

**THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA  
CENTRAL STATISTICAL AGENCY**

**REPORT ON SMALL SCALE MANUFACTURING  
INDUSTRIES SURVEY**

**ADDIS ABABA  
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### **Abbreviations**

CSA	- Central Statistical Agency
E.F.Y.	- Ethiopian Fiscal Year
S.N.N.P.R.	- Southern Nations, Nationalities and Peoples' Region
NEC	- Not Elsewhere Classified
SNA	- System of National Accounts

## Introduction and Objectives

### 1.1 Introduction

In overall economic development, a critically important role is played by micro, small and medium enterprises in the developing world. The vast majority of countries rely on the dynamism, resourcefulness and risk-taking of private enterprises (to which most small scale manufacturing enterprises belong) to trigger, sustain the process, and form the base for private sector led of economic growth. In this regard, *small-scale manufacturing industries* are playing an ever-increasing role in the manufacturing industrial structure of the country. Expansion and development of the sector increases agricultural productivity through providing agricultural inputs and creating demand for agricultural outputs. Furthermore, small-scale manufacturing industries play a key role in stimulating other sectors of the economy such as trade, construction and services and in reducing unemployment. Basic data on manufacturing output, input, employment, fixed assets, investment and capacity are of paramount importance for designing and formulating industrial development programs, strategies and policies.

Owing to this fact, and in an effort to provide comprehensive, accurate, reliable and timely data on a regular basis on the country's manufacturing sector the Central Statistical Agency /CSA/ has conducted for the 6<sup>th</sup> time in 2010 E.F.Y. (2017/18) a survey on *small scale manufacturing industries*.

Manufacturing is defined here according to International Standard Industrial Classification (ISIC Revision 3.1) as “the physical or chemical transformation of materials or components into new products, whether the work is performed by power -driven machines or by hand, whether it is done in a factory or in the worker's home, and whether the products are sold at wholesale or retail. The assembly of the component parts of manufactured products is



also considered as manufacturing activities.” For this survey grain milling services are also considered as manufacturing activities.

The surveys of manufacturing activities are designed to provide basic information on the characteristics, structure and performance of Cottage and Handicraft, Small, Medium and Large Scale Manufacturing Industries. To attain these objectives, manufacturing establishments are divided into three major groups. These are: -

- a) Large and Medium Scale Manufacturing Establishments, engaging 10 or more persons and using power -driven machinery.
- b) Small Scale Manufacturing Establishments engaging less than 10 persons and use power -driven machinery.
- c) Cottage/Handicraft Manufacturing Establishments performing their activities by hand (i.e., using non -power driven machinery).

This bulletin presents results of Small Scale Manufacturing Industries survey for the reference period 2017/18 (2008E.F.Y.). The report provides information on objectives, scope, coverage and content, basic concepts and definitions, survey methodology, training of field staff, field organization and summary tables by structure and performance and problems encountered by Small Scale Manufacturing Industries. Furthermore, the questionnaire and estimation procedures for the survey are attached as an Annex.

## **1.2 Objectives**

The main objectives of Small Scale Manufacturing Industries Survey are to:

- a) Obtain basic statistical data that are essential for development policy makers, planners and researchers by manufacturing industrial group.

- b) Collect basic quantitative information on employment, volume of production and consumption of raw materials, structure and performance of the country's *small scale manufacturing industries*.
- c) Compile statistical data, which will be an input to the system of National Accounts (SNA) on *small scale manufacturing industries* as a whole and by manufacturing industrial group.
- d) Examine the interaction of the *small-scale manufacturing industries* with the rest of the economy, particularly with the agricultural sector, and collect data that indicates its share in promoting export production and consumption of imported raw materials.
- e) Obtain the number of persons engaged in *small scale manufacturing industries* and find out the major problems that creates stumbling block for their activities.
- f) Fill in other statistical data gap concerning *small scale manufacturing industries*.

### 1.3 Basic Concepts and Definitions

- i. **An Establishment:** - is defined as the whole of the premises under the same ownership or management at a particular address (e.g. a bakery, sawmill...etc.).
- ii. **Initial Paid-up Capital:** - is that part of the issued capital of an establishment that has been paid by the owners/shareholders to start the operation.
- iii. **Current Paid-up Capital:** - is that part of the issued capital of an establishment that has been paid by the owners/shareholders up to the survey period for operation of the establishment.
- iv. **Working Proprietors, Active Partners and Family Workers:** - include all unpaid working proprietors, active partners and members of their household who actively participate in the operation of the establishment.
- v. **Administrative and Technical Employees:** - include salaried directors and managers, technicians, superintendents, research workers, draftsmen and engineers, chemists, architects, accountants book-keepers, office machine operators, receptionists, sales persons, delivery personnel, guards and other office staffs.
- vi. **Production workers:** - workers directly engaged in production i.e., persons engaged in fabricating, processing, assembling, maintenance, repair, janitorial, record keeping, and other associated activities.
- vii. **Apprentices:** - include both production and administrative workers, who are working to gain experience with or without payment.

- viii. **Seasonal and Temporary Workers:** - include workers who are employed for a whole or a part of the year. These workers are not regularly on the payroll of the establishment.
- ix. **Number Employed:** - includes all persons on the payroll whether seasonal or temporary workers. The number of seasonal and temporary workers has been adjusted to give equivalent of full-time workers.
- x. **Number Engaged:** - includes paid employees, unpaid working proprietors, active partners, unpaid family workers and paid and unpaid apprentices.
- xi. **Wages and Salaries:** - includes all payments in cash or in kind made to employees during the reference year in connection with work done for the establishment (this excludes employee benefits).
- xii. **Employee Benefits:** - refers to the total of commissions, bonuses and cost of living allowances, medical and educational expenses, etc. Paid by the employer.
- xiii. **Total Labour Cost:** - includes wages and salaries and employee benefits paid by the employer during the reference year.
- xiv. **Revenue from Sales:** - represents the total sales value of all products and by-products during the reference year valued at market price.
- xv. **Receipt from Industrial Services Rendered to Others:** - includes receipt from manufacturing services done to others on the raw materials supplied by customers such as grain milling services and repair and maintenance.

- xvi. **Other receipts:** - include rental income from lease of machinery and equipment, income from sales of scrap and the value of fixed assets produced by the unit for its own use.
- xvii. **Difference of Stocks in the Value of Finished and Semi-Finished Goods:** - is the net change between the end and the beginning of the reference period in the value of finished and semi-finished goods.
- xviii. **Gross Value of Production:** - includes the sales value of all products of the establishment, the net change between the beginning and end of the reference period in the value of finished goods and the value of work in-progress, the value of industrial services rendered to others and other receipts. The valuation of Gross Value of Production is in terms of producers' values where indirect taxes are included in the value of sales of the establishment and the value of subsidies received is excluded.
- xix. **Raw Materials:** - include all raw and auxiliary materials, parts and containers, which are consumed during the reference year. The value of local raw materials is the value of locally produced raw materials and is the cost at the factory, which includes the purchase price, transport charges, taxes and other incidental costs. The value of imported raw materials is the value of raw materials produced in other countries and obtained directly or from local source and is the cost at the factory, which includes the purchase price, transport charges, taxes and other incidental costs.
- xx. **Other Industrial Services Rendered by Others:** - refer to contract, repair and maintenance work done by others in the reference year on materials controlled by establishment. Included are also the cost of all goods purchased and resold

without any transformation during the reference year and the cost of water consumed.

- xxi. **Industrial Cost:** - Includes the cost of raw materials, fuels, electricity and other supplies consumed cost of industrial services rendered by others, cost of goods bought and resold without any transformation or processing.
- xxii. **Non -industrial Cost:** - includes payments like professional fees, postage, telephone, insurance, advertising, hired transport, rental payments, etc. (depreciation is excluded).
- xxiii. **Census Value Added (at Market Price):** - is the difference between gross value of Production and Industrial Cost. Census value Added at market price minus indirect taxes net (i.e., indirect taxes less subsidies) gives census value added at factor cost.
- xxiv. **Value Added in the National Account Concept (at Market Price):** - is defined as the difference between the gross value of production and industrial and non -industrial costs. To get the same indicator at factor cost indirect taxes net (i.e., indirect taxes less subsidies) are subtracted.
- xxv. **Fixed Capital Assets:** - are those with a productive life of one year or more which are intended for the use of the establishment including fixed assets made by the establishment's own labour force for its own use. They are valued in this report at book value end of the reference year, that is the net book value at the beginning plus new capital expenditure minus those sold and disposed and depreciation during the reference year.
- xxvi. **New Capital Expenditure (Investment):** - is the cost of new or used capital equipment bought during the reference period.

- xxvii. **Operating surplus:** - is defined here as the difference between values added in national account concept at factor cost and total wages and salaries and employee benefits.
- xxviii. **An Individual Proprietor:** - is a person who owns and controls an establishment.
- xxix. **Partnership:** - is an establishment owned and operated by more than one person with unlimited liability.
- xxx. **Share Company:** - is a business organization formed by an agreement made between at least 5 or more persons with limited liability. The shares are transferable.
- xxxi. **Private Limited Company:** - is a business organization formed, by an agreement between two or more persons but not exceeding fifty, with limited liability. The shares are not transferable except with consent of 3/4th of the members.
- xxxii. **Co-operatives:** - an establishment owned and run jointly by its members with profits shared between them.
- xxxiii. **Other Forms of Ownership:** - includes legal form of organizations different from those mentioned above (28 -32), such as establishments owned by joint - venture, Government, Municipalities, etc.
- xxxiv. **Urban Dweller's Association (Kebele):** - is the lowest administrative unit in an urban center with its own jurisdiction. It is an association of urban dwellers (commonly known as Kebele) formed by the inhabitants, and usually constitutes a part of the urban center.

xxxv. Urban Center: - is in principle defined as a locality with 2000 or more inhabitants. However, for practical purposes an urban center includes the following regardless of the number of inhabitants.

a) All administrative capitals

- i. Regional capitals
- ii. Zonal capitals not included in (i)
- iii. Wereda capitals not included in (i) and (ii)
- iv. Localities with UDAs not included in (i) - (iii)

b) Municipal towns not included in (a) above

c) All localities which are not included either in (a) or (b) above having a Population of 1000 or more persons, and whose inhabitants are primarily engaged in non -agricultural activities



## **Part II**

### **Survey Methodology, Data Collection and Processing**

#### **2.1 Scope and Coverage**

The 2017/18 (2010E.C) Small scale manufacturing industry Survey was conducted covering those industries producing their goods and services using power driven machine with man power less than 10 persons. The scope of this study is those manufacturing industries:

- Ministry of trade,
- Ethiopian revenue and custom authority
- Federal micro and small enterprises development agency  
MSE profile directory and
- Regional bureau of trade and industry.

However, those establishments, which were not registered on the above listed organizations, were not included in the study.

In this survey detailed information on number of establishments, number of persons engaged and number of employees by industrial groups, Sex, nationality and occupation, initial and current paid up capital, gross value of production, industrial and non -industrial costs, operating surplus, value added, value of fixed assets, investment, quantity of major manufactured articles and raw materials by industrial group, number of persons engaged by literacy status, highest grade completed and type and duration of training for the country and selected items are presented.

## **2.2 Sampling frame**

The sampling frame for the study was generated and constructed based on the Business frame obtained from

- CSA had collected grain mill service establishments from each wereda trade office of the entire country,
- Ministry of trade,
- Ethiopian revenue and custom authority
- Federal micro and small enterprises development agency and
- Regional bureau of trade and industry

The business frame generated was inadequate enough specially to identify those enterprises, which are really categories as large and small scale manufacturing industries as well as other non-manufacturing establishments. However, due to effort was exerted to identify and select among them those manufacturing establishments having less than ten persons engaged (if available) as much as possible.

Finally, more than 154,000 establishments as a sampling frame for conducting the 2017/18 (2010E.C) small-scale manufacturing industries study were identified and being ready for use.

## **2.3 Sample Design**

The study employed a single stage stratified systematic random sampling design. In order to do such sampling scheme, the sampling frames were grouped into six main and priorities sectors of manufacturing categories namely: Textile and garment, Metal work, Wood work, Leather and leather products, Other manufacturing sector and Grain mills industries and stratified by region, where, regions are reporting levels. From each region, systematically random sample of establishments in each group were selected.

However, due to inadequacy of area particulars, lack of reliable measure of size, and lack of good information on distribution of enterprises within and among regions related to economic activity classification particularly for the main five categories. This makes difficult statistically for determining the effective sample size need for the survey in each categories and regions. Therefore, in order to cope this situation and to secure eligible number of industries for the study and taking into account the expected high prevalence of non-response rate. It's then decided take sample of 20% to 25% for each category mentioned above among regions respectively. In addition, the sample distribution among the regions described below:

Table 1. Number of Sampled Establishment by Priority Manufacturing Sector and by Region

Sr. no	Region	Small Scale Manufacturing Industry No. of sampled by priority industry sector Establishment and by Region						
		Textile	Wood	Metal	Leather	Flour mills	Others	Total for Small scale
1	Tigray	614	15	314	13	98	484	1538
2	Afar	0	0	9	0	16	11	36
3	Amhara	604	14	213	38	888	1337	3094
4	Oromia	148	28	298	16	1184	1279	2953
5	Somali	3	0	4	0	27	12	45
6	Benishangul Gumuz	1	0	5	0	29	8	42
7	SNNPR	97	2	87	15	241	665	1108
8	Gambela	4	0	1	0	0	10	14
9	Harari	1	0	6	0	0	11	17
10	Addis Ababa	725	23	327	52	157	666	1950
11	Dire Dawa	13	0	6	2	22	34	76
	Total	2209	83	1268	137	2662	4515	10874

## **2.4 Training of Field Staff**

The training programs were carried out at two stages. In the first stage, the staffs from the agency's branch statistical offices, statisticians, statistical technicians and computer experts from the head office were trained for about seven days at the head office. In the second stage, enumerators and field supervisors were trained for six days by those trained in the first stage at the selected 10-branch statistics training center, all over the country.

## **2.5 Field Organization**

All CSA branch statistical offices were involved in this survey. Accordingly, statisticians from branch statistical offices, field supervisors each supervising on the average three enumerators depending on the extent of the area to be covered and enumerators (including reserve enumerators) participated in the survey.

## **2.6 Data Processing**

### **A. Editing, Coding and Verification**

A number of quality control steps were taken to ensure the quality of data of this survey. The first step taken in this direction was to prepare a questionnaire which was easy to check the internal consistency and edit both at field and office levels. Furthermore, in the enumerator's instruction manual field editing procedures were attached in order to help in the field editing operation. The editing and coding instruction manual was prepared in which editors and verifiers were given training. The training program given to the editors and verifiers lasted for three days. Editors/coders and verifiers performed the coding and the manual editing and verification activities. The verification was done on 100 percent basis. Finally, the edited, coded and verified questionnaires were also re-checked on 25 percent basis by statisticians of the Business Statistics Directorate.

## **B. Data Entry, Cleaning and Tabulation**

Edit specifications were prepared for computer internal consistency checking purposes. The data entry and verification were done on personal computers using Capo (Census and Survey Processing System) software. About 30 CSA data entry operators and 4 data entry one statistician and one computer programmer assigned supervisors (in two shifts) for this purpose for 15 working days with close supervision of the activities. Then, the data entered was cleaned by personal computer using the computer edit specification in combination with manual editing for some serious errors. Finally, one programmer with assistance from subject matter personnel processed the tabulation of the results of the survey using the same software.

## **Part III**

### **Summary of Major Findings of the Survey**

#### **3.1 Structure and Performance**

Number of establishments, persons engaged, gross value of production and value added are presented in summary table 3.1. There were 154,162 small-scale manufacturing establishments in Ethiopian fiscal year (E.F.Y) 2010 (2017/18). Out of the total, the largest in number, or more than 48 thousand or 31.43%, were manufacturing of others not classified elsewhere including furniture, grain mills numbered 46.8 thousand or 30.3% and 20.8 thousand (13.47%) manufacturer of fabricated metal establishments of the total, respectively. On the other end, very few small-scale establishments were engaged in chemical, leather and footwear manufacturing, while there were none in the vehicles and accessories manufacturing, a possible area of focus for policy makers.

During the stated year, all the establishments combined engaged 2,085,258 people, which is roughly a ratio of 1 to 13.52, i.e., on average 10 small scale manufacturing establishments engaged 135 people. A further look reveals that in absolute terms, manufacturing of furniture employed the most: 703,281 (33.7 %), followed by grain mill service, 533,571 (25.6 %) and manufacture of food products, 294,268 (14.11 %), in that order.

Gross value of production (GVP) in the stated period amounted to birr 98.7 billion, out of which Food product manufacturers except grain mills contributed 27.2 billion, which is 27.59 % of the total. Manufacturers of furniture amounting to 24.3 billion birr, which is ahead of Manufacturers of fabricated metal GVP reached 14.1 billion. The other notable GVP was, manufacturer of Nonmetal products GVP (12.8 billion) that of trailed by grain mill services and manufacture of straw and plaiting material except furniture amounted 12.8 billion birr or 13.03% and 11.6 billion birr or 11.75% respectively of total gross value of production by small scale manufacturing establishments during the year.

The last, but not the least, or rather the most important indicator presented in summary table 3.1 is value added, which is the contribution of the small-scale establishments to the gross domestic product (GDP) or the national economy during the year, derived as the difference between gross value of production and industrial and non-industrial costs. In the year 2010 E.F. Y, the small-scale manufacturing establishments' value added was to the tune of 48.9 billion birr, out of which again food product except grain mill contributed the lion's share, i.e., 14.6 billion birr (44.9 %). Grain mill service manufacturers were a distant second, with a contribution of 4.89 billion birr or 15.1 %. In the third place were manufacture of furniture, which contributed a hefty 4.43 billion birr or 13.6 % of the total value, added. In the lower end were textile manufacturing with birr 17 million or 0.05 %, luggage handbags and footwear manufacturing, birr 50 million (0.15 %) and machinery and equipment manufacturing with a contribution of birr 96.8 million or 0.3 %.

SUMMARY TABLE 3.1 DISTRIBUTION OF NUMBER OF ESTABLISHMENTS, NUMBER OF PERSONS ENGAGED, GROSS VALUE OF PRODUCTION AND VALUE ADDED BY INDUSTRIAL GROUP: 2017/2018 (2010 E.F.Y)

INDUSTRIAL GROUP	Number of Establishments		Number of Persons Engaged		Gross Value of Production		Value Added	
	Number	%	Number	%	Value	%	Value	%
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	20,649	13.39	294,268	14.11	27,215,522,413	27.59	10,317,796,994	21.08
MANUFACTURE OF GRAIN MILL SERVICES ....	46,675	30.28	533,571	25.59	11,586,718,314	11.75	5,963,435,578	12.18
MANUFACTURE OF TEXTILES ...	151	0.10	2,329	0.11	19,480,046	0.02	9,974,531	0.02
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	6,048	3.92	78,786	3.78	1,348,085,607	1.37	857,438,903	1.75
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	102	0.07	1,848	0.09	59,527,875	0.06	21,929,605	0.04
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MAUFACTURE OF ARTICLES OF STREW AND PLAITING MATERIALS ....	2,238	1.45	30,855	1.48	4,776,651,454	4.84	3,818,822,189	7.80
PUBLISHING PRINTING AND REPRODUCTION OF RECORDED MEDIA	600	0.39	10,667	0.51	351,903,247	0.36	182,413,748	0.37
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	1,264	0.82	22,405	1.07	1,839,479,192	1.86	548,055,076	1.12
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	6,791	4.41	118,531	5.68	12,849,469,031	13.03	6,549,522,423	13.38
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	20,763	13.47	282,557	13.55	14,078,669,097	14.27	8,283,793,498	16.92
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C ...	408	0.26	5,817	0.28	220,809,041	0.22	106,050,490	0.22
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	21	0.01	343	0.02	41,747,580	0.04	27,912,188	0.06
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C. ...	48,453	31.43	703,281	33.73	24,258,883,044	24.59	12,267,880,690	25.06
TOTAL	154,162	100.00	2,085,258	100.00	98,646,945,940	100.00	48,955,025,913	100.00



## 3.2 Employment

Summary table 3.2 presents employment figures by industrial group. Accordingly, all the small-scale manufacturing establishments, together, created employment opportunity for 2,085,258 people. A little more than 703.2 thousand were engaged in furniture manufacturing, 533.6 thousand in grain mill service manufacturing and close to 294.2 thousand in manufacture food products. These were the most important three industrial groups in employment creation. However, manufacture of fabricated metal products except machinery, manufacturing of other nonmetallic mineral product & manufacturer wearing apparel; dressing and dying of fur also engaged a sizable number of persons or 282.6, 118.5 and 78.8 thousand people, respectively. The least number of persons engaged were in manufacture of luggage handbags and footwear, chemicals, manufacture of machinery & equipment and parts & accessories for motor vehicles & their engines manufacturing. Furthermore, out of the 2.1 million, 831.5 thousand or 38.85 % were permanent employees. In absolute terms, again the largest numbers of permanent employees were in grain mills, i.e. 222.2 thousand, next in line were furniture manufacturers with 210.0 thousand and in the 3rd high contribution is in manufacture of Wearing apparel, dressing & dying of fur which is 142.2 thousand permanent workers engaged. food products except grain mill services manufacturing, manufacture of fabricated metal products machinery & equipment and Non- metallic mineral product manufacturing were the other important industrial groups in the size of number of permanent employees.

SUMMARY TABLE 3.2 PERMANENT EMPLOYEES AS PERCENTAGE OF TOTAL PERSONS ENGAGED BY INDUSTRIAL GROUP  
: 2017/2018 (2010 E.F.Y)

INDUSTRIAL GROUP	No. OF ESTAB.	NUMBER OF PERSONS ENGAGED	PERMANENT EMPLOYEES	PERMANENT EMP. AS % TOTAL PERSONS ENGAGED
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	20,649	294,268	119,802	40.71
MANUFACTURE OF GRAIN MILL SERVICES ....	46,675	533,571	233,681	43.80
MANUFACTURE OF TEXTILES ...	151	2,329	843	36.19
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	6,048	78,786	30,117	38.23
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	102	1,848	509	27.52
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MAUFACTURE OF ARTICLES OF STREW AND PLAITING MATERIALS ....	2,238	30,855	12,787	41.44
PUBLISHING PRINTING AND REPRODUCTION OF RECORDED MEDIA	600	10,667	4,498	42.17
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	1,264	22,405	9,168	40.92
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	6,791	118,531	44,195	37.29
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	20,763	282,557	110,766	39.20
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C ...	408	5,817	2,125	36.52
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	21	343	129	37.50
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C. ...	48,453	703,281	280,929	39.95
TOTAL	154,162	2,085,258	849,549	40.74

SUMMARY TABLE 3.3 NUMBER OF PERSONS ENGAGED, EMOLYEEES AND LABOUR COST PER ESTABLISHMENT BY INDUSTRIAL GROUP  
: 2017/2018 (2010 E.F.Y)

INDUSTRIAL GROUP	No. OF ESTAB.	NUMBER OF PERSONS ENGAGED	NUMBER OF EMPLOYEES	LABOUR COST (IN BIRR)	LABOUR COST PER ESTAB.
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	20,649	294,268.00	125,925	828,774,672	40,137
MANUFACTURE OF GRAIN MILL SERVICES ....	46,675	533,571.00	242,552	1,041,756,660	22,319
MANUFACTURE OF TEXTILES ...	151	2,329.00	894	2,737,105	18,083
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	6,048	78,786.00	30,926	57,713,613	9,543
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	102	1,848.00	551	1,271,250	12,500
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MAUFACTURE OF ARTICLES OF STREW AND PLAING MATERIALS ....	2,238	30,855.00	14,695	126,591,999	56,565
PUBLISHING PRINTING AND REPRODUCTION OF RECORDED MEDIA	600	10,667.00	4,539	32,275,806	53,815
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	1,264	22,405.00	10,010	167,798,775	132,775
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	6,791	118,531.00	51,593	580,145,256	85,427
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	20,763	282,557.00	119,927	913,871,575	44,015
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C ...	408	5,817.00	2,266	13,760,784	33,729
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	21	343.00	129	2,553,264	119,200
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C. ...	48,453	703,281.00	307,957	2,342,998,625	48,356
TOTAL	154,162	2,085,258.00	911,963	6,112,249,384	39,648

Labor cost incurred and labor cost per small scale establishments are displayed in summary table 3.3. Out of the 154.2 thousand small scale establishments in the country as mentioned earlier, close to 2.1 million people were engaged and among those 911.9 thousand were employed staff and the rest were owners, apprentices or family members engaged in the business of small scale manufacturing. A total of birr 6.11 billion was spent by the establishments on the 911.9 thousand employees. Again, in absolute terms the largest amount was that of furniture (birr 2.34 billion), followed by grain mills manufacturing (birr 1,041 million) and the distant third was the amount spent by metal manufacturers, which was almost 913.9 million. However, if we look at labor cost per establishment, the highest figure is birr 132.8 thousand incurred by chemical and chemical products manufacturing industrial group and the lowest was that of wearing apparel manufacturing amounting to birr 9.54 thousand.

### **3.3 Raw Materials and Energy Consumption**

The amount spent by small scale manufacturing establishments for raw materials reached close to birr 42.4 billion in 2010E.F.Y. Further investigation of the figures reveals that manufacture of food products except grain mill services spent the most, i.e., birr 15.7 billion, followed by manufacturing of furniture, manufacturing of non metallic products, manufacture of fabricated metal products except machinery & equipment establishments and grain mill manufacturing establishments, which spent 10.2, 5.73, 4.90 and 3.31 billion on raw materials, respectively. One disturbing aspect of raw materials use by the small-scale establishments is that close to 12.5% of the total cost on raw materials is spent on imported raw materials. Given that these are small scale establishments, this proportion of imported raw material usage is alarming. The figures in summary table 3.4 further indicate that, most of the industrial groups spent well over 11.3 % of their total raw material expenses was on imported raw materials. In this regard, manufacture of machinery and equipment, manufacturing of textile, manufacturing chemicals & chemical product and manufacturing of fabricated metal product establishments are heavily dependent on

imported raw materials, as they spent more than half of their raw materials expenses on imported ones.

Coming to energy consumption, all the establishments combined, during the reference year spent birr 1,811 million on energy, of which the substantial amount (birr 882.4 million), was understandably by grain mills given their dominant number in the composition of small scale manufacturing establishments in the country and the nature of their activity, which is energy intensive. A distant second in this was the amount spent by furniture product manufacturers, which amounted to a paltry birr 256.4 million in comparison to that of grain mills. Metal manufacturers and non metal manufacturing establishments spent birr 127.9 and 69.5 million on energy, respectively during the reference year. Furthermore, cost of energy consumed to the total industrial cost by the small scale establishments amounted to 3.97 %. As stated earlier, cost of energy consumed by grain mills in relation to total industrial cost by the same amounted to 16.8 %, this is the highest, the other notable exception being that of publishing printing and reproduction of recorded material manufacturing industrial group, which spent close to 5.32% of their industrial cost on energy.

SUMMARY TABLE 3.4 COST OF RAW MATERIALS AND ENERGY CONSUMED AS PERCENTAGE OF TOTAL INDUSTRIAL COST AND RATIO OF IMPORTED TO TOTAL RAW MATERIALS BY INDUSTRIAL GROUP: 2017/2018 (2010 E.F.Y)

INDUSTRIAL GROUP	No. OF ESTAB.	TOTAL COST OF RAW MATERIALS	IMPORTED RAW MATERIALS COST	COST OF ENERGY CONSUMED	INDUSTRIAL COST	COST OF RAW MATER. AS % OF INDU. COST	IMPORTED AS % OF TOTAL RAW MATERIALS COST	COST OF ENERGY AS % OF INDU. COST
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	20,649	15,706,585,652	305,373,223	425,327,537	16,217,676,019	96.85	1.94	2.62
MANUFACTURE OF GRAIN MILL SERVICES ....	46,675	3,310,015,889	314,736,430	882,372,845	5,246,762,772	63.09	9.51	16.82
MANUFACTURE OF TEXTILES ...	151	7,034,287	3,213,493	217,236	7,541,722	93.27	45.68	2.88
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	6,048	392,936,563	103,984,778	11,183,447	425,463,779	92.35	26.46	2.63
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	102	28,270,905	2,336,981	571,046	28,883,478	97.88	8.27	1.98
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MAUFACTURE OF ARTICLES OF STREW AND PLAITING MATERIALS ....	2,238	850,736,345	21,832,892	18,003,070	877,512,246	96.95	2.57	2.05
PUBLISHINGPRINTING AND REPRODUCTION OF RECORDED MEDIA	600	102,494,829	31,590,623	5,925,415	111,445,004	91.97	30.82	5.32
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	1,264	1,027,713,586	427,909,182	12,312,045	1,048,490,686	98.02	41.64	1.17
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	6,791	5,736,260,888	35,779,058	69,453,215	5,888,033,669	97.42	0.62	1.18
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	20,763	4,900,182,318	1,594,230,056	127,939,516	5,063,147,659	96.78	32.53	2.53
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C ...	408	99,931,213	53,629,377	1,731,422	102,348,504	97.64	53.67	1.69
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	21	11,742,444	1,306,620	364,997	12,128,004	96.82	11.13	3.01
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C. ....	48,453	10,263,348,837	2,407,922,198	256,379,601	10,617,251,471	96.67	23.46	2.41
TOTAL	154,162	42,437,253,756	5,303,844,910	1,811,781,391	45,646,685,013	92.97	12.50	3.97

The other important indicator presented in summary table 3.4 is industrial cost. This is the sum of raw materials, energy and other costs incurred by small scale manufacturing establishments during the year. Accordingly, the establishments' total industrial cost was to the tune of birr 45.6 billion, of which on average 89.8 % was spent on raw materials. Of the stated figure, the sizable amount, or birr 5.6 billion, was spent by manufacture of food. Furniture, Non metal, Grain mill services and Fabricated metal products except machinery & equipment industry manufacturing establishments also spent a significant amount reaching birr 16.2, 10.6, 5.89, 5.25 and 5.06 billion, respectively. In relative terms, more than three fourth of industrial cost of all industrial groups, save that of food industry was on raw materials.

### **3.4 Demographic Characteristics of Persons Engaged**

Earlier in this document it was stated that a total 2,085,258 persons were engaged in small scale manufacturing industries in the country during 2010 E.F.Y. Summary table 3.5 presents number of persons engaged by type of worker. The figures in the table show that, out of the total, 58.9 % were male. Another important feature of the composition of persons engaged is that 849.6 thousand persons or close to 40.7 percent were permanent paid employees, 348.3 thousand or 16.6 percent paid Apprentices and 417.7 thousand or 20.0 % unpaid Apprentices workers. unpaid family constituted 19.56 % of the total. Further investigation of the figures, reveals that out of the total 41.0 percent women who took part in the activities of small scale industries during the year 42.4 % of them were permanent paid employees, 13.1 % paid apprentice worker, 22.8 % unpaid apprentices and the rest 21.7 % unpaid family worker (refer to summary table 3.5).

Looking into the literacy status of persons engaged, we find that, of those whose literacy status reported, an encouraging 92.6 % were literate. The figures in summary table 3.6 also show that, 93 percent of male participants are literate, while the figure for females stands at 90.0 % as being literate. Furthermore, slightly more than 9.0% of the female participants are illiterate, while the corresponding figure for men stands at 7.0 %.

Summary Table 3.5 Number of Persons Engaged by Sex and Type of Workers: 2010 E.F.Y (2017/18)

Type of worker	MALE		FEMALE		BOTH SEX	
	NUMBER	%	NUMBER	%	NUMBER	%
Unpaid Family Worker	222,469	18.09	185,585	21.68	408,054	19.56
Unpaid Apprentices	222,829	18.12	194,894	22.76	417,723	20.03
Paid Apprentices	235,857	19.18	112,380	13.13	348,238	16.69
Permanent Paid Employees	486,342	39.55	363,314	42.43	849,656	40.73
Seasonal and Temporary Workers*	62,274	5.06	-	-	62,274	2.99
<b>TOTAL</b>	<b>1,229,773</b>	<b>100.00</b>	<b>856,173</b>	<b>100.00</b>	<b>2,085,946</b>	<b>100.00</b>

Summary Table 3.6 Number of Reported Persons Engaged by Literacy Status and Sex: 2010 E.F. Y (2017/18)

LITERACY STATUS	MALE		FEMALE		BOTH SEX	
	NUMBER	%	NUMBER	%	NUMBER	%
LITERATE	385,589	93.00	74,538	90.70	460,126	92.60
ILLITERATE	29,065	7.00	7,679	9.30	36,744	7.40
<b>TOTAL</b>	<b>414,654</b>	<b>100.00</b>	<b>82,217</b>	<b>100.00</b>	<b>496,871</b>	<b>100.00</b>

Summary Table 3.7 Number of Literate Persons Engaged by Sex and Highest Grade Completed: 2010 E.F.Y (2017/18)

HIGHEST GRADE COMPLETED	MALE		FEMALE		BOTH SEX	
	NUMBER	%	NUMBER	%	NUMBER	%
Grade 1-3	21,870	5.70	3,775	5.10	25,644	5.60
Grade 4-6	69,249	18.10	11,305	15.30	80,554	17.70
Grade 7-8	78,872	20.60	12,642	17.10	91,514	20.10
Grade 9-12	100,924	26.40	20,297	27.50	121,221	26.60
Above 12	64,168	16.80	13,824	18.70	77,991	17.10
Not Stated	47,095	12.30	12,053	16.30	59,148	13.00
<b>TOTAL</b>	<b>382,177</b>	<b>100.00</b>	<b>73,895</b>	<b>100.00</b>	<b>456,072</b>	<b>100.00</b>



### 3.5 Ownership and Problems Faced

The figures in summary table 3.8 present sex compositions of owners of small scale manufacturing establishments. Accordingly, 74.96 % of owners of these establishments are men, while the remaining 25.04 % are female.

Summary Table 3.8 Number of Owners of the Establishments  
by Sex: 2010 E.F. Y (2017/18)

SEX	OWNERS OF ESTABLISHMENT		PERMANENT EMPLOYEES	
	NUMBER	%	NUMBER	%
MALE	204,347	74.96	486,342	57.24
FEMALE	68,244	25.04	363,314	42.76
TOTAL	272,591	100.00	849,656	100.00

What are the major problems faced by small establishments during the start of their operation? The response to this question could be found in summary table 3.9. Out of the 141.5 thousand reporting establishments to this particular question, 43.1% cited lack of sufficient capital as a first major problem faced, 22.2 % put the blame on no problem faced, while 15.0 % gave other problem as major reason. It is worth noting here that 1.80 percent of the reporting establishments mentioned ‘access to credit facilities, while 1.30 % stated that lack of foreign exchange during operation.

The other important issue investigated during the survey was, why are the small-scale manufacturing establishments not fully operational during the survey year? The answers are displayed in summary table 3.10. In total 64,37 thousand establishments responded to this question, which could mean these were those who were not fully operational, or they were out of those who were not operational, responding to this particular question. Thus, the reasons vary widely. Close to a 36% of the reporting establishments were out of operation for part of the year due to shortage of electricity and water, while absence of market demand was forced close to 15 % the reporting establishments not to operate the whole year. On the other hand, 14.0 %, 13.0 % of establishments gave other problem and

## Estimation Procedures of Total, Ratio and Sampling Errors

The following formulas were used to estimate the required variables by reporting levels.

- 1. Estimate of Total  $\hat{Y}_h$  in Major and Prior sector of manufacturing Domain (Category I) is given by**

$$\hat{Y}_h = \sum_i \frac{M_h}{M_{hi}n_h} \frac{N_{hi}}{n_{hi}} \sum_j \frac{E_{hi}}{e_{hi}} \sum_k y_{hik} = \sum_i \sum_j \sum_k W_{hi} y_{hik}$$

Where,

$$W_{hij} = \frac{M_h}{M_{hi}n_h} \frac{N_{hi}}{n_{hi}} \frac{E_{hi}}{e_{hi}} \text{ is the basic sampling weight}$$

**1. Estimate of Total  $\hat{Y}_h$  in Other than priority sector of manufacturing Domain (Category II)**

$$\hat{Y}_h = \sum_i \frac{M_h}{M_{hin_h}} \frac{N_{hi}}{n_{hi}} \sum_j \frac{E_{hij}}{e_{hij}} \sum_k y_{hijk} = \sum_i \sum_j \sum_k W_{hij} y_{hijk}$$

Where,

$$W_{hij} = \frac{M_h}{M_{hin_h}} \frac{N_{hi}}{n_{hi}} \frac{E_{hij}}{e_{hij}} \text{ is the basic sampling weight}$$

The following notations were used in the formula:

$M_h$  = Total number of enterprise in stratum h obtained from the sampling frame.

$M_{hi}$  = Total number of enterprises in small scale establishments type i for major domain or in center i for other domain, stratum h obtained from the sampling frame.

$E_{hi}$  = Total number of enterprises obtained from the survey of small scale establishments type i stratum h for major domain/in sample center of small scale establishments type i stratum h for other domain.

$e_{hi}$  = Total number of enterprises successfully covered in small scale establishments' type i stratum h for major domain/in sample center small scale establishments type i stratum h for other domain.

$n_h$  = Number of successfully covered by type of small scale establishments for other domain and for major domain in stratum h.

$N_{hi}$  = Total number of small scale establishments' type i in stratum h for major /in other center stratum h obtained from the sampling frame

$n_{hi}$  = Total number of sampled and covered small scale establishments type in sampled small scale establishments type i for major / center in stratum h

$Y_{hik}$  = The observed value of characteristic y for enterprises k, in small scale establishments type i, stratum h for major domain/ other domain stratum h.

Note: Estimate of total,  $\hat{Y}$ , is obtained by summing up stratum/domain total estimates.

$$\hat{Y} = \sum_h \hat{Y}_h$$

## 2. Sampling Variance of the Estimates:

Sampling variance of estimate of stratum total are given by the following formulas:

The variance of domain or reporting total estimate is:

$$Var(\hat{Y}_h) = \frac{n_h}{n_h - 1} \sum_{i=1}^{n_h} \left( \hat{Y}_{hi} - \frac{\hat{Y}_h}{n_h} \right)^2$$

in which

$$\hat{Y}_{hi} = \sum_j W_{hi} \sum_k y_{hik}$$

$$V(\hat{Y}) = \sum_h V(\hat{Y}_h)$$

$$SE(\hat{Y}_h) = \sqrt{Var(\hat{Y}_h)}$$

## 3. Coefficient of Variation (CV) and Confidence Interval (CI)

The following formulas were used to calculate CV and CI of the domain (reporting level) total.

The coefficient of variation (CV) of domain total in percentage is:

$$CV(\hat{Y}_h) = \frac{\sqrt{VAR(\hat{Y}_h)}}{\hat{Y}_h} * 100$$

and Ninety-five percent confidence interval (CI) of domain total:

$$\hat{Y}_h \pm 1.96 * SE(\hat{Y}_h)$$

## 4. Ratio Estimates:

$$\hat{R}_h = \frac{\hat{Y}_h}{\hat{X}_h} \text{ and } \hat{R} = \frac{\hat{Y}}{\hat{X}}$$

Where: the numerator and the denominator are estimates of domain totals of characteristic y and x, respectively.

$$\text{Var}(\hat{R}_h) = \frac{1}{\hat{X}_h^2} [\text{Var}(\hat{Y}_h) + \hat{R}_h^2 \text{Var}(\hat{X}_h) - 2\hat{R}_h \text{Cov}(\hat{Y}_h, \hat{X}_h)]$$

shortage of supply raw material as the major reasons, behind this performance. Because of shortage of supply of newly established has strained 8 % of the establishments not to operate the whole year.

Results of capacity utilization by the small scale manufacturing establishments are displayed in summary table 3.11. Other problems were reported as a major reason behind below-capacity performance by 33.6 % of the establishments. Absence of market demand and shortage of supply of raw material were 28.6%, 21.0% respectively were also mentioned as the major reasons, for under capacity performance by these establishments. Shortage of foreign, lack of adequate skill, absence of credit facility and shortage supply of spare part was mentioned as a major reason for low capacity performance by very few establishments. Finally, “lack of working premises” was given by 8.0% of the establishments.

Summary Table 3.9 Number of Establishments by Industrial Group and Major Problem Faced at the Start of Operation: 2010 E.F.Y (2017/18)

INDUSTRIAL GROUP	TYPE OF PROBLEMS									
	LACK OF FOREIGN EXCHANGE	LACK OF SUFFICIENT INITIAL CAPITAL	OBSTACLES FROM GOV. RULES AND REGULATIONS	ACCESS TO CREDIT FACILITIES	LACK OF INFORMATION	LACK OF SMOOTH SUPPLY OF RAW MATR.	ABSENCE OF ADEQUATE SKILLS	OTHERS	NO PROBLEMS FACED	TOTAL NUMBER OF ESTAB.
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	171.0	6,876.0	1,028.0	107.0	343.0	3,984.0	471.0	2,699.0	4,712.0	20,392.0
MANUFACTURE OF GRAIN MILL SERVICES ....	506.0	12,396.0	2,819.0	596.0	651.0	2,132.0	1,048.0	8,439.0	17,510.0	46,097.0
MANUFACTURE OF TEXTILES ...	7.0	55.0	10.0	3.0	3.0	21.0	3.0	24.0	24.0	151.0
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	86.0	3,306.0	334.0	79.0	100.0	292.0	313.0	492.0	1,004.0	6,006.0
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	-	51.0	17.0	-	-	17.0	-	-	-	85.0
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MAUFACTURE OF ARTICLES OF STREW AND PLAING MATERIALS ....	16.0	1,119.0	113.0	81.0	49.0	162.0	16.0	357.0	292.0	2,206.0
PUBLISHING PRINTING AND REPRODUCTION OF RECORDED MEDIA	43.0	321.0	-	21.0	43.0	43.0	21.0	43.0	43.0	578.0
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	64.0	428.0	43.0	43.0	21.0	86.0	21.0	129.0	407.0	1,242.0
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	107.0	2,763.0	300.0	150.0	321.0	621.0	65.0	1,307.0	1,050.0	6,684.0
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	234.0	11,333.0	1,157.0	468.0	498.0	1,215.0	410.0	2,592.0	2,708.0	20,616.0
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C ...	21.0	151.0	21.0	-	21.0	-	21.0	43.0	129.0	408.0
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	-	21.0	-	-	-	-	-	-	-	21.0
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C. ....	664.0	26,946.0	2,249.0	1,135.0	707.0	2,913.0	728.0	6,747.0	5,977.0	48,067.0
TOTAL	1,920.0	65,768.0	8,091.0	2,685.0	2,757.0	11,486.0	3,120.0	22,871.0	33,856.0	152,554.0
Percentages	1.3	43.1	5.3	1.8	1.8	7.5	2.0	15.0	22.2	100.0

Summary Table 3.10 Number of Establishments by Industrial Group and Major Reason  
for Not Being Fully Operational During: 2010 E.F.Y (2017/18)

INDUSTRIAL GROUP	Major Reasons										
	Newly Established	Shortage of supply of raw materials	Shortage of supply of spare parts	Absence of market demand	Lack of working capital	Shortage of electricity	Shortage of water	Frequent machinery failure	Obstacles from gov.	Lack of foreign	Total
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	878	2,977	43	536	214	1,221	107	214	214	857	7,261
MANUFACTURE OF GRAIN MILL SERVICES ....	705	632	1,319	2,295	217	10,191	1,626	163	398	2,566	20,112
MANUFACTURE OF TEXTILES ...	14	14	-	7	-	3	-	3	-	7	48
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	234	182	21	427	131	382	21	10	193	440	2,040
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	-	-	-	34	34	-	-	-	-	-	68
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MANUFACTURE OF ARTICLES OF STREW AND PLAITING MATERIALS ....	65	162	16	259	-	308	-	-	16	65	892
PUBLISHING PRINTING AND REPRODUCTION OF RECORDED MEDIA	21	21	-	43	-	-	-	-	-	21	107
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	43	64	-	43	-	-	21	21	-	-	193
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	364	578	86	557	257	1,007	86	43	64	321	3,363
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	600	1,713	190	2,064	322	2,533	117	132	146	1,332	9,150
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C. ...	43	21	-	21	-	21	-	-	-	21	129
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	-	-	-	-	-	-	-	-	-	-	-
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C. ....	1,864	2,785	278	3,491	1,157	7,240	236	578	471	2,913	21,013
TOTAL	4,830	9,151	1,953	9,777	2,331	22,907	2,214	1,165	1,502	8,544	64,375
Percentages	8	14	3	15	4	36	3	2	2	13	100



Summary Table 3.11 Number of Establishments by Industrial Group and Major Reason  
For Not Working at Full Capacity, 2010 E.F.Y (2017/18).

INDUSTRIAL GROUP	TYPE OF REASONS								
	SHORTAGE OF SUPPLY OF RAW MATR.	SHORTAGE SUPPLY OF SPAREPART S	ABSENCE OF MARKET DEMAND	ABSENCE OF CREDIT FACILITY	SHORATGE OF FOREIGN EXCHANGE	LACK OF ADEQUAT E SKILL	LACK OF WORKING PREMISES	OTHERS	TOTAL NUMBER OF ESTAB.
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	7,754	471	2,935	129	43	86	685	2,827	14,930
MANUFACTURE OF GRAIN MILL SERVICES ....	2,982	4,536	10,607	199	36	361	1,066	19,226	39,013
MANUFACTURE OF TEXTILES ...	24	-	45	-	-	3	14	28	114
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	626	93	1,981	103	14	83	471	1,166	4,537
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	17	-	51	17	-	-	-	-	85
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MAUFACTURE OF ARTICLES OF STREW AND PLAITING MATERIALS ....	422	81	503	-	-	49	195	421	1,671
PUBLISHING PRINTING AND REPRODUCTION OF RECORDED MEDIA	129	-	150	-	-	-	86	43	407
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	214	86	407	-	43	-	214	43	1,007
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	1,372	107	1,799	129	43	43	428	1,264	5,185
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	3,837	468	5,388	425	102	59	1,992	4,246	16,516
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C ...	43	-	130	21	-	-	43	21	258
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	-	-	21	-	-	-	-	-	21
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C. ...	8,439	1,050	11,138	1,521	150	321	4,670	12,081	39,370
TOTAL	25,859	6,892	35,154	2,543	431	1,004	9,864	41,366	123,113
Percentages	21	5.60	28.60	2.10	0.30	0.80	8.00	33.60	100.00

Earlier in the report we discussed about the problems faced by small-scale establishments, now let us look at the problems faced by the establishments during the survey period. The responses by the establishments are summarized in summary table 3.12. The majority of the establishments responded to this particular question. Out of those who responded to this particular question, blamed electric supply was cited as a major problem by 35.5 % of the establishments, and also 23.8 % of them talked about market demand for their products, shortage of raw material, close to 8.8 %, shortage of raw material and 8.40 % pointed out lack of working premises as a major concern to them, during the survey period. The other notable reasons given by the establishments were, 0.80 % referred to problem with employees, 1.50 % frequent machinery failure, and 1.70 % shortage supply of spare parts, respectively.

The other area investigated during the survey, was whether there were administrative issues related to the government, hampering a smooth running of a small-scale establishment. The results are presented in summary table 3.13. Very few of the establishments responded to this question, i.e., only 23.3 thousand of them. The figures in the table show that out of these 10.8 thousand, 46.0 % mentioned lack of working premises as a major problem, followed by getting license 32.0 % and 13.0 % brought up absence of tax exemption as a major problem, respectively.

Business, be it large or small can fail, or get into trouble or face a bumpy road due to number of reasons, and lack of information among them, if not a major one. During the survey, establishments were asked whether they faced this kind of problem, and their responses are encapsulated in summary table 3.14. Again, as in the previous table, very few responses were recorded for this question, only 14.8 thousand responses. Nevertheless, 33.6 % of those who responded to this question, cited lack of sufficient market information as a major problem, while a fifth of them (17.6 %) revealed lack of information to decide which type of activity to engage in as a major problem, and 11.1 % brought up lack of information about appropriate machinery as a culprit. Worth noting here is also that, 9.30 % mentioned lack of information, where to get appropriate training, while 5.8 % put the blame on lack of information as to where to get machinery.

Summary Table 3.12 Number of Establishments by Industrial Group and Major Reason Faced During the Survey Period: 2010 E.F.Y (2017/18)

INDUSTRIAL GROUP	TYPE OF REASONS											
	NO PROBLEMS FACED	SHORTAGE OF SUPPLY OF RAW MATR.	SHORTAGE SUPPLY OF SPAREPARTS	ABSENCE OF MARKET DEMAND	LACK OF WORKING CAPITAL	FREQUENT MACHINERY FAILURE	LACK OF WORKING PREMISES	PROBLEMS WITH EMPLOYEES	OBSTACLES FROM GOV. RULES AND REGULATIONS	SHORTAGE OF ELECTRICITY	OTHERS	TOTAL ESTAB.
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	664	7,818	171	1,392	428	86	835	193	428	7,711	557	20,285
MANUFACTURE OF GRAIN MILL SERVICES...	1,156	2,186	2,476	4,716	325	1,518	542	343	470	31,080	1,355	46,169
MANUFACTURE OF TEXTILES ...	10	21	-	28	10	-	14	-	-	48	21	151
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	120	581	69	1,304	427	31	323	17	62	2,817	237	5,989
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	-	17	-	68	17	-	-	-	-	-	-	102
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MAUFACTURE OF ARTICLES OF STREW AND PLAING MATERIALS ....	65	243	-	243	65	-	97	-	49	1,330	65	2,157
PUBLISHING PRINTING AND REPRODUCTION OF RECORDED MEDIA	-	193	21	86	43	-	64	-	21	150	-	578
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	86	193	21	150	86	-	21	-	-	621	64	1,242
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	107	985	43	942	44	86	578	43	64	3,491	257	6,641
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	307	3,323	161	2,577	937	88	1,039	15	278	11,261	542	20,528
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C ...	21	43	-	87	43	-	-	-	-	214	-	408
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	-	-	-	-	-	-	-	-	-	21	-	21
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C. ...	771	7,304	407	6,533	2,185	471	2,699	86	728	25,191	1,692	48,067
TOTAL	3,309	22,908	3,369	18,125	4,609	2,279	6,214	696	2,101	83,938	4,790	152,340
Percentages	2.2	15.00	2.20	11.90	3.00	1.50	4.10	0.50	1.40	55.10	3.10	100.00

Summary Table 3.13 Number of Establishments by Industrial Group and Type of Government Influence: 2010 E.F.Y (2017/18)

INDUSTRIAL GROUP	TYPE OF GOVERNMENT INFLUENCE				
	GETTING LICENCE REQUIRES LONG PROCESS	LACK OF WORKING PREMISES	ABSENCE OF TAX EXEMPTION	OTHERS	TOTAL
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	942	750	214	493	2,399
MANUFACTURE OF GRAIN MILL SERVICES....	3,253	1,084	452	1,156	5,945
MANUFACTURE OF TEXTILES ...	3	3	10	-	17
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	251	392	117	89	850
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	-	-	17	-	17
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MAUFACTURE OF ARTICLES OF STREW AND PLAITING MATERIALS....	146	293	65	-	504
PUBLISHING PRINTING AND REPRODUCTION OF RECORDED MEDIA	-	86	-	21	107
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	21	107	43	43	214
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	344	450	43	150	986
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	834	1,684	294	498	3,310
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C ...	43	43	-	-	86
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	-	21	-	-	21
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C....	2,292	3,491	878	814	7,476
<b>TOTAL</b>	<b>8,130</b>	<b>8,404</b>	<b>2,133</b>	<b>3,265</b>	<b>21,931</b>
Percentages	37	38	10	15	100

Summary Table 3.14 Number of Establishments by Industrial Group  
and First Major Information Problem: 2010 E.F.Y (2017/18).

Industrial Group	Lack of information to decide type of activity	Lack of information about appropriate machinery	Lack of information where to get machinery	Lack of information where to get appropriate training	Lack of sufficient market information	Lack of information where to get license	others	Total
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	236	257	43	129	471	-	364	1,499
MANUFACTURE OF GRAIN MILL SERVICES....	578	325	289	325	994	72	560	3,144
MANUFACTURE OF TEXTILES ...	3	3	-	-	3	-	3	14
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	86	58	24	65	96	14	76	420
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	-	-	-	-	-	-	-	-
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MAUFACTURE OF ARTICLES OF STREW AND PLAITING MATERIALS....	32	49	-	49	97	16	32	276
PUBLISHING PRINTING AND REPRODUCTION OF RECORDED MEDIA	21	-	-	-	-	-	43	64
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	21	43	-	21	21	-	21	129
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	257	86	107	-	278	21	236	985
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	439	293	132	190	732	88	512	2,386
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C ...	-	-	-	21	-	-	21	43
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	-	-	-	-	-	-	-	-
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C. ...	728	707	514	514	1,264	171	900	4,798
TOTAL	2,403	1,821	1,109	1,315	3,958	383	2,769	13,758
Percentages	17.5	13.20	8.10	9.60	28.80	2.80	20.10	100.00

Summary Table 3.15 Number of Establishments by Industrial Group  
and Main Reason for Not Solving Problem of Shortage  
of Working Capital: 2010 E.F.Y (2017/18).

Industrial Group	Main Reason						Total
	Permitted Loan was insufficient	Unable to provide collateral	High interest rate	Loan repayment time was short	Loan process takes long time	Others	
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	86	21	-	21	43	-	171
MANUFACTURE OF GRAIN MILL SERVICES...	72	54	18	36	72	-	253
MANUFACTURE OF TEXTILES ...	-	-	3	-	-	-	3
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	41	62	7	3	28	7	148
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	-	17	-	-	-	-	17
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MAUFACTURE OF ARTICLES OF STREW AND PLAITING MATERIALS ....	16	32	16	16	-	-	81
PUBLISHING PRINTING AND REPRODUCTION OF RECORDED MEDIA	-	-	-	-	-	-	-
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	-	21	-	-	-	-	21
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	129	-	21	21	64	21	257
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	190	220	29	29	220	44	732
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C ...	-	-	-	-	-	-	-
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	-	-	-	-	-	-	-
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C. ...	536	493	129	107	364	86	1,714
TOTAL	1,070	921	224	235	791	158	3,398
Percentages	31.5	27.10	6.60	6.90	23.30	4.60	100.00

Summary Table 3.16 Number of Establishments by Industrial Group  
and Cause of Lack of Market: 2010 E.F.Y (2017/18)

Industrial Group	Cause of Lack of Market					Total
	Unable to compete foreign product in quality	Unable to compete foreign product in price	Unable to compete local product in quality	Unable to compete local product I price	Others	
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	64	107	1,221	1,649	2,142	5,184
MANUFACTURE OF GRAIN MILL SERVICES ....	271	145	1,807	3,433	11,474	17,130
MANUFACTURE OF TEXTILES ...	10	14	14	17	34	89
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	169	182	461	1,056	1,218	3,086
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	17	17	34	-	-	68
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MAUFACTURE OF ARTICLES OF STREW AND PLAITING MATERIALS ....	32	49	130	259	390	860
PUBLISHING PRINTING AND REPRODUCTION OF RECORDED MEDIA	-	43	171	107	107	428
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	43	43	86	214	86	471
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	43	21	171	835	1,092	2,163
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	337	571	893	3,192	3,236	8,229
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C ...	-	43	43	86	44	215
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	-	-	-	-	-	-
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C. ....	771	1,392	3,127	6,640	6,854	18,785
TOTAL	1,757	2,627	8,158	17,489	26,679	56,709
Percentages	3.1	4.60	14.40	30.80	47.00	100.00

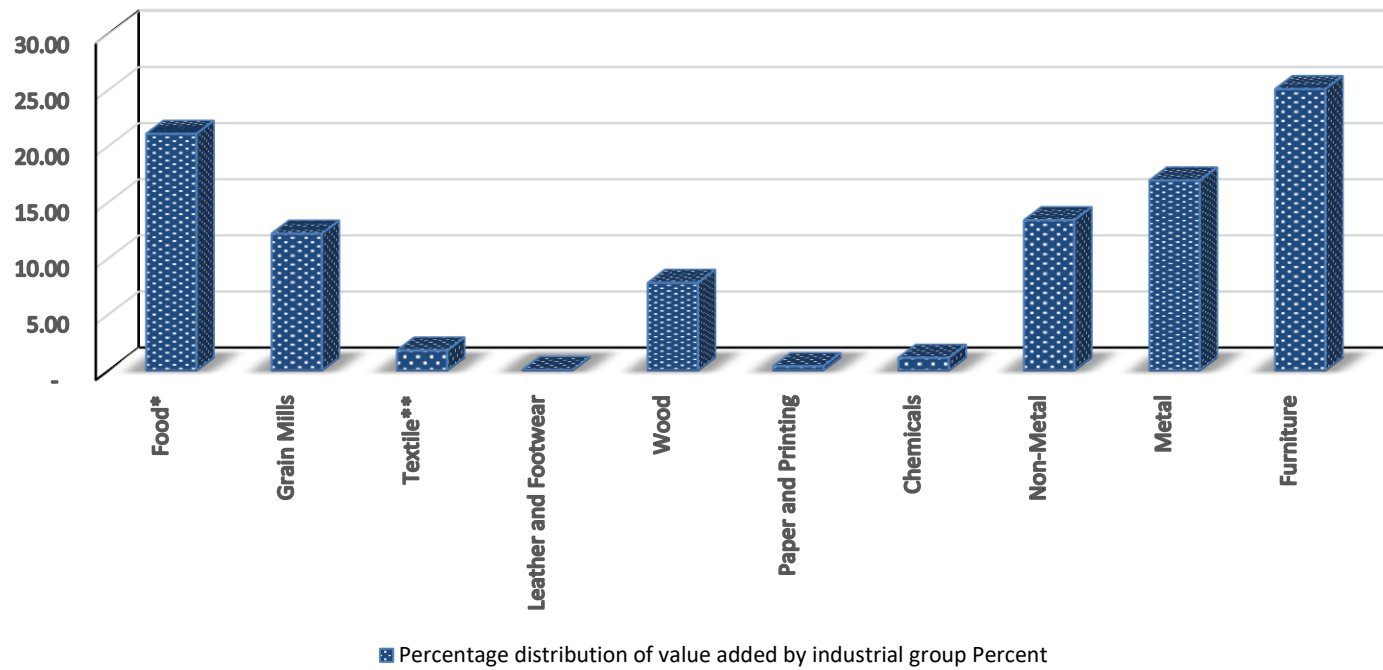
Summary table 3.15 displays number of establishments by a major reason for not solving the problem of shortage of capital. Earlier in summary table 3.12, during the question about the major problem faced during the survey period, 4.61 thousand or 3.0% put their problem on lack of working capital. Now only 3.4 thousand responded to the reasons as to why they have not solved the problem of working capital. Close to 31.5 % talked about loan permitted was not sufficient, pretty close to this size or 27.1 % said their inability of providing collateral and 23.3 % of them complained about the lengthy time it takes to process a loan. There was a complaint about the time required to repay a loan by 6.90 % and high interest rate was mentioned as a problem by 6.60 % of the small-scale establishments.

Finally, an attempt was made to investigate the reasons behind the lack of market mentioned as a major problem faced during the survey period, and the responses are presented in summary table 3.16. Their inability to compete in the local market in prices was mentioned by almost 30.8 % the establishments, followed by in-ability to compete with local products in quality (14.4 %) and in-ability to compete with imported products in price (4.60 %), respectively



Lists of Figures

**Fig. 1 Percentage Distribution of Value Added\* by Industrial Group - 2010 E.F.Y (2017/18)**



Percentage of Imported to Total Raw Material Cost by  
Industrial Group : 2010 E.F.Y. (2017/18)

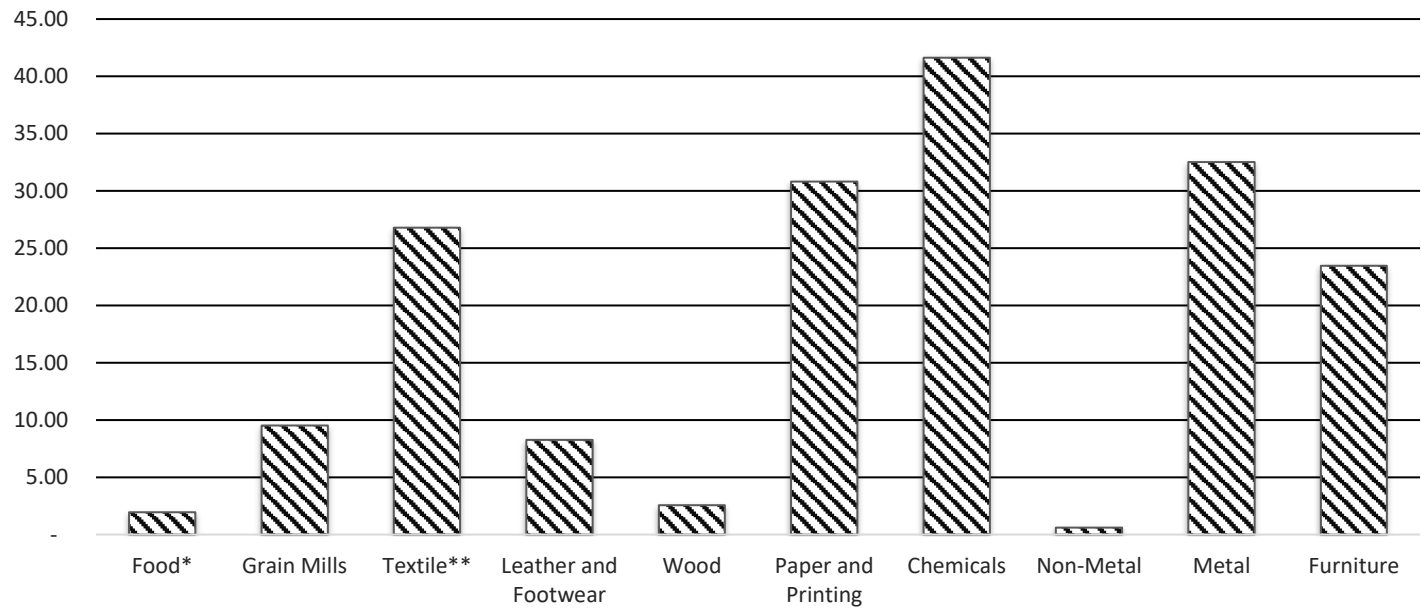


Table 4.1. PERMANENT EMPLOYEES AS PERCENTAGE OF TOTAL PERSONS ENGAGED BY INDUSTRIAL GROUP 2017/2018 (2010 E.F.Y)

INDUSTRIAL GROUP	No. OF ESTAB.	NUMBER OF PERSONS ENGAGED	PERMANENT EMPLOYEES	PERMANENT EMP. AS % TOTAL PERSONS ENGAGED
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL	20,649	294,268	119,802	40.71
Production, processing and preserving of meat and meat products...	-	-	-	-
Manufacture of vegetable and animal oils and fats ...	643	4,520	2,849	63.03
Manufacture of grain mill products ...	-	-	-	-
Manufacture of bakery products ...	16,729	240,290	98,489	40.99
Manufacture of cocoa, chocolate and sugar confectionery ...	86	1,435	750	52.24
Manufacture of other food product n.e.c ...	3,192	48,024	17,714	36.89
Others	-	-	-	-
MANUFACTURE OF GRAIN MILL SERVICES ....	46,675	533,571	233,681	43.80
MANUFACTURE OF TEXTILES ...	151	2,329	843	36.19
Preparation and spinning of textile fibers; weaving of textiles ...	131	2,036	726	35.64
Manufacture of made-up textile articles, except apparel ...	-	-	-	-
Manufacture of knitted and crocheted fabrics and articles ...	21	292	117	40.00
Others	-	-	-	-
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	6,048	78,786	30,117	38.23
Manufacture of wearing apparel, except fur apparel...	6,048	78,786	30,117	38.23
Others	-	-	-	-
MANUFACTURE OF LUGGAGE, HANDBAGS AND FOOTWEAR ...	102	1,848	509	27.52
Manufacture of luggage, handbags and the like, saddlery and harness	51	695	254	36.59
Manufacture of footwear ...	-	-	-	-
Others	51	1,153	254	22.06
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK, EXCEPT FURNITURE; MAUFACTURE OF ARTICLES OF STREW AND PLAINTING MATERIALS ....	2,238	30,855	12,787	41.44
Sawmilling and planing of wood ...	2,222	30,628	12,674	41.38
Manufacture of builders' carpentry and joinery ...	-	-	-	-
Manufacture of wooden containers ...	-	-	-	-
Manufacture of other products of wood, manufacture of articles of cork, straw and plating materials ..	16	227	113	50.00
Others	-	-	-	-
PUBLISHING,PRINTING AND REPRODUCTION OF RECORDED MEDIA	600	10,667	4,498	42.17
Publishing,printing and reproduction of recorded media ...	600	10,667	4,498	42.17