

Navigating the Challenges and Unlocking the Potential: An Exploration of Small Scale and Cottage Industries in Kalimpong

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ABSTRACT

The basic building blocks of economic activity are small scale industries This sector has a higher contribution to GDP with reduced capital investment, provides more employment opportunities and is offering unique products and services that correspond to their customers' needs. This paper aims to present the problems and prospects of small scale industries in Kalimpong District. The objective of this study was to assess the performance and analyze the challenges and opportunities which influence the profitability of this industry. Survey method was used in this study to collect primary and secondary data. A number of respondents were 150 entrepreneurs during collection of data through sampling method. Data were analyzed by descriptive and statistical method. The results revealed that main motivation of small scale entrepreneurs was financial incentive. These industries directly or indirectly overcome the unemployment issues and made them self-reliant. The paper also highlights the major problems faced by these industries such as frequent power cut offs, low pay rolls, shortage of labour etc. However, the results illustrates that these industries have better prospects in the future and can widely contribute to the exports and generate revenue.

CHAPTER ONE

INTRODUCTION

Small-scale industries (SSI) plays a crucial role as the backbone of a developing economy with its effective, efficient, flexible and innovative entrepreneurial spirit. In a developing country like India, the small-scale sector holds an extraordinary place in the industrial structure. In our country, manpower is sufficient but capital is relatively scarce. Small-scale industries tend to be labour intensive. SSI units have been recognized as an initiator of economic growth and for promoting equitable development. Therefore, these industries are better matched with the country's resource potential. Observing the vast potential of small-scale sector, the Government of India has prioritized this sector a significant place in the framework of Indian economic planning for ideological as well as economic reasons. Since obtaining independence, India's small-scale economy has grown significantly in terms of both production and the number of units. Ninety-five percent of India's industrial units are small-scale businesses, which add forty percent to the value addition in the manufacturing sector and 6.29 percent to the GDP of the nation (Times of India, 2002). However, because of a number of issues, India's small-scale industries have not been able to grow to the full extent of their potential. In the North-Eastern States due to its varied geographical limitation, large industries are few in this region. This region has a very good capacity of generating small-scale industries. So in order to fill this gap small-scale industries in the regions where large industries are not possible, should be enhanced. Indira Gandhi, our late Prime Minister, once said, "Small-scale industries not only add value to production, but they also broaden the industrial base." Small-scale industries allow modernization and entrepreneurship to reach more areas and social classes. (Shinde, 2015). Kalimpong is a major production centre of indigenous ginger, gladioli and orchids, which are exported to other countries. Apart from its horticulture industry, the main source of revenue for the economy of Kalimpong remains its tourist industry, followed by its education sector (Passang, 2008).

Pertinence to the tea industry, no other large industry worth mentioning has arisen in this region due to various factors like lack of infrastructure facilities and inputs. The cottage industries in Kalimpong include local paper making, lollipop making; a local sweet made of milk and sugar in a shape of lollipop, noodle-making (Thukpas), fing making, khada making, wall-panels, handicrafts, wood-carving, handlooms, paintings, Bhutia paintings, handmade papers etc. These industries thrived sustainably due to local initiative but as of now, these industries are in a slump and are on the verge of extinction due to many obstacles. The hill area of Kalimpong provides a pollution free and congenial atmosphere for the growth of small-scale industries. Therefore, the small scale industries are very much required in the economic and social development of a region or a country as a whole especially in hilly regions like Kalimpong where heavy industries cannot be sustained and where there is heavy rate of unemployment. According to Mukherjee 1997, it is stated that this sector does not require heavy skill and knowledge, small scale sector can be easily developed in economically backward district like Kalimpong. SSI assists in maintaining ecology and environment by consuming less power and resources, achieving sustainable economic growth.

The small-scale industry is significant because it provides employment opportunities, capital requirement is minimal, short gestation period, promotes balanced regional development, and there is utilization of local resources with minimum harm to the environment. It can touch upon the lives of the remotest and the most marginalized people in the region. Kalimpong is very well renowned for these cottage industries from time immemorial but these industries, which also signify our culture is now facing a lot of problems and challenges in recent times. The basic challenges this industry faces is the lack of infrastructure, lack of advertisement, shortage of manpower, the lack of support by the government and the effect of globalization.

A. Overview of Small scale and cottage industries

The quick expansion of the small industry sector has been a prominent aspect of the Indian economy since Independence. The small sector was given a unique responsibility for generating extra employment with little capital investment in the Industrial Policy Resolutions of 1948 and 1956. Defining small-scale industries is not quite simple as it varies from one country to country and changes over time. There has been many variation in the definition of small-scale industries since its inception. For the first time, small-scale manufacturing was defined by the Fiscal Commission in 1950 as manufacturing that is primarily conducted in conjunction with hired labor, typically 10 to 50 workers.

In 1950, the government categorized small-scale industrial undertakings into two kinds - those using power but employing less than workers. All small-scale enterprises, however, had initial capital investment of less than Rs. 5 lakh. Currently, the industries are primarily defined on the basis to the investment ceiling. In the year 1966, the small-scale enterprises were defined as the enterprises which had a fixed capital investment of less than Rs. 7.5 lakh. In 1975, this limit was revised and increased to Rs. 10 lakh for small-scale enterprises and Rs. 20 lakh in case of ancillaries. Subsequently, this limit was further raised to Rs. 20 lakh in case of small-scale units under the Industrial Policy Statement of 1980. Later, in March 1985, the Government has again revised the investment limit of small-scale and made it to Rs.35 lakh.

The small-scale industry is presently defined “as an industrial undertaking in which the investment in fixed assets in plant and machinery whether held on ownership or on lease or by hire-purchase does not exceed rupees one crore” (Hussain 2003).

The MSME Act 2006 defined the cottage industry as “a unit where no labour is hired but family members are involved to support in the managing of the unit. There is negligible capital investment and there is only hand production using their own equipments and material”. However, the cottage industry is a part of the small-scale industries.

The diagram given below demonstrates the difference between small-scale and cottage industries.

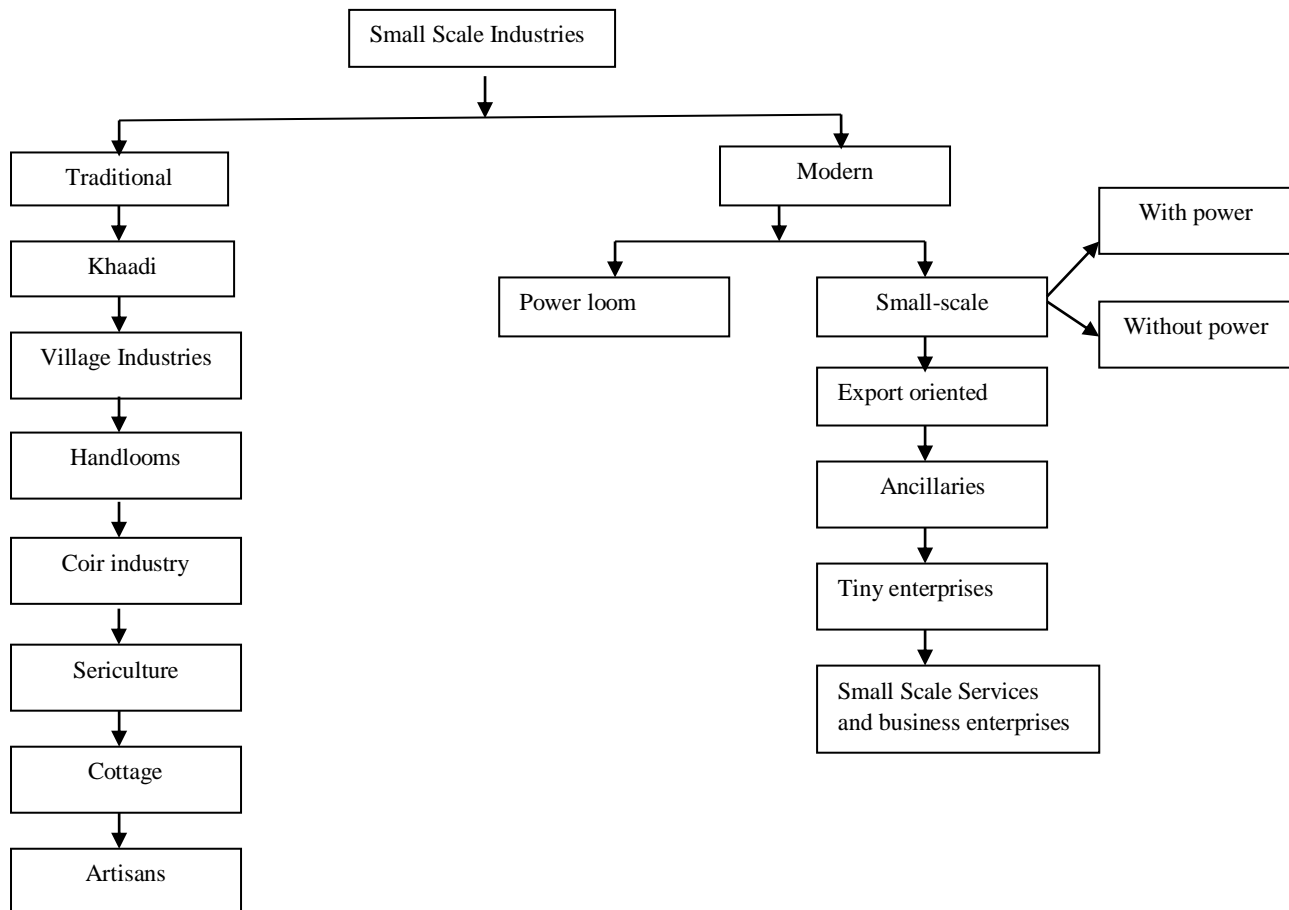


Diagram 1: Classification of small-scale industries
 Source: Sharma, 2012

The SSIs in India are broadly classified into two categories, the Traditional industries and Modern industries. Traditional industry is one which is basically craft based using hand made techniques and generally gets passed on from one generation to another. These types of industries are scattered, unorganized and conducted with a very little or sometimes no labour at all. The industries namely Khadi, Handlooms, Handicrafts, Coir, Silk and Wool are some of the traditional small-scale industries. Modern small-scale industry is neither traditional cottage industry nor large-scale industry but can be considered as the combination of both. This sort of industry can produce on a scale larger than that of a traditional small-scale industry due to the use of power driven technology and increased labour.

Practically, it is difficult to categorize the small scale and cottage industries on the basis of their definition and criteria. The traditional industries can be mostly observed in Kalimpong expect few but though their size is small they are inappropriate to be categorized as cottage industries as they include not only by family members but hired labourers as well. On the other hand, it is difficult to separate it from cottage industries because the investment is not so big. Therefore, the researcher has chosen the term small scale in this study as the small scale industries include both traditional and modern industries as explained in the above paragraph.

B. Food units of Kalimpong

Kalimpong is best known for its variety of food products in local market. The people of Kalimpong locally produce different food items like Fing, Thukpa (noodles), lollipop, pickle, dairy products, phambi, etc. These units are large in numbers and are able to contribute for the economic development of this region. They are helping the government in increasing infrastructures and manufacturing units, reducing issues like pollution, slums, poverty, and many development acts. A major advantage of these units is that they allow

people to work from their homes. Women are the ones who have been benefited the most because they can work from home while still looking after their families. Consumers benefit from cottage units because they are able to buy local products and, in the case of food products, items they know are fresh. Ingredients and supplies purchased locally help the local economy as well.

The various food units of Kalimpong are:

A. Fing

One of the Fing units in Kalimpong is located in Tirpai fatak, 11th mile. The owner of this industry is Mr. Gopal Chhetri. It was established in the year 1973. The raw materials used in the preparation of fing are moong daal and water. Big vessels, machine for grinding the daal, and some kitchen utensils are used for manufacturing. The thick layer of daal water is made and the shape of the product is given by some utensils having holes in it and then it is dried in the sun putting it in bamboo shafts.



Image 1: Fing

B. Thukpa (noodles)

A form of noodle called Thukpa is easily available in all local market in Kalimpong. Originated in the eastern part of Tibet, it is mostly known to be a Tibetan food popular in Asian countries. There are many cottage units engaged in preparation of noodles. These units have become a source of livelihood for people by providing plenty of employment opportunities. The researcher has covered three Thukpa units in Kalimpong. Hamro noodles, Rai's noodles and Kalash Brand are some noodle units where the survey has been undertaken.



Image 2: Thukpa (Noodles)

C. Lollipop

Out of all the things of Kalimpong, the mouthwatering The most iconic item that characterizes the place are the lollipops that are created here. Few of the conscious youths through this small scale business has not only become self employed but have also been able to create employment to others. Though the diligent residents of Kalimpong prepare and sell lollipops to supplement their daily income, the business is currently in danger of closing because of a lack of government support. Therefore, the researcher could find only few lollipop units, one of which is Bikram Product run and established by Mr. Pappu Thapa in the year 2001.



Image 3: Lollipop

D. Pickle

Among all other items of Kalimpong, Pickle is one of the traditional and most successful methods of food preservation known to human so far. The boost of pickle quality depends on maintenance of proper hygiene, acidity, salt concentration, temperature and sanitary conditions. With no doubt, the skillful blending of spice, sugar and oil with fruit and vegetable gives crisp, firm texture and pungent, sweet-sour flavor. One of the pickle units of Kalimpong is run and managed by the lady Ms. Renu Pradhan. She produces varieties of pickles, which she names 'Gorkhe Kosheli'.



Image 4: Pickle

E. Bakery

Bakery business is one of the largest food processing units in Kalimpong. The business is very profitable as one does not have to invest a huge capital. Among several bakeries in Kalimpong, one of which is Orian's Enterprises which was established in the year 1996. It is seen that Orian's Enterprises has provided employment opportunities to large number of youths in Kalimpong.



Image 5: Bakery

F. Khada

Khada, is one of the important traditional items produced in Kalimpong. It is the silk scarf used for felicitations and greetings in almost all occasions. Khada business is one of the oldest units in Kalimpong and is arguably the biggest. There are more than 10 Khada printing houses in Kalimpong and women dominate major portion of the industry. Almost about 1000 different families are more inclined to Khada making business. Therefore, it is one of the largest sectors, which is employing plenty of local people into productive work. Some of the Khada units visited in Kalimpong are Raj Tailor and Marwari Print.



Image 6: Khada

G. Boutiques

A boutique is a small store that deals with stylish clothing, accessories, or other usually luxury goods. Boutique has also become more popular among the women groups of Kalimpong. This industry has given ample of opportunities to women to earn good amount of money for living. Two boutique units were visited for the study purpose: 1) Meera Fashion and 2) Fancy Boutique. During the study, the researcher came to know that these units were set up with limited investment. Large sections of women in Kalimpong have become self-employed and through this business, they have been able to make others employed as well.



Image 7: Boutiques

H. Handicraft

Handicraft is a major source of income for rural communities employing many artisans including a large number of women and people belonging to the weaker sections of the society. Kalimpong is equally rich in handicrafts as it is in other streams. It's rich cultural heritage and centuries of evolutionary, tradition is manifested by the huge variety of handicrafts. The handicraft business is growing popular not only in Kalimpong but also in many parts of the globe. Some of the handicraft units on which the survey is based are:

➤ Handmade Paper Industry

The Handmade Paper Industry in Kalimpong use traditional methods in preparing Handmade Paper sheets. The paper here is manufactured manually and it comes from a shrub, the local name of which is Argaylee. There are two handmade paper units in Kalimpong. 1) Ganzong and 2) Himalayan. Both these units have been taken as the survey points. Generally, it is seen that the Handmade Paper Industry in Kalimpong is more female-intensive.



Image 8: Handmade Paper Industry

➤ *Thanka Painting*

Kalimpong is home to huge number of Tibetans who have been residing here for decades. Due to their presence, a lot of their unique art and craft work beyond praise is noticeable. They are done on cloth and other showpieces. It might take one week to more than a year to complete a single thanka painting. Considering the amount of time and effort invested in the making of each thanka, the price of thanka are surprisingly reasonable ranging from US\$ 20 onwards.



Image 9: Thanka Painting

I. Sericulture

Sericulture is one of the oldest agro based industries in India which deals with the production of silk. Kalimpong hills have great influence on Indian sericulture industry, because, it is a sericulture hub and well known for production of bivoltine silkworm seed cocoon. Sericulture industry of Kalimpong is undertaken by Government of India, which has created a skilled cadre of women artisans.



Image 10: Sericulture

J. Floriculture

Kalimpong has around 50 flower nurseries and is considered the floriculture hub of the region. This region has enormous potential. With the development of the global floricultural pattern, these hills have scope for production of Gladioli cut flowers to meet the demand of both the domestic as well as the export market. Among various nurseries, the researcher has selected some of the biggest nurseries of Kalimpong. They are Shanti Kunj, Pine view and Great Eastern Nursery.



Image 11: Floriculture

K. Apiculture

The market for honey is on hype, as the trend for healthy eating is on the peak. In Kalimpong, most of the people residing in rural parts depend upon bee keeping for their livelihood. Bee farming season lasts for around six to seven months in hill area. There is the great potentiality of earning good amount of profit through this business if the entrepreneur knows to efficiently manage the business. Some places of Kalimpong was visited for collecting some data and to see the status of apiculture in that area.

C. Significance of the study

In the further discussion, the author has reviewed some of the important empirical studies conducted with special reference to the small-scale industries in various areas of Kalimpong. Small-scale industries are highly significant in the present industrialization period. They are functioning by utilizing the natural resources. Natural resources play a very important role in industrial development. A nation will be unquestionably way better off in regard of mechanical improvement in case it is luxuriously blessed with characteristic assets. Mineral assets are utilized by the businesses for advancement. Vitality assets are utilized within the field of farming, industry, commerce, transport, etc. Marine resources also can make significant contribution to industrialization. Development potential of the hydro electrical power, which is a non-polluting energy source, depends on the nature and quantum of the water resources. A limited literature review has shown, that small scale industry development is dynamic and there are no comprehensive annual studies to examine the causal relationships between factors which help in judging the performance of the small-scale industries for all times. Any study in this regard will provide light to the problems and prospects. This in turn will help the millions of people engaged and associated with the industry.

D. Limitations of the study

During the course of ongoing study, the researcher experienced many problems, which were resolved to the desired level; however, these were very cumbersome and time consuming.

The following are the main limitations of the study:

- Majority of the units do not maintain proper and uniform records or accounts of their business. However, efforts were put by the researcher to manage and gather the adequate information as much as possible for the purpose of data analysis.

- All the aspects relating to the cottage and small-scale industries could not be covered leaving scope for further research in the field.
- For analyzing, the data collected from various units are added and then averages are calculated. Only the average financial figures are considered for analysis in this study.

E. Objectives of the study

With a view to bring about sustained and balanced regional development, the present study aims to focus on problems and prospects of industrial development especially that of small scale and cottage industries in Kalimpong. The objectives have been set out for the study to be of scientific interest and practical benefit as well.

- To identify the existing small-scale and cottage units and their potentialities
- To evaluate the performance of small-scale and cottage units taking into account the parameters like employment generated, exports, no. of units and wages per employee.
- To analyze the financial position and structure of the selected small-scale and cottage units in the study area
- To identify the problems, strengths, weaknesses and opportunities for the existing sample units in the study area in reference to environment of Kalimpong and sustainable development
- To calculate the financial position of small scale and cottage units by the use of various ratios like solvency ratio, profitability ratio, management efficiency ratios etc.

CHAPTER TWO

REVIEW OF LITERATURE

A major part of research consists in a thorough review and examination of the relevant literature. It reviews a wide range of publications and unpublished works in relation to this study. Further review of literature avoids unintentional replication of previous studies and also places the researcher in a better position to interpret the significance of her own results. In the early literature on economic growth and development, various economists have recognized industrialization as a source of employment and capital accumulation. Here I highlight the review of works by various authors as well as different committee reports related to the small scale and cottage industries at international, national and local levels.

Goldar.B (1988) in his study on productivity of the small-scale sector found out that the SSIs have low labour productivity while capital productivity is very high. But the overall total factor productivity has been less. Moreover, in Goldar's study it was also stressed that the SSI must not be used as a source of effective employment creation.

R (1987) showed that the value added by a rupee worth of fixed investment in small factories is at least three times as large as that for a large factory This has also been supported by a recent study by SIDBI and NCAER (1999). Several studies were carried out on factors which proved to be an obstacle to the growth of such small undertakings, supported by a variety of entrepreneurs. In the study conducted by Clacy and Lakhker in 1994, it has been observed that a smaller scale industry free choice is having an effect upon response to fierce competition. Technology deployed by small-scale units has been static in spite of the availability of improved technologies on the Indian market.

Morris.S, Basant.R (2006) in their study found out that small firms bear a very heavy burden in dealing with government. There is a need to come out of the inspector raj syndrome to simplify the umpteen laws and regulation ranging from Labour Compensation Act to the Unionization Act, which needs to be merged.

CHAPTER THREE

DATABASE AND RESEARCH METHODOLOGY

This study is empirical in nature. Accordingly, a field survey has been conducted to obtain primary data adopting a sampling design of “two stage purposive sampling” with the selection of industries at the first and industrial units at the second stage. Information is obtained from various regions of Kalimpong district about the existing cottage and small-scale business.

The present study is based primarily on primary and secondary sources of information in order to achieve these objectives. An informal meeting and an interview with the owner or workers of these units has taken place, as well as visits to various cottage and SMEs. In addition, personal interviews and informal discussions was also held with some government officials, to know their reactions and suggestions the primary data has been collected mainly from extensive field survey of the sample units. Questionnaires were asked personally to various informants and the information were directly collected through the observation of existing possible small-scale units in Kalimpong. Selected units were visited and there by necessary information were gathered.

Secondary data are mostly composed of published and unpublished work relating to these topics. Census reports, economic surveys, journals, local newspapers and e-contents were also referred.

In order to do so, the information collected from primary and secondary sources was edited, grouped and arranged in logical order. The collected data so arranged has been examined with the help of appropriate statistical tools to draw the inherent facts. The data has been represented through simple frequency tables for the number of units, total workers, male-female proportion and average. With the help of primary information, the research prepared financial statement and various ratios were calculated which is attached as the worksheet. However, this independent study has been subject to the constraints of both resource and time.

Table 1: Research Methodology

| | | |
|----|-------------------------------------|--|
| 1. | Study area | Kalimpong |
| 2. | Sample Size | |
| | Number of industrial units surveyed | 21 |
| | No of persons interviewed | |
| | Source of data collection | 150 |
| 3. | Methodology used | Primary and Secondary |
| 4. | | Interview, direct observation, statistical representation(arithmetic mean) |

A. Tools of analysis

To analyze both primary and secondary data and to interpret the simple statistical tools such as percentage method, ratios are employed in the study. The necessary charts are also used to make the data easily understandable and in order to analyze their performances was used for the visual representation. The data are carefully fed into the system for providing accurate analysis and results.

CHAPTER FOUR

FINDINGS, ANALYSIS AND GRAPHICAL REPRESENTATION

Small-scale and cottage industries are growing rapidly nowadays. People of Kalimpong are becoming self-employed and self-sufficient. There are several such industries in Kalimpong but the researcher chose some of the main industries of Kalimpong as her survey areas and thereby collected data.

A. General Information of Surveyed Small and Cottage Industries in Kalimpong

The researcher has covered some of the industries established before the year 2000 and thereafter and their general information is shown in the table below:

Table 2: General information of units

| S.N | Name of small and cottage businesses | Year of Estd. | Type | Proprietor | Industry belonging to |
|-----|--------------------------------------|---------------|---------|-----------------|-----------------------|
| 1. | Kalash Brand | 2017 | Private | Sanjok Gurung | Thukpa |
| 2. | Rai's Noodles | 2015 | Private | Nabin Rai | Thukpa |
| 3. | Hamro Noodles | 2010 | Private | Deepak Thapa | Thukpa |
| 4. | Gopal Fing | 1973 | Private | Gopal Chhetri | Fing |
| 5. | Bikram Lollipop | 2001 | Private | Pappu Thapa | Lollipop |
| 6. | Orian's Bakery | 1996 | Private | Irene Khanna | Bakery |
| 7. | Gorkhe Koseli | 1986 | Private | Renu Pradhan | Pickle |
| 8. | Raj Tailor | 2009 | Private | Raj Sharma | Khada |
| 9. | Marwari Print | 2005 | Private | Bajrang Agarwal | Khada |
| 10. | Meera Fashion | 2015 | Private | Meera Agarwal | Boutique |
| 11. | Fancy Boutique | 2011 | Private | Kriti Khawas | Boutique |
| 12. | Ganjong Paper | 1992 | Private | Sonam Bhutia | Paper |
| 13. | Himalayan Paper | 2006 | Private | S.T Bhutia | Paper |
| 14. | Thangka Painting | 2012 | Private | Dawa Wangdi | Thangka |
| 15. | Sericulture | N/A | Govt. | N/A | Silk rearing |
| 16. | Shanti Kunj | 1960 | Private | Dinesh Pradhan | Nursery |
| 17. | Pine view | 1971 | Private | M.S Pradhan | Nursery |
| 18. | Great Eastern | 1970 | Private | Chandan Rumba | Nursery |
| 19. | Bee Keeping | 2000 | Private | Gopal Khawas | Bee keeping |
| 20. | Sumshika Homestay | 2016 | Private | Saran Thapa | Homestay |
| 21. | Kanchanjunga Homestay | 2012 | Private | Mona Gurung | Homestay |

Source: Field survey, Kalimpong, 2019

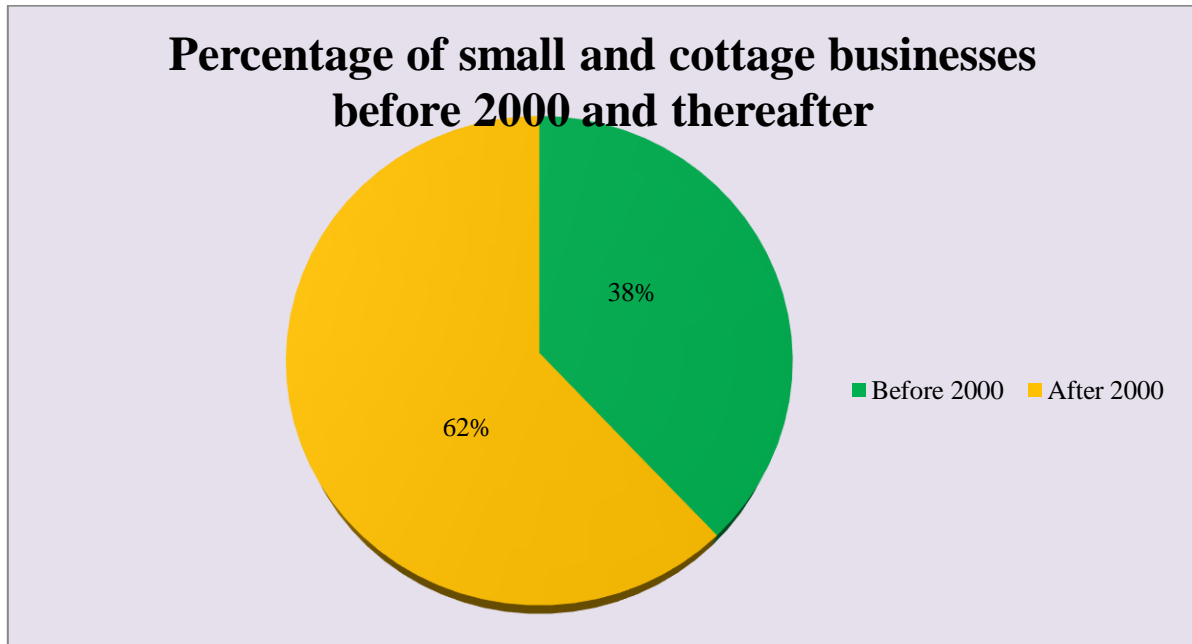


Fig. 1: Percentage of small and cottage businesses in Kalimpong established before 2000 and after 2000

The table above gives an account of the data from the field of the year of establishment, the ownership type, the name of the proprietor and the industry in which it belongs to. In the chart above, the yellow shaded region shows the percentage of small, cottage businesses established after the year 2000, and the green shaded region shows the percentage of small and cottage businesses established before the year 2000. It can be noted that the percentage of the industries set up before 2000 was 38% and after 2000 was 62%.

It can be noted that the small-scale businesses have been setting up in Kalimpong since five decades. Some of the businesses were even established before 1980's and still they are running efficiently. As, these businesses don't require huge capital, the proprietor can easily manage the fund on their own and it can also be noted that most of the units are privately managed and owned except Sericulture which is undertaken by Government of India.

The reason for the sustainability of these businesses since several decades might be due to less competition as they operate their activities in the small market area. It is easier to manage such industries only by a person or two because most of the industries are run in the proprietor's house, as they do not require large space.

After 2000, the rate of establishment of such industries rapidly increased which can be due to unemployment problems faced by them and thus, they wanted themselves to be self-employed by utilizing their entrepreneurial skills in their business. The revolution in such industries came after 2000 due to the awareness among people to do their own business in their own cottage. However, it can also be said that Government also took some initiative in spreading the awareness for the development of small and cottage businesses in Kalimpong.

B. Initial Investment

Capital investment is the most essential factor of production that is required to run the small and cottage industries. Less amount of capital is required to establish small and cottage industries as compared to large-scale business. Cottage industry does not require separate building for operating the activities but they can be establish in their own cottage. So, in case of cottage industries the requirement of capital is much more lower. The researcher has collected the following information from different units about the investment in the business. That information is arranged in the tabular form and in the figure below:

Table 3: Initial Investment of different small scale and cottage units

| S.N. | Name of the business | Initial investment |
|------|----------------------|--------------------|
| 1. | Thukpa | 2,00,000 |
| 2. | Lollipop | 25,000 |
| 3. | Fing | 3,00,000 |
| 4. | Bakery | 8,00,000 |
| 5. | Pickle | 50,000 |
| 6. | Khada | 55,000 |
| 7. | Boutique | 55,000 |
| 8. | Thangka | 60,000 |
| 9. | Handmade paper | 5,50,000 |
| 10. | Nurseries | 3,50,000 |
| 11 | Bee keeping | 10,000 |
| 12. | Sericulture | 10,000 |
| 13. | Homestays | 2,75,000 |
| | Average | 2,10,769 |

Source: Field Survey, Kalimpong, 2019

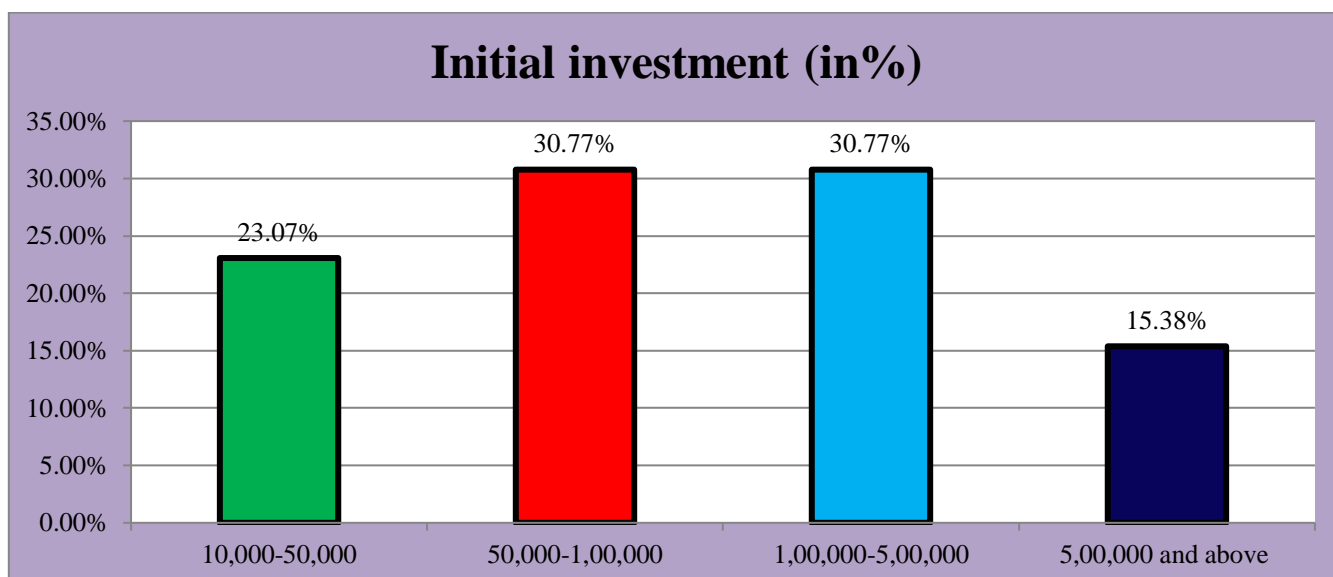


Fig. 2: Initial investment of small and cottage business in Kalimpong

The table and the bar chart above shows the initial investment of small scale and cottage units in Kalimpong. In table 3, we can see that the small scale and cottage units do not require huge amount of capital to run the business. The table shows the initial investment ranges from Rs. 10,000 to Rs. 8,00,000, through which it can be concluded that with minimum investment only, entrepreneurs can establish a small business and earn good profit . So, there is the ample scope for small and cottage units in Kalimpong. Similarly, in the figure 2, we can see that most of the small scale and cottage units are established with the capital of Rs. 50,000 – 1, 00,000. The chart shows that 23.07% of the units made an initial investment of Rs. 10,000- 50,000, another 30.77%of the units made an investment of Rs. 50,000 – 1,00,000, the next 30.77% of the units made an initial investment of Rs. 1,00,000 - 5,00,000 and 15.38% set up their small business like home stays, bakery with capital more than Rs. 5,00,000.

Through this, it can be concluded that these businesses can be establish with minimum capital of just Rs. 10,000. Not only this, they can also earn good profit with maximum sales due to their high demand in the market. There are lots of opportunities for small and cottage industries in hills areas like Kalimpong.

C. Employees Cost Ratio

Employees are the most indispensable assets of any business. They are the one who put their labour and efforts to make raw materials into finished product in small scale and cottage industries. In small scale and cottage industries, more labourers are employed, as they are less capital intensive and more labour intensive units. Therefore, the employees need to be paid in terms of wages and other facilities. Other benefits may include refreshment facilities, good working condition and medical facilities. This becomes the cost for the business. Therefore, the cost of labour is the sum of all wages paid to employees, as well as the cost of employee benefits paid by the employer. Small scale and cottage units are undoubtedly providing employment opportunities to the people as discussed earlier.

As, the employees cost becomes one of the crucial elements to know the social costs incurred by the small-scale business. The researcher has calculated the employees cost ratio and facilities to employee ratio in the worksheet enclosed with the main content. Similarly, all these ratios were calculated to find out how much the small scale and cottage sectors are spending on their employees out of the revenue. The following information was collected from the survey, which has been arranged in the tabular form.

Table 4: Employees cost ratio of different units

| S.N. | Name of the business | Employee cost ratio (in %) | Facilities to employee ratio (in%) |
|------|----------------------|----------------------------|------------------------------------|
| 1. | Thukpa | 13.42 | 1.32 |
| 2. | Lollipop | 42.60 | - |
| 3. | Fing | 32.59 | 1.11 |
| 4. | Bakery | 35.00 | 1.00 |
| 5. | Pickle | 25.20 | - |
| 6. | Khada | 41.85 | 0.98 |
| 7. | Thangka | 21.00 | 1.00 |
| 8. | Handmade paper | 32.00 | 1.34 |
| 9. | Nurseries | 59.33 | 1.31 |
| 10. | Homestays | 24.91 | 6.41 |
| | Average | 32.79 | 1.81 |

Source: Field Survey, Kalimpong, 2019

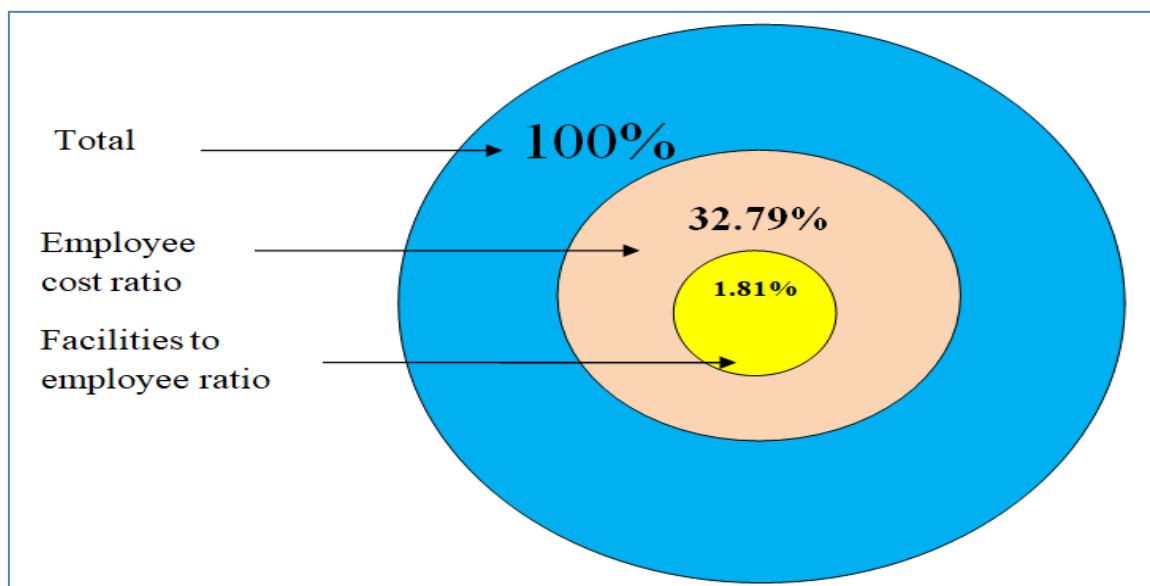


Fig. 3: Average percentage of employees cost incurred by small scale and cottage business

The employees cost ratio incurred by the small scale and cottage business is shown in the form of table and chart above. We can see from the above table that these units are incurring huge cost on employees because they are labour intensive business. While the employee cost in one hand is high, but on the other hand, we can see the ratio of facilities to employees very low.

In figure 3, the chart shows the average employee cost ratio of all industries. The yellow area shows the facilities to employee ratio and the pink area shows the employee cost ratio incurred by such small scale and cottage units of Kalimpong. The average employee cost ratio shows the percentage of 32.79%, which is very high in case of small business. This is because they employ many labourers for their activities to be carried out and on the other hand, these industries do not use modern and costly machinery to carry out their production. So, they incur more cost on employees who put their utmost labour and effort. The researcher also found that these units require both skilled and unskilled labourers and they pay different wages to the employees based on their skills and capabilities. With the increase in the small scale and cottage industries, it is not only the entrepreneur who gets the benefits but it is also the employees who is benefitted in terms of their wages, salaries and other facilities. The employees' living standard has been raised and even women have been empowered, so in this sense it can be said that these small and cottage industries are incurring their social costs and benefitting the society as well.

The average percentage of facilities to employees' ratio is 1.81% out of sales. The small scale and cottage businesses are providing very less facilities to the workers, they provide only basic amenities like refreshment facilities and in case of homestays they provide lodging and food facilities to their employees as well. Therefore, it can be said that small scale and cottage businesses are lacking in this regard. It is not only the matter of monetary motivation but the employees also require other facilities like good working conditions and medical and insurance facilities. So, the small and cottage businesses are required to provide other benefits to the employees for maximum output.

D. Other Product Cost Ratio

Production cost shall be the costs that an enterprise incurs when it produces a product or provides services. Small scale and cottage industries also incur variety of expenses such as raw materials, packing expenses and selling expenses and employee cost discussed earlier in table 4, needed to create a finished product. Small scale and cottage industries conduct their production activities in a small scale. With limited capital, they establish their business and conduct their operation. These businesses are more labour intensive and less capital intensive in nature. The investment in machinery is lower as compared to large-scale units. They produce non-standardized products and sometimes, according to the demand and other factors, they customize their product. Small scale and cottage industries is the major contributor of industrial output.

Various ratios such as purchase of raw material ratio, packing ratio, selling expenses ratio are calculated to find out the product cost ratio and the calculation of ratios are enclosed as the worksheet. The individual ratios of each business and the average of all individual ratios are shown in the form of table and charts below:

Table 5: Product cost effectiveness ratio of different units

| S.N. | Name of the business | Purchase of raw materials ratio (in %) | Packing expenses ratio (in %) | Selling expenses ratio (in %) |
|------|----------------------|--|-------------------------------|-------------------------------|
| 1. | Thukpa | 24.13 | 2.46 | 3.68 |
| 2. | Lollipop | 27.78 | 2.78 | 1.85 |
| 3. | Fing | 18.52 | 1.85 | 2.59 |
| 4. | Bakery | 20 | 2.40 | 2.00 |
| 5. | Pickle | 7.87 | 4.72 | 3.15 |
| 6. | Khada | 24.04 | 1.22 | 1.17 |
| 7. | Thangka | 40 | 2.00 | 2.00 |
| 8. | Handmade paper | 14.15 | 1.15 | 0.75 |
| 9. | Nurseries | 9.62 | 3.62 | 1.94 |
| 10. | Bee keeping | - | 7.5 | 7.5 |
| | Average | 20.67 | 2.97 | 2.66 |

Source: Field Survey, Kalimpong, 2019

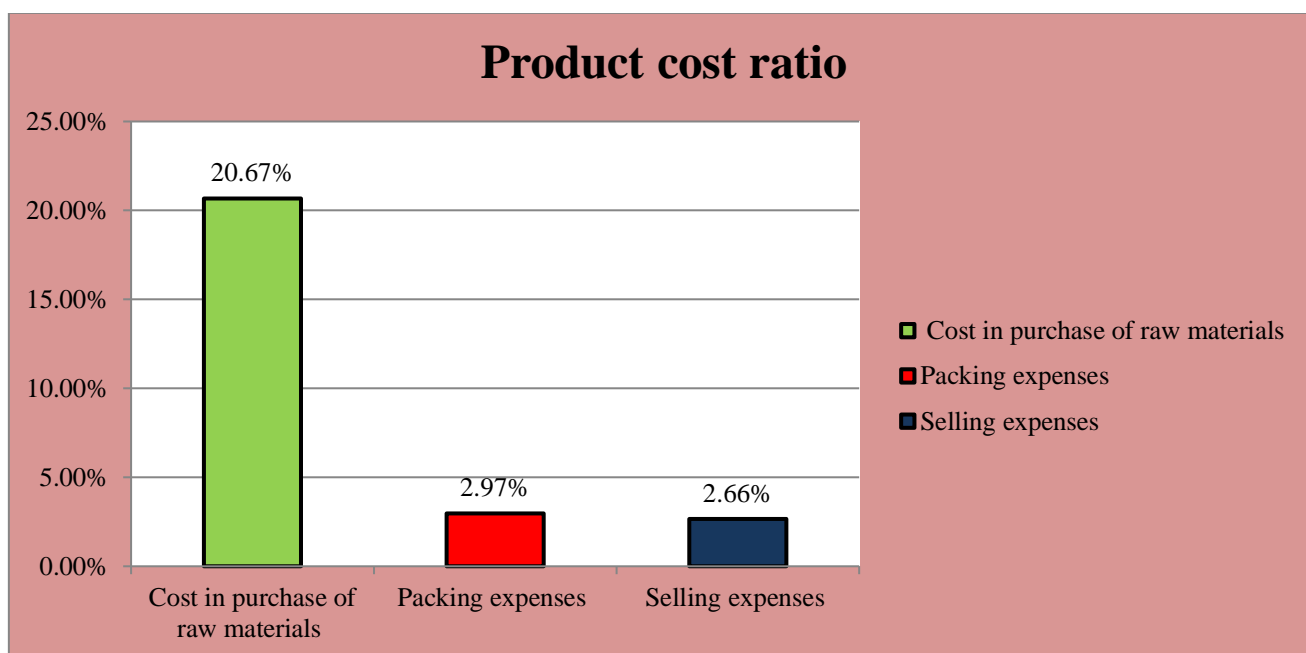


Fig. 4: Average percentage of product cost ratios of small scale and cottage business in Kalimpong

The table and the chart show the percentage of various ratios such as cost in purchase of raw material, packing expenses and selling expenses ratios to sales. The individual percentage of product ratios of each unit is shown in the table while the chart above shows the average percentage of product cost ratios of each unit. From the table, we can see that small scale and cottage units do not have huge cost on purchase of raw materials. These units also have less packing and selling expenses.

In figure 4, we can see that various product cost ratio are shown in the form of bar chart. The green bar shows the purchase of raw materials cost ratio, the red bar shows the packing expenses ratio and the blue bar shows the selling expenses. The average percentage of cost in purchase of raw material ratio is 20.67% of sales, which is very low in case of small, and cottage business. This was because these units make use of raw materials that are readily available to them. Local resources were utilized to great extent, which was the major cause of incurring less cost in purchase of raw material. Their product usually signifies the local culture of the particular community so, there is no need of bringing much of their raw materials from outside their local area.

Similarly, if we see the packing expenses in figure 4, we find that these units spend fewer amounts in packing their product for sales i.e. average packing expense ratio stands to 2.97% of sales. These units do not make use of modern machinery, which reduces their costs. Their packing expenses are low because their production is done in a small-scale. So, their products do not require huge expenditure in packaging. They use normal and economical method of packing their product.

In the figure, the average selling expense ratio is 2.66% of sales, which means the selling expense ratio of such units is much lower. They needed have to have huge amount of money for selling their product because they usually supply their products to the wholesaler and the demand for their product in the market be it domestic or international market is very high. So, they didn't have to spend on advertising their products for sale.

E. Profitability of Small and Cottage Businesses In Kalimpong

Small and cottage industries have been earning a good amount of profit since many decades, which has led to their sustainability of their business. Profit is one of the indispensable financial factors, which is vital for the growth, and survival of any business. So, in order to know the firm's ability to generate earnings, the researcher has calculated various profitability ratios, which are enclosed as the worksheet.

Table 6: Profitability ratios

| S.N. | Name of business | Gross Profit ratio (in %) | Net Profit Ratio (in %) | Operating expenses ratio (in %) | Return on Investment (in %) |
|------|------------------|---------------------------|-------------------------|---------------------------------|-----------------------------|
| 1. | Thukpa | 53.65 | 27.19 | 26.45 | 13.73 |
| 2. | Lollipop | 37.50 | 13.42 | 24.07 | 58.00 |
| 3. | Fing | 60.92 | 12.22 | 48.70 | 11.00 |
| 4. | Bakery | 43.90 | 12.00 | 31.90 | 7.50 |
| 5. | Pickle | 60.63 | 48.03 | 12.60 | 61.00 |
| 6. | Khada | 33.25 | 19.67 | 26.60 | 52.59 |
| 7. | Boutique | 56.15 | 39.45 | 16.70 | 52.34 |
| 8. | Thangka | 39.00 | 13.25 | 25.75 | 44.17 |
| 9. | Handmade paper | 53.00 | 19.25 | 33.75 | 4.74 |
| 10. | Nurseries | 41.76 | 28.77 | 13.00 | 13.39 |
| 11. | Bee- Keeping | 75.00 | 60.00 | 15.00 | 48.00 |
| 12. | Silk Farming | 91.67 | 70.00 | 21.67 | 42.00 |
| 13. | Homestay | - | 38.49 | 61.51 | 13.86 |
| | Average | 53.87 | 30.90 | 27.52 | 32.49 |

Source: Field survey, Kalimpong, 2019

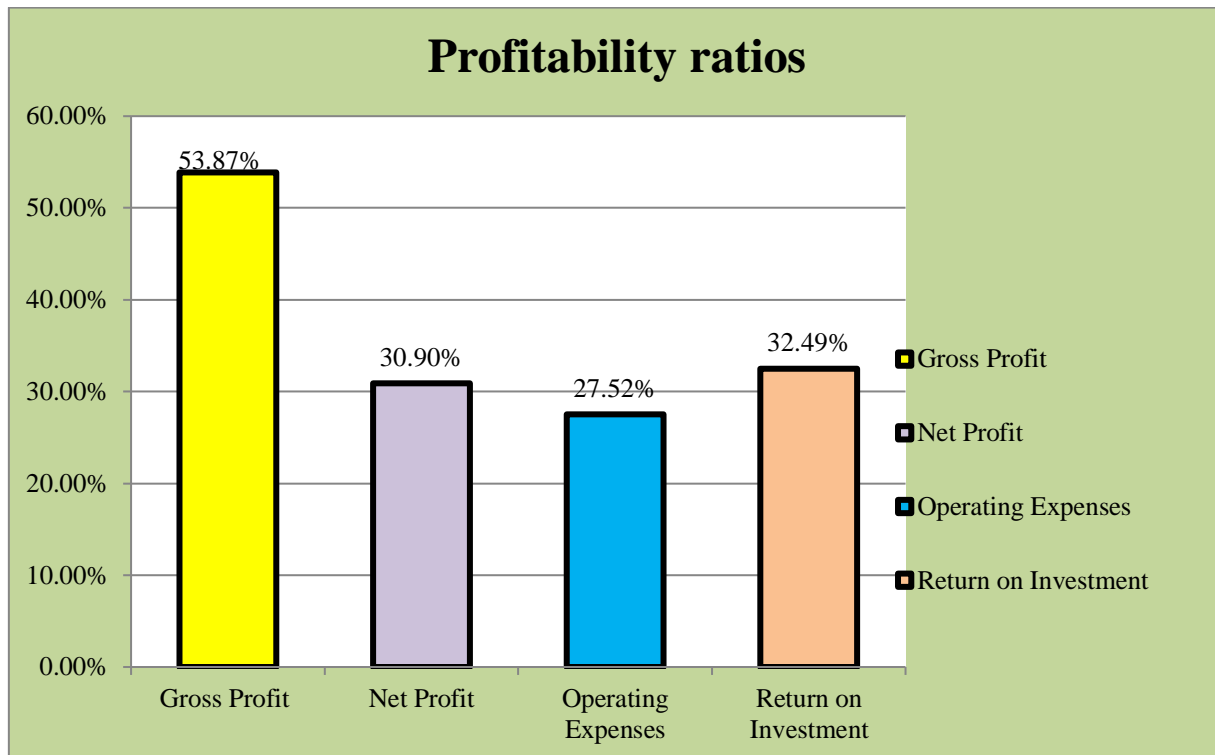


Fig. 5: Average profitability ratios of small and cottage businesses in Kalimpong

In order to calculate the profitability ratios of each individual small scale and cottage business, the gross profit ratio, net profit ratio, operating expenses ratio and return on investment ratio are considered, which are presented in the tabular form above. The chart also shows the average profitability ratio of small and cottage industries in Kalimpong.

Through this, it can be noted that the average gross profit ratio is 53.87%. It indicates that each business earns 54 paise per rupee of sales as gross profit. The gross profit they are earning is found to be good and this indicates the sustainability of the small scale and cottage industries in Kalimpong. It is understandable how profitably these industries are running.

The average net profit and operating expenses ratio are 30.90% and 27.52% respectively. Having viewed the average net profit ratio in the above chart, it indicates each business is earning 31 paise per rupee of sales after meeting all the production and other costs. Through this, it can be understood that these businesses are earning good amount of profit with limited investment. It can be seen in the chart that the return on investment (ROI) is very high. It can be said that amount of capital invested in the industry is also properly utilized and at the same time, these businesses are found to be lucrative in nature. Government should take initiative in such businesses to take more persons to join the small and cottage industries in the era of unemployment.

F. Performance Appraisal in Management of Small and Cottage Industries In Kalimpong

For any business to know how efficiently it runs and to point out the probable areas of efficiencies or deficiencies, several management efficiency ratios need to be calculated. Several related ratio are calculated to find out the efficiency of management, which are enclosed as a worksheet.

Table 7: Management efficiency ratios

| S.N. | Name of the S.S.I. and cottage industries | Debtors Turnover Ratio (in months) | Creditors Turnover Ratio (in months) | Working Capital Turnover Ratio (in times) |
|------|---|------------------------------------|--------------------------------------|---|
| 1. | Thukpa | 1 | 2 | 22.99 |
| 2. | Lollipop | 1 | 1.5 | 20.57 |
| 3. | Fing | 1 | 2 | 21.60 |
| 4. | Bakery | 1 | 2.5 | 24.00 |
| 5. | Pickle | 1 | 2.5 | 15.00 |
| 6. | Khada | 1 | 2 | 23.14 |
| 7. | Boutique | 1.2 | 2.2 | 12.70 |
| 8. | Thangka | 1 | 1 | 20.00 |
| 9. | Handmade paper | 1.2 | 2.2 | 13.51 |
| 10. | Nurseries | 1.17 | 2.17 | 13.44 |
| | Average | 1.1 | 2.1 | 18.70 |

Source: Field Survey, Kalimpong, 2019

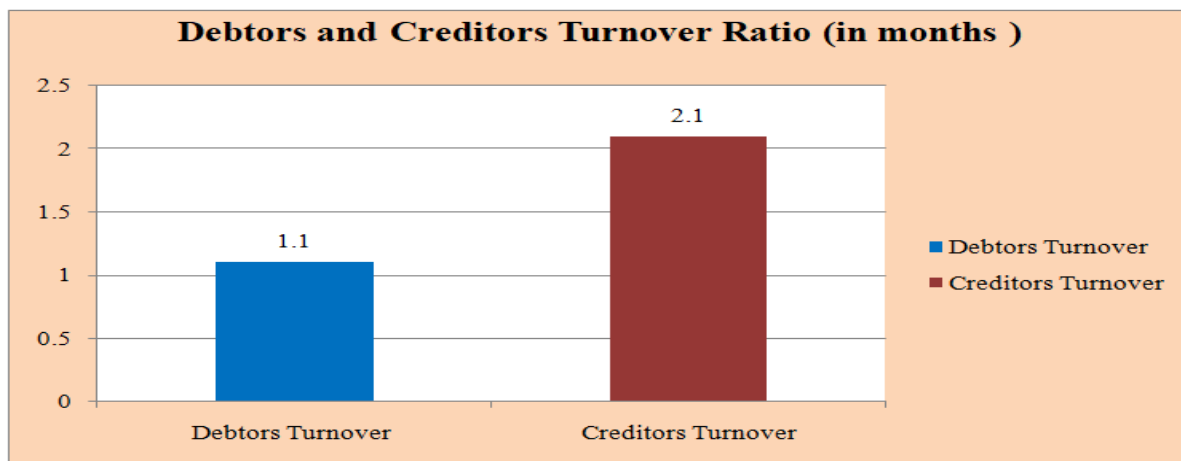


Fig. 6: Average Debtors and Creditors Turnover Ratio of small and cottage business in Kalimpong

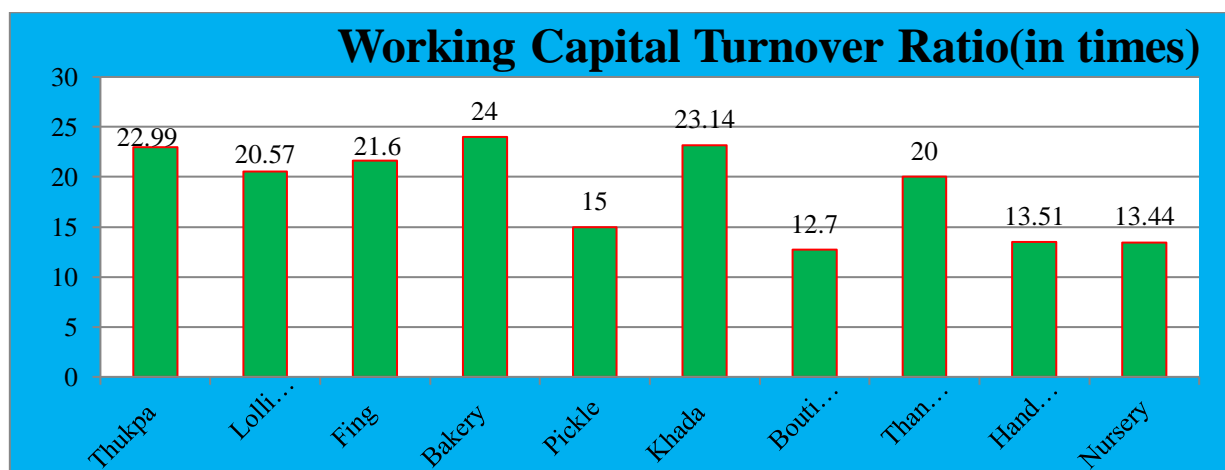


Fig. 7: Working Capital Turnover Ratio of small and cottage business in Kalimpong

The table shows the debtors turnover ratio, creditors turnover ratio and working capital turnover ratio of each concern and the charts in figure 6 and figure 7 show the average of debtors', creditors' and working capital turnover ratio of all the selected concerns. There are some other industries like Sericulture, beekeeping and service industries, which do not follow credit sale and purchase. So, the researcher has only included those industries which follow the credit sale and purchase policy.

Having viewed the debtors' turnover ratio in figure 6, it can be seen that these businesses quickly realize the credit sale on an average of 1.1 months i.e. 33 days. This shows that these industries have good collection policy and efficient management. It can also be noted that the credit period allowed to the customers is shorter. Similarly, in case of creditors' turnover ratio, they are paying off in an average of 2.1 months i.e. 63 days to their suppliers. These businesses are enjoying large number of days for their credit purchase. Therefore, it is understandable that they have efficient credit receivable management.

The figure 6 shows the working capital turnover ratio of each small and cottage business. The average working capital turnover ratio is only 18.70% of sales as shown in the above table. It implies that with minimum working capital this business can be run. In the rural area of the hill, managing large amount of working capital is next to impossible.

G. Liquidity Position of Small Scale and Cottage Industries

Liquidity signifies the firm's ability to meet its short-term commitments. To meet the obligations of small scale and cottage business, they need to convert available assets into cash. The ability to convert assets into cash depends upon the ability to earn profit from sale of products and services. It is very much essential to know the liquidity position of any concern because it signifies the health of any business, whether the business has sound health or not. Similarly, to know the liquidity position of small scale and cottage industries, it is essential to calculate various ratios. Among various ratios, the researcher has computed current ratio with the available information to find out how liquid the small scale and cottage units are. The calculated of ratios has been attached as a worksheet. The table below shows the current ratio of the small scale and cottage businesses.

Table 8: Current ratio of different units

| S.N. | Name of the business | Current ratio |
|------|----------------------|---------------|
| 1. | Thukpa | 2.2 |
| 2. | Lollipop | 2.4 |
| 3. | Fing | 2.7 |
| 4. | Bakery | 2 |
| 5. | Pickle | 5 |
| 6. | Khada | 2.1 |
| 7. | Thangka | 2.5 |
| 8. | Handmade paper | 3.9 |
| 9. | Nurseries | 5.8 |
| 10. | Boutique | 5.1 |

Source: Field Survey, Kalimpong, 2019

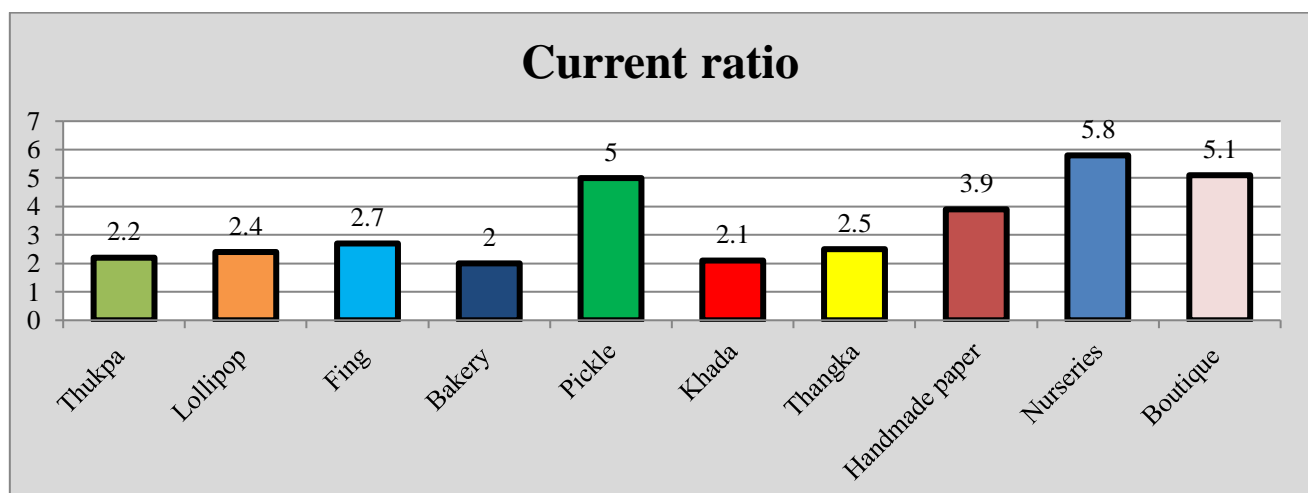


Fig. 8: Current ratio of different small-scale and cottage business

The table and the chart show the current ratio of different surveyed small-scale and cottage business of Kalimpong. In table 8 and figure 8, we can see that all these units have good current ratio. Their current ratio is more than the normal ratio of 2. So, it seems that these small scale and cottage business have strong financial position. Their short-term solvency position is found to be very good which becomes one of the major advantages of small scale and cottage business. So, these units are able to pay off their maturing obligations easily as soon as it becomes due.

The researcher has found the above information from the survey on different small-scale and cottage units. Some of the small-scale and cottage business such as such as bee keeping, sericulture and service sector did not maintain credit policy and did not provide other information required to calculate current ratio. Therefore, the researcher took the debtors as current assets and creditors as current liabilities of such firm. These calculations are done in the worksheet.

H. The Composition of Workers and their Wage Structure in the Small and Cottage Business in Kalimpong

In the small-scale and cottage industries, goods are produced in a small-scale. These industries are more labour intensive and less capital intensive. So, these industries require more labour for their operation. The researcher has surveyed the following industries to know the composition of workers and their wage structure.

Table 9: Composition of workers and wage structure

| S.N | Name of Business | Total Workers | Male workers | Female Workers | Basic wages per month |
|-----|------------------|---------------|--------------|----------------|-----------------------|
| 1. | Thukpa | 13 | 7 | 6 | 5,000 |
| 2. | Lollipop | 9 | 3 | 6 | 4,000 |
| 3. | Fing | 10 | 8 | 2 | 8,000 |
| 4. | Bakery | 15 | 11 | 4 | 8,000 |
| 5. | Pickle | 2 | - | 2 | 4,000 |
| 6. | Khada | 17 | 12 | 5 | 6,000 |
| 7. | Boutique | 13 | 3 | 10 | 5,000 |
| 8. | Thangka | 5 | 4 | 1 | 8,000 |
| 9. | Handmade paper | 9 | 5 | 4 | 6,000 |
| 10. | Nurseries | 31 | 16 | 15 | 5,000 |
| 11. | Bee- Keeping | 1 | 1 | - | 1,500 |
| 12. | Silk farming | 1 | - | 1 | 500 |
| 13. | Homestays | 5 | 2 | 3 | 7,000 |
| | Total | 131 | 72 | 59 | 69,500 |
| | Average | 10 | 6 | 4 | 5,346 |

Source: Field survey, Kalimpong, 2019

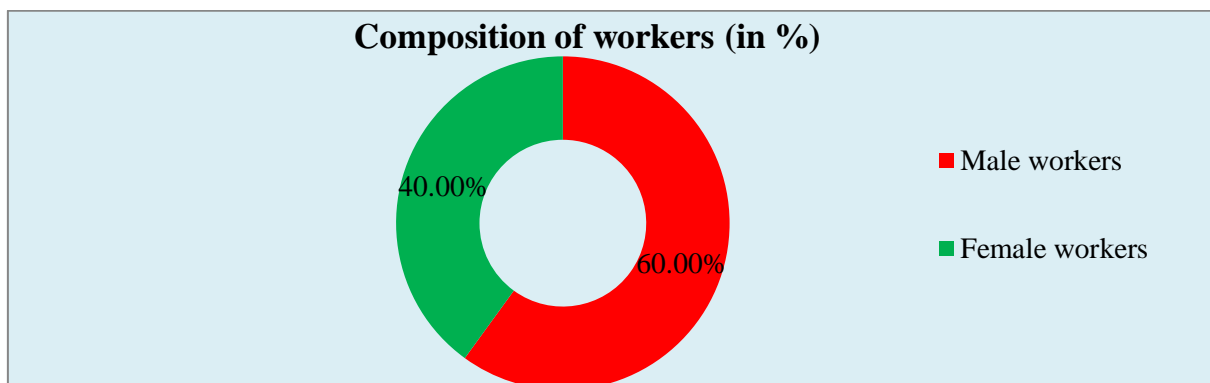


Fig. 9: Composition of male and female workers in small-scale and cottage business in Kalimpong

The table above gives in detail the total number of workers, the male-female composition in each business and their basic wages per month. It can be noted that these industries hire employees for the production of their respective products. The total number of workers hired in survey units is 131 among which the total number of male and female workers is 72 and 59 respectively. This shows that women are no longer in a backward state. These businesses have empowered women and have helped them to uplift their living standard. Such industries have made women easier to work in or nearby their home making them able to handle their household work too. Employment opportunities are provided by these industries to several unemployed persons. The table also shows that the average basic wages paid to the employees is Rs. 5,346. However, as they run in a small scale, they cannot provide huge wages to their workers, so, there is the problem of labour shortage, even though in some industries amount of wages are preferential.

The chart also shows the percentage of male and female workers working in selected small scale and cottage industries in Kalimpong. The graph shows 60% of male workers and 40% of female workers engaged with small and cottage industries. In most of the businesses such as pickle, nurseries, Thukpa, lollipop, boutique, etc. the researcher found most of the female workers engaged in the production process. It can be due to the reason that in these industries the production process is not so strenuous and is easier for females to work. This has proved that female workers are not left behind; they have also been able to come out of their jurisdiction of their home and work to earn for their livelihood. Government of India is also targeting on empowering women financially and socially. So, it can be said that the target of Government is being satisfied by cottage and small-scale industries. There is the great scope that female workers in future will be increased by even more percentage.

I. Labour Turnover Ratio

Small scale and cottage industries are labour intensive in nature. They hire large number of employees in their business. But these hired employees have no guarantee that they will retain in the same business for long. They can opt for any other better opportunities and can leave the business. This is known as labour turnover.

Therefore, labour turnover means the relation between the number of persons joining and leaving the job for variety of reasons. The small scale and cottage industries are mostly facing the problem of labour turnover. The researcher has collected the data from the units and found out the information, which have been arranged in the table and graph below. The labour turnover ratio has been calculated in the worksheet using the following formula.

$$\text{Labour turnover ratio} = \frac{\text{No. of labours leaving}}{\text{Average no. of workers}} * 100$$

Table 10: Labour turnover ratio of different units

| S.N. | Name of the business | Labour turnover ratio (in %) |
|------|----------------------|------------------------------|
| 1. | Thukpa | 30 |
| 2. | Lollipop | 55 |
| 3. | Fing | 40 |
| 4. | Bakery | 46 |
| 5. | Pickle | 50 |
| 6. | Khada | 55 |
| 7. | Thangka | 60 |
| 8. | Handmade paper | 32.5 |
| 9. | Nurseries | 31.1 |
| 10. | Homestays | 20 |
| | Average | 41.96 |

Source: Field Survey, Kalimpong, 2019

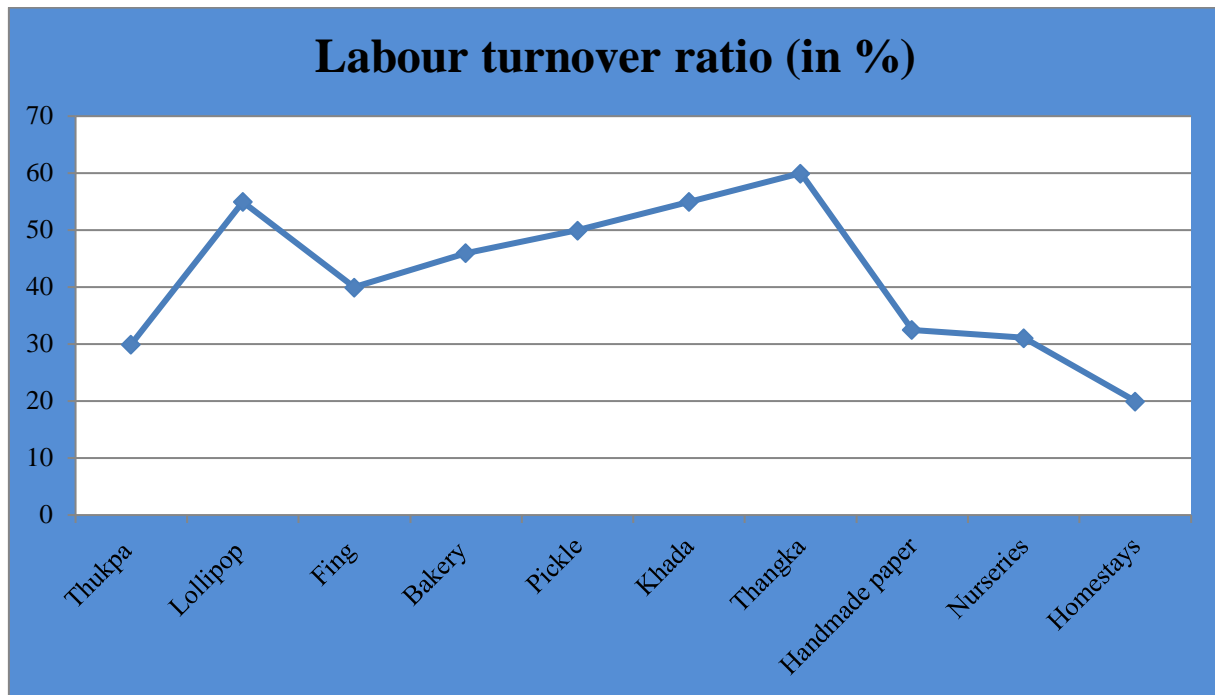


Fig. 10: Percentage of labour turnover ratio of small scale and cottage business

The table and the chart show the labour turnover ratio of each small scale and cottage units. Their average labour turnover ratio of such units is 41.96% that shows that there is high rate of labour turnover. This may be due to the reason that these industries need skilled people for their production and there is lack of skilled people in Kalimpong. So, the Government should provide trainings and organize workshops to make them skilled manpower. On the other hand, these small scale and cottage businesses do not provide huge salaries and wages to the employees because their production is less and so is the sales. The researcher has discussed about of wage structure in Table 9. The workers leave the organization and move to other sectors if they get better choices in any other sectors.

Similarly, the labour turnover can be due to poor facilities to the workers. The workers may not be satisfied with the existing facilities that the business provides. Usually the small scale and cottage businesses only provide basic facilities to the workers, which include tea and breakfast only. Therefore, the units need to pay attention on labour turnover as it increases the cost of the business. They should include good working condition and other benefits that the employees prefer. As, the high rate of labour turnover signifies the danger signal, the small scale and cottage units needs to be pay more attention on this regard.

J. Use of Local and Non-Local Resources by Small Scale and Cottage Industries in Kalimpong

Resources play a crucial role in the production of goods and services. Resources can be human, financial, informational or physical. These resources are correlated to each other. Small scale and cottage industries make use of local resources and helps in mobilization of resources in better way. As, the selected business are heterogeneous in nature, the use of resources vary. The researcher has found out the information about the use of the local resources, which has been shown in the table and chart below:

Table 11: Use of local and non-local resources by small and cottage units

| S.N. | Name of the small and cottage business | Percentage of use of local resources | Percentage of use of non-local resources |
|------|--|--------------------------------------|--|
| 1. | Thukpa | 60% | 40% |
| 2. | Lollipop | 80% | 20% |
| 3. | Fing | 70% | 30% |
| 4. | Bakery | 60% | 40% |
| 5. | Pickle | 95% | 5% |
| 6. | Khada | 70% | 30% |
| 7. | Boutique | 50% | 50% |
| 8. | Thangka | 50% | 50% |
| 9. | Handmade paper | 90% | 10% |
| 10. | Nurseries | 75% | 25% |
| 11. | Bee keeping | 90% | 10% |
| 12. | Sericulture | 70% | 30% |
| 13. | Homestays | 50% | 50% |
| | Average | 70% | 30% |

Source: Field Survey, 2019

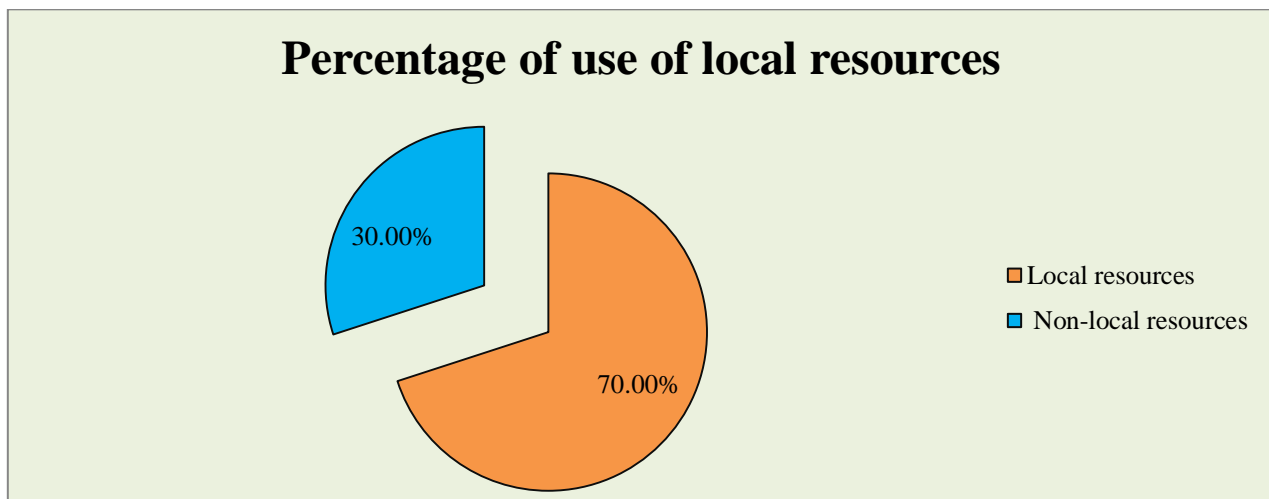


Fig. 11: Percentage of local resources having used by small scale and cottage business in Kalimpong

The table 11 and the chart in figure 11 shows the percentage of use of local and non local resources by the surveyed small scale and cottage businesses of Kalimpong. From the table above, it can be seen that these businesses use much of the local resources available in Kalimpong in terms of labour, capital, raw materials and other aspects. This helps in mobilization of resources and helps to reduce wastage as well.

In the chart above, it is clearly shown that the average percentage of use of local resources is more than that of non- local resources. The percentage of use of local resource is 70% and the use of non- local resources is 30%.It can be noted that such business are utilizing the local resources of the society in a proper manner to get maximum benefit out of it.

The reason behind using local resources to great extent like in 70%, may be that the raw materials and other resources they require are readily available in Kalimpong. This will lead in less costs and wastages, the business is able earn maximum profit.

Local resources are made use to great extent by small scale and cottage business in Kalimpong, because they produce local products and thus they do not require other resources very much. Some of the resources which are not available or shortage in Kalimpong, they bring them to efficiently run their business.

K. Supply Of Their Product Outside Kalimpong

The small-scale industrial products are sold in the local market and supplied to various states in the country. Small scale and cottage products reflect local culture, local taste and community. Their products and their production process seem to be very eco –friendly. The table below shows the different areas and parts of the country where their products are supplied.

Table 12: Supply area of each small scale and cottage products

| S.N. | Name of the S.S.I. and cottage industries | Supply area of their products |
|------|---|--|
| 1. | Thukpa | Only in Kalimpong |
| 2. | Lollipop | Sikkim and Darjeeling |
| 3. | Fing | Kalimpong and Darjeeling |
| 4. | Bakery | Only in Kalimpong |
| 5. | Pickle | Darjeeling, Sikkim, Kolkata |
| 6. | Khada | Darjeeling and Sikkim |
| 7. | Boutique | Only in Kalimpong |
| 8. | Thangka | Sikkim and Darjeeling |
| 9. | Handmade paper | Kolkata, Delhi, Darjeeling |
| 10. | Nurseries | Kolkata, Delhi, Chennai, Gujarat, Mumbai |
| 11. | Bee- Keeping | Sikkim and Kalimpong |

Source: Field Survey, Kalimpong, 2019

The Table shows that small and cottage businesses of Kalimpong not only supply their products in local market but also in other parts of the countries like Sikkim, Darjeeling, Kolkata, Gujarat, Mumbai and Chennai. The demand for their product is not only high in Kalimpong but also in various parts. This is because their products reflect local culture and taste. On the other hand, their products are meant to be pure, chemical less and very eco-friendly in nature. Though they supply their products in various places, they lack big spaces for large production to be carried out to meet their demand. So, these small and cottage industries need to be promoted and supported by the government financially and technically as these industries contribute to the major portion of revenue to the government.

L. Export of Small Scale and Cottage Business to the International Market

The small-scale and cottage business are not only supplying their products in local market but also exporting to various countries outside India. It is a good side of small scale and cottage industries that they export their products, benefitting themselves and the Government. Exports will enable a country to earn foreign currency as the revenue for the sale of the products and services. The table below shows the details of the businesses, which export their products to various countries of the world like Bhutan, Nepal, European, American and Asian countries and the business that do not export to any international market has also been put in the tabular form.

Table 13: Percentage of small scale and cottage units that export

| S.N. | Name of the S.S.I. and cottage business | Export | Countries where they export |
|------|---|--------|---------------------------------|
| 1. | Thukpa | No | - |
| 2. | Lollipop | No | - |
| 3. | Fing | No | Bhutan |
| 4. | Bakery | No | - |
| 5. | Pickle | Yes | Nepal |
| 6. | Khada | Yes | Nepal and Bhutan |
| 7. | Boutique | No | - |
| 8. | Thangka | Yes | European and Asian countries |
| 9. | Handmade paper | Yes | American and European countries |
| 10. | Nurseries | Yes | Mostly European countries |
| 11. | Bee-Keeping | Yes | - |

Source: Field Survey, Kalimpong, 2019

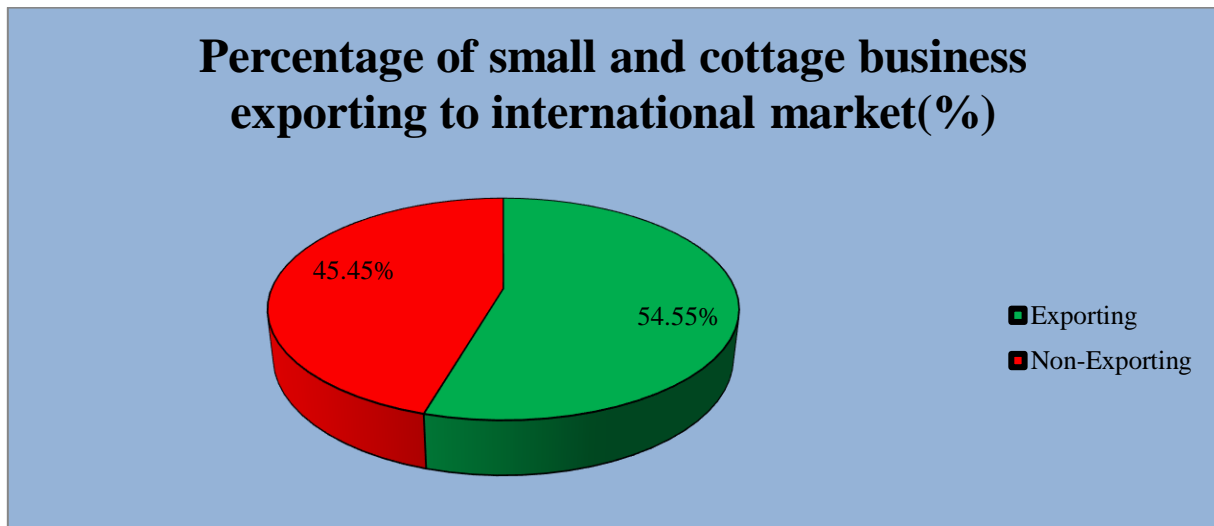


Fig. 12: Percentage of small and cottage businesses exporting their products outside India

The table shows the details about the small and cottage business which export and the international market where they export their products. It can be seen from the above table that there are six businesses exporting their products to the international market among 11 surveyed businesses. It is clear that feng is exported to Bhutan, pickle to Nepal, khada to various parts of Nepal and Bhutan, beautiful thangka paintings to European and Asian countries, handmade papers to American and European countries and products of nurseries mostly to European countries.

In figure 12, percentage of small and cottage businesses exporting their products to international market is shown. The percentage of business that exports is 54.55% and which do not export is 45.45%. This percentage was calculated by using the following formula:

Percentage of small scale and cottage business exporting their products

$$= \frac{\text{Number of 'Yes'}}{\text{Total Number of S.S.I. and cottage business}} * 100 = \frac{6}{11} * 100 = 54.55\%$$

Percentage of small scale and cottage business not exporting their products

$$= 100\% - \% \text{ of exporting business} = 100\% - 54.55\% = 45.45\%$$

It is clear from the above figure that these small scale and cottage industries are substantially contributing to India's exports by exporting their products. They contribute directly and indirectly to exports and earn valuable foreign currency. At the same time, their imports are little and so there is less foreign exchange outgo. Therefore, these businesses are net foreign exchange earners. It can be said that these businesses have huge scope in exports of their products to earn foreign currency. However, Government should actively support these industries to make their products reach to the international market.

M. Seasonal and off Seasonal Products

Most products produced by small scale and cottage industries are found to be seasonal except few. The impact of the season on product affects the demand, production and sales of the product. So, season can also make huge difference in demand and sales of the product. Taking in view about the seasonal factor, the researcher collected the following information from the respective units.

Table 14: Seasonal effects on small scale and cottage products

| S.N. | Name of the business | Season | Off season |
|------|----------------------|-------------------|------------------|
| 1. | Thukpa | February-May | July-November |
| 2. | Lollipop | January–December | - |
| 3. | Fing | November- May | May – October |
| 4. | Bakery | January–December | - |
| 5. | Pickle | January-December | - |
| 6. | Khada | September-May | June -August |
| 7. | Boutique | October-February | March- May |
| 8. | Thangka | – May | June – August |
| 9. | Handmade paper | November- May | July – September |
| 10. | Nurseries | October -February | June- August |
| 11. | Silk-rearing | April-September | December-March |
| 12. | Bee- Keeping | June &October | July- September |
| 13. | Homestays | February-June | July –September |
| | | October-November | December-January |

Source: Field Survey, Kalimpong, 2019

The table shows the details about the seasonal and off seasonal products produced by small scale and cottage industries in Kalimpong. Most of the products are found to be season based except few, which includes, lollipop, bakery and pickle business.

It is also found that most of the small scale and cottage industries cannot conduct their production during rainy season. Some products like Thukpa, Fing, handmade paper etc. are required to let dry naturally to make them of best quality. In case of rainy reason, they cannot continue their production, some units produce using alternative method of heating but the best way is to let them dry naturally. Unfavorable weather cause wastages and disturbances in production, as they also cannot afford to purchase modern technological equipment. So, seasons also play a crucial role in production, demand and sales of the concern.

N. Waste Management by Small and Cottage Units

The term "waste management" refers to the practice of managing waste from its initial phase until it is finally disposed of. Small scale and cottage enterprises are playing a crucial role in poverty reduction, social resilience, and environmental protection. They desire for community-based social and environmental change, rather than only for personal gains. The researcher collected the information about the waste management procedure from different surveyed units and found out the following information represented in the form of table and chart below:

Table 15: Waste management by small scale and cottage units

| S.N. | Name of the business | Waste Management |
|------|-----------------------|---------------------------------|
| 1. | Kalash Brand | Animal feeding |
| 2. | Hamro Noodles | Animal feeding |
| 3. | Gopal Fing | Animal feeding and Dumping site |
| 4. | Rai's Noodles | Dumping Site |
| 5. | Kanchanjunga Homestay | Dumping Site |
| 6. | Orian's Bakery | Dumping Site |
| 7. | Bikram Lollipop | Burn out and Dumping site |
| 8. | Marwari Print(Khada) | Burn out in less dense places |
| 9. | Meera Fashion | Burn out in less dense places |
| 10. | Thangka Painting | Burn out in less dense places |
| 11. | Sumshika Homestay | Decompose and burn out |
| 12. | Sericulture | Decompose |
| 13. | Shanti Kunj | Decompose |
| 14. | Pine view | Decompose |
| 15. | Great Eastern | Decompose |
| 16. | Bee Keeping | Decompose |
| 17. | Pickle | Decompose |
| 18. | Raj Tailor(Khada) | Recycle |
| 19. | Fancy Boutique | Recycle |
| 20. | Ganjong Paper | Recycle |
| 21. | Himalayan Paper | Recycle |

Source: Field Survey, Kalimpong, 2019

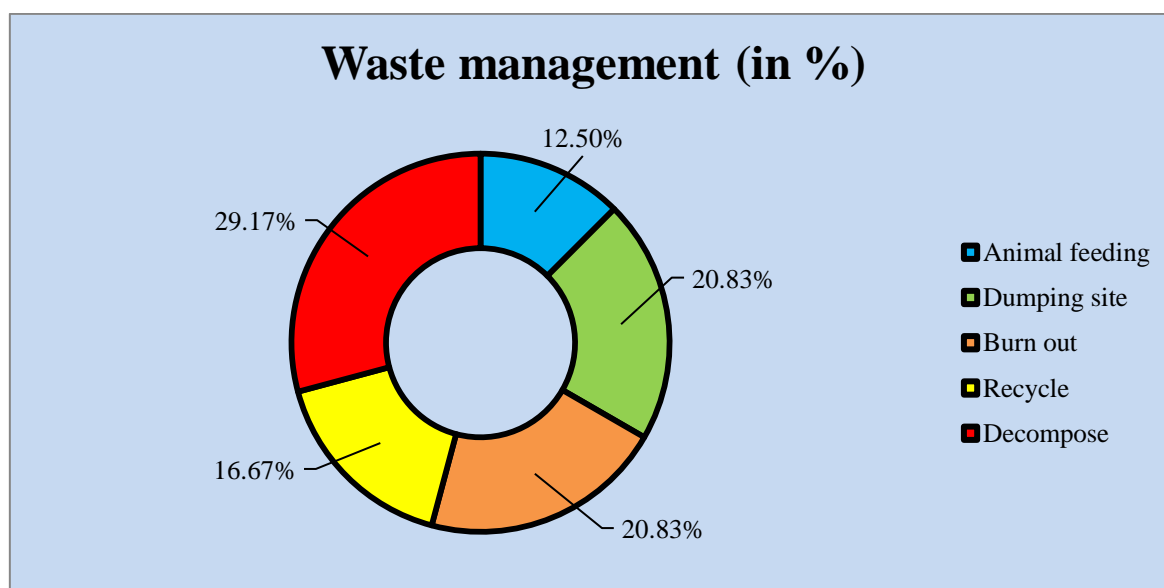


Fig. 13: Different waste management techniques adopted by small scale and cottage business in Kalimpong (in percentage)

The table and the chart show the information about the waste management techniques adopted by different small scale and cottage units in Kalimpong. Table 15 shows several waste management procedures adopted to dispose their wastage properly without hampering the environment of Kalimpong. These units were found to be very concerned about their surrounding where they operate. They were found to be in the favour of making clean environment by disposing their wastage very wisely.

In table 15 and figure 13, we can see that most of the food units use their wastage to feed the animals and those wastage which are neither degradable nor can be fed to animals were disposed in the dumping site of Kalimpong Municipality. So, The percentage of units that adopt animal feeding stands for 12.50% and dumping site stands for 20.83%. Other units like Khada printing and Thangka painting use burning method in the less populated areas because as per their statement, their products contain religious scriptures which cannot be disposed anywhere other than burning out. The percentage of units that use burning method is 20.83%, recycling method and decomposition method is by 16.67% and 29.17% respectively. Several units who make handmade paper tend to recycle their waste products whereas others units of Nurseries chose method of decomposition as their best option for waste management.

So, it can be concluded that most of the small scale and cottage units are aware of the causes and effect of the environmental pollution and therefore, they adopt environment- friendly techniques to dispose their wastage. So, the small scale and cottage units have the advantage on the society and for this, Government also needs to promote small and cottage units for the development of the society.

O. Number of Family Members Involved in Small and Cottage Units

Family involvement in any business shows the entrepreneurial talent and skills. In surveyed small and cottage units, the researcher found the involvement of family members besides the entrepreneur. The researcher collected detailed information about the number of members involved in the business and presented the information in the form of table and chart below.

Table 16: Number of family members involved in small scale and cottage units

| S.N. | Name of the business | Involvement of family members |
|-------------|-----------------------------|--------------------------------------|
| 1. | Kalash Brand | 2 |
| 2. | Rai's Noodles | 3 |
| 3. | Hamro Noodles | 1 |
| 4. | Gopal Fing | 4 |
| 5. | Bikram Lollipop | 3 |
| 6. | Orian's Bakery | 1 |
| 7. | Pickle | 2 |
| 8. | Raj Tailor(Khada) | 1 |
| 9. | Marwari Print(Khada) | 3 |
| 10. | Meera Fashion | 2 |
| 11. | Fancy Boutique | 2 |
| 12. | Ganjong Paper | 2 |
| 13. | Himalayan Paper | 1 |
| 14. | Thangka Painting | 3 |
| 15. | Sericulture | 3 |
| 16. | Shanti Kunj | 5 |
| 17. | Pine view | 2 |
| 18. | Great Eastern | 1 |
| 19. | Bee Keeping | 2 |
| 20. | Sumshika Homestay | 2 |
| 21. | Kanchanjunga Homestay | 2 |
| | Total | 47 |
| | Average | 2 |

Source: Field Survey, Kalimpong, 2019

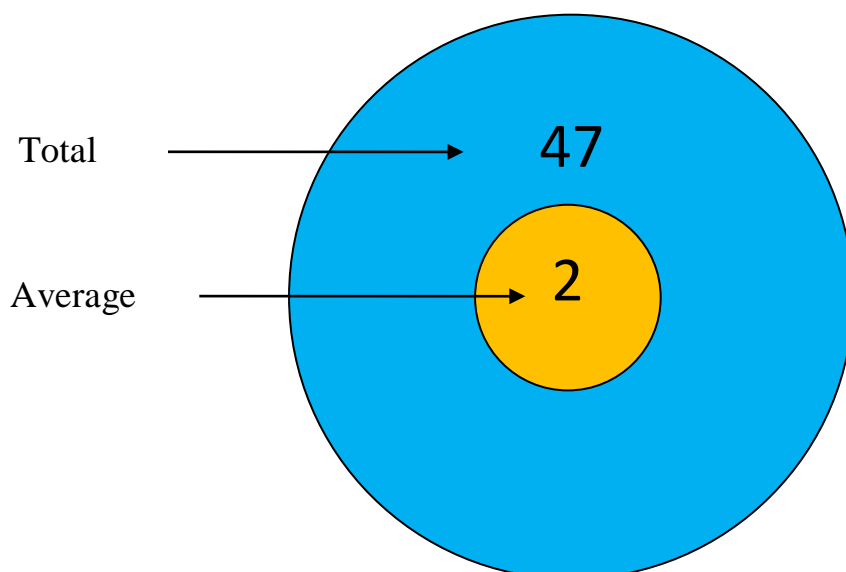


Fig. 14: Average no. of family members involved in each business

The table and the diagram above show the total number of family members involved in the surveyed small scale and cottage units. The total number of family members involved is 47 persons in 21 surveyed small scale and cottage units and average number of family members involved in each small scale and cottage units is 2 persons.

From this, it can be noted that most of the units involve family members in their business activities. This has made them self-employed and self-sufficient. This has reduced the unemployment problem to a great extent. The only thing they require at this point is skills, which the government is to provide them to see small scale and cottage industries growing rapidly. They have been able to grab the opportunity of entrepreneur talent. So, there is a wide scope in establishing the small scale and cottage industries in rural areas like Kalimpong in this era of unemployment.

CHAPTER FIVE

A. *Problems And Challenges Of The Small Industrial Units In Kalimpong*

Kalimpong is very widely known for these cottage industries since ages but these industries, which also signify our culture is now facing a lot of problems and challenges in recent times. The basic challenges this industry experience is the lack of infrastructure, lack of advertisement, lack of manpower, and marketing techniques, the lack of aid by the government and the effect of globalization.

- The frequent power cuts in the area is a major hurdle for these cottage industries as some units are dependent on power for production like noodles, bakery and feng. These industries depend on weather circumstances which is the main problem of these units and has led to the slow production of the units. The production of the items like feng, noodles, khada and paper has to depend upon the sun for the drying process of the product. No artificial source of drying is used. Therefore during rainy or during severe winter months there is negligible production of these items.
- Deficiency of work constrain is additionally a issue in nearly all the units.. The reason may be due to the strenuous work and low wage rate to the workers and large-scale out-migration of local youths for better jobs. There are plenty of educated youths in Kalimpong, which does not allow them to work as labourers in those units as a matter of shame and prestige. However, even the uneducated youths are unwilling to prefer doing the job rather they prefer to do other works like driving or working as salespersons.etc. or prefer to migrate out.
- The steep competition in Local, National and International Market is gradually leading to the fall of these units. The local people also do not prefer the local noodles due to the availability of other packaged noodles having various flavours imported from Nepal, Bhutan and China. The lack of advertisement and marketing support in this sector has left this sector far behind in this present day of globalization. These units are finding it hard to compete with the products from these countries.
- Water is a very crucial resource required for all units. Nevertheless, the shortage of water that is a huge problem in this region is affecting all units. The units like paper, noodles, feng ,etc. requires plenty of water but this problem of water shortage is affecting the production of these units.
- The government is very reluctant and has not taken any heed to this sector. People are not made aware of the schemes provided by the government. The entrepreneurs are not provided any incentives by the government and do not get a good market place for their handmade products.

B. *Prospects Of The Small Industrial Units In Kalimpong*

- In this era of cut-throat competition, opening of new sources of revenue for regional economies are of paramount importance for their basic survival. The prospect of modernisation and expansion of small scale and cottage industries in Kalimpong will augur well not only for the economy of Kalimpong but also earn important foreign revenue for the nation through export of handmade products to foreign countries. The geographical location of Kalimpong is conducive to such a possibility.
- Kalimpong has great potentially in small and cottage industries no less than any district, specially the hills where different kinds of handicrafts are made. If proper training is provided in this sector, Kalimpong can flourish undoubtedly.
- In Kalimpong, weather remains dry and cool, except four months rainy season. Here the floriculture and food industry have great possibility.
- If the problems like infrastructural problems (roads, rainwater preservation, electricity etc.) can be solved, a good fortune will be waiting for the small scale and cottage industries in Kalimpong.
- Kalimpong can produce its products in a large quantity and can store their excess production in harvesting season, if proper cold storage system is maintained.
- Kalimpong products have high demand in the local and international market so, there is a huge scope in exports for generating foreign reveue and getting recognition of local products in the international market if export policy and criteria are simple.

C. Advantages Of Small Scale Industries In The Hilly Region

Small scale and cottage industries can fulfill the basic needs of the hill people and due to its environment friendly nature will help in leading towards sustainable development in the hills.

- Firstly, observing the geographical aspects of the region, the initiation of large industries is not suitable for the hilly regions. Therefore this region supports the establishment of small scale industries.. This is the most environment friendly industry compared to all other industries.
- The small-scale industries can play an important role in checking out-migration by creating employment opportunities up to the most marginalised sections of the hill population
- Small Scale Industries require minimal capital as compared to large scale industries.
- They contribute both directly and indirectly to exports and earn valuable foreign exchange.
- They make use of locally available resources in a productive way which would have otherwise become a waste. On the other hand, small amounts of savings which would have remained idle is channelized into setting up of small enterprises. This increases capital formation and investment in the economy.
- Small scale units can adopt lean production method which offer better quality and more variety at an inexpensive cost. They can be more cost efficient when compared to large scale units because their expenses are lower.
- But in small scale enterprises, there is good personal contact between the employer and employee. So there is very little possibility of industrial disputes to occur.

D. Conclusion

From the above detailed description of each cottage units in Kalimpong, it can be attained that these industries are environment friendly and has a lot of potential. No businesses consume heavy power. . However, some production operations such as the manufacture of handwoven paper, noodles, fong and bread require a lot of energy to produce but are using very little so they can mainly use an alternative source of energy which is sunlight for drying. The sun plays a vital role in drying the products of further units such as khada, handicrafts like Thangka..Other units like khada, handicrafts like Thangka also depend upon sunlight for drying the products. The other industry like bakery and lollipop depend upon firewood for its production.

There's a lot of labour demand for all the small cottage shops in Kalimpong, but there's an acute shortage of workers. There is also a low rate of wages for workers, even though the job requires considerable effort. If the wage rate increased and the sector developed well it can attract a lot of people. This will also help in curbing the problem of unemployment in the region. As all the units from Noodles to Bee keeping is not at all harmful to the environment. They manage their wastage in a proper manner as mentioned above. In doing so, this business must thrive in the region and have a high level of importance. These units are in existence for a very long time. This, in so doing, contributes to cultural heritage of the region and therefore should be promoted. However, it is the most vulnerable of all type of business as a result it faces several challenges and problems. The government intervention is also very poor in this region. The development of small-scale industries will not only help in bringing environmental sustainability but also help in sustaining livelihoods from declining. If remedial measures are taken in proper time and spirit, the small scale sector will be able to utilize huge development potential available in the country and these sector will prove itself as one of the most dynamic and vibrant sector of the economy of the country.

E. Recommendations And Suggestions

- As these units face the problem of power shortage, the alternative sources of energy like solar and wind can be developed so that there is no interruption in their production.
- Even though the literacy rate is high but there exists enormous number of school dropouts and unemployment in the hilly region especially in the villages. The revival of the small-scale industries can be major steps towards this. The governments, NGOs and the SelfHelp groups can only do so if they are encouraged and supported. As in Himachal Pradesh, where the state has made business studies and entrepreneurship mandatory from class nine onwards, continuing students could also be encouraged to find gainful employment.

- The government should take some steps to encourage the entrepreneur skills and give financial support to the people residing in rural areas for the establishment of such business.
- Official information regarding government incentives, schemes and programmes should reach the entrepreneurs, without delay at proper time and as quick as possible.
- Govt. should set-up training and seminar centers for the small scale and cottage entrepreneurs. The centres will assist the existence units in providing them with information on production, management and marketing. This will make it easier for entrepreneurs to get profits, which in turn would contribute to the unit's profitability. In this way investment will be increased in backward regions, like Kalimpong.

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