs of concern and discontent. A great number of SSI are traditional, existing in rural or semi-urban areas and largely are dependent on local raw material, skill and labour intensive technology. These SSI suffer from myriad of problems that include information gap, lack adequate skill etc. As a result of liberalization the opportunities for the development of industries has increased many folds during recent years but the state has had to face competition from
neighboring states. All the bottlenecks in the industrial development can be summarized and enlisted as follows:

a. Being land locked state deprived of harbour facilities.
b. Lack of standard infrastructure facilities.
c. Increasing gap between demand and supply in power sector.
d. Regional imbalances.
e. Package of special incentives to Uttaranchal by Govt of India.
f. Possible adverse impact of WTO.
g. Complexities of labour laws.
h. Lack of resources for investment.
i. Low C:D deposit ratio in the State.
j. Sickness in SSI units
k. Problems of marketing of SSI products.

This gradually hampers their growth rate and eventually has an adverse bearing on employment generation and other dependant objectives of the State policy.

VIII. Conclusion

It can been reiterated that in today’s scenario, a state needs the investors more than the investors needing the state and more so after knowing the fact the industry’s are fleeing to Uttaranchal in pursuit of better incentives in that state. In such a situation it becomes essential to actively pursue a set of agenda items. Some of these are:

- Making the state easy to do business with
- Solving problems of entrepreneurs, not selling procedures to them
- Using measurements for improving, not mere accounting
- Being a facilitator, not a controller
- Treating investors and entrepreneurs as customers

The heart of working in the above mode is how the three elements-purpose, process and people-link together. It is important to understand these links for better execution of things, which had been sorely lacking in the state of Uttar Pradesh. Hence, it is of vital importance to master three individual processes – the strategy process, the operations process, and the people process – and also the way they work together as a whole. They are the foundation for effective execution, and are at the centre of conceiving and executing any strategy. It is these that differentiate between a leading state and a laggard state (Chakroborty, 2008).
As we know that everything ultimately boils down to governance, which involves interplay of three elements, each representing a specific set of deliberate arrangements – institutions, the delivery mechanism and the supportive and subordinate framework of legislations, rules and procedures. Managing this interplay becomes crucial for growth, including industrial growth, and therefore needs attention at the highest level in the state, on a continuous and ongoing basis.

References:


www.ibef.org
Table 1: Contribution of Uttar Pradesh to National Industrialisation (in %)

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Factories</th>
<th>Fixed Capital (Rs Lakh)</th>
<th>Number of Workers</th>
<th>Net Value Added (Rs Lakh)</th>
<th>Value of Output (Rs Lakh)</th>
<th>Gross Fixed Capital Formation (Rs Lakh)</th>
</tr>
</thead>
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<tr>
<td>1998-99</td>
<td>7.98</td>
<td>13.15</td>
<td>7.16</td>
<td>7.20</td>
<td>7.42</td>
<td>11.80</td>
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<td>2000-01</td>
<td>7.34</td>
<td>8.70</td>
<td>6.55</td>
<td>6.67</td>
<td>7.00</td>
<td>6.55</td>
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<td>2001-02</td>
<td>7.12</td>
<td>6.99</td>
<td>6.43</td>
<td>6.93</td>
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<td>7.02</td>
<td>6.40</td>
<td>6.64</td>
<td>6.59</td>
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<td>2003-04</td>
<td>7.42</td>
<td>6.66</td>
<td>7.44</td>
<td>7.05</td>
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<td>2004-05</td>
<td>7.03</td>
<td>6.15</td>
<td>6.86</td>
<td>5.50</td>
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<td>2005-06</td>
<td>7.49</td>
<td>6.20</td>
<td>7.01</td>
<td>5.27</td>
<td>6.23</td>
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Source: ASI.

Table 2: Comparison of the Third Census with Second Census (Registered SSI Sector)

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<th>S.N.</th>
<th>Indicator</th>
<th>2nd Census (1987-88)</th>
<th>3rd Census (2001-02)</th>
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<td>1</td>
<td>Percentage of Working Units</td>
<td>55.91</td>
<td>56.84</td>
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<td>2</td>
<td>Percentage of Working Units in rural areas</td>
<td>38.22</td>
<td>46.95</td>
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<td>3</td>
<td>Percentage of Working Units that are SSI, Ancillaries, SSSBEs</td>
<td>98.27</td>
<td>60.90</td>
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<td></td>
<td></td>
<td>0.70</td>
<td>2.86</td>
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<td>1.37</td>
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<td>4</td>
<td>Percentage of Proprietorship Working Units</td>
<td>80.14</td>
<td>90.85</td>
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<td>5</td>
<td>Percentage of Proprietorship Working Units engaged in Manufacturing/Assembly/Processing</td>
<td>76.46</td>
<td>53.88</td>
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<td>6</td>
<td>Percentage of Working Units that are owned/Managed by SCs STs, Women</td>
<td>4.71</td>
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<td>0.55</td>
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<td>4.53</td>
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<td>7</td>
<td>Per Working Unit Fixed Investment (Rs. lakhs)</td>
<td>1.84</td>
<td>4.62</td>
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<td>8</td>
<td>Per Working Unit Investment (Original) in P &amp; M (Rs. lakhs)</td>
<td>0.93</td>
<td>1.30</td>
</tr>
<tr>
<td>9</td>
<td>Per Working Unit production (Rs. lakhs)</td>
<td>6.99</td>
<td>10.30</td>
</tr>
<tr>
<td>10</td>
<td>Per Working Unit Employment (No.)</td>
<td>7.00</td>
<td>3.57</td>
</tr>
<tr>
<td>11</td>
<td>Employment per rupee one lakh of investment in Fixed Assets</td>
<td>3.55</td>
<td>0.77</td>
</tr>
<tr>
<td>12</td>
<td>Production/Employment(Rs. lakhs)</td>
<td>1.06</td>
<td>2.88</td>
</tr>
</tbody>
</table>