

## Dependence of the Small Scale Manufacturing Enterprises on the Organized Sector- Some Evidences

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### 1. *Introduction*

One of the issues which is often discussed among researchers and policy makers in connection with the functioning and viability of smallscale enterprises in India relates to the nature and extent of the dependence of the small enterprises on the large units or the organized sector. Such dependence has often been described in terms of the operation of small enterprises as 'ancillary' to the large enterprises. Unfortunately, however, since in India there is no system of regularly collecting information about the small-scale enterprises, one has to rely on isolated and piece meal evidences while talking about the characteristics of such enterprises, in particular, about their dependence on the large-scale sector. In this paper we present some results, obtained through a sample survey conducted some-time back, on this particular aspect of the small-scale enterprises.

### 2. *Some details about the Survey*

The sample survey was carried out during 1983-84 among small scale manufacturing enterprises which belong to the non-factory sector i.e., unregistered factories in terms of the Factories Act 1948, and which use iron and steel as an input in their production. The geographical coverage for this survey was the urban municipal area within the Calcutta Metropolitan District (CMD) comprising the Howrah and the Calcutta Municipal Corporations and 37 other municipalities.

For the purpose of this survey an enterprise has been defined to be an 'ancillary' if a part of whole of its output is supplied to one or more big enterprises (registered under the Factories Act) on more or less regular basis and the big enterprise(s) use the output as an intermediate input. However, besides such direct linkage, there is also some indirect dependence which is not always apparent. This is effected through the operation of what may be called 'intermediaries'. With some probing one can notice the prevalence of some individuals or concerns which procure orders from big enterprises and get the work done by small