



Small Scale Industry-Important Engine for the Growth of India's Economy

KEYWORDS

SSI, Economy, Employment, Industrial growth, LPG, Development

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ABSTRACT *Small Scale industry has performed extremely well and enabled our country to achieve a wide measure of industrial growth and diversification. The diversity in production systems and demand structures will ensure long term co-existence of many layers of demand for consumer products / technologies / processes. Having recognized the significance of SSI sector, the Govt. of India has set up various agencies and institutions at different levels-central, state and local, have been pursuing the policy of protection and promotion of this sector since independence and also offered several incentives and concessions for their promotion and development. This paper is going to describe the significance of SSI's existence with respect to India's economy.*

INTRODUCTION Small-scale industries (SSIs) have been playing an important role in the overall economic development of a country like India. It plays an important role in minimizing these problems through dividing employment with lower investment. Industrialization is essential for rural areas because majority of the population lives there. In Indian economy small-scale industries occupy an important place in terms of employment potential and its contribution to total industrial output and exports. By its less capital intensive and high labour absorption nature, SSI sector has made significant contributions to employment generation and also to rural industrialization. This sector is ideally suited to build on the strengths of our traditional skills and knowledge, by infusion of technologies, capital and innovative marketing practices. Recently, significant policy initiatives have created easy availability of financial assistance, incentives and subsidies and influenced many enterprises to start SSIs. This paper is focusing towards the SSI's role in India's economic development.

STATEMENT OF THE PROBLEM SSIs have contributed greatly in nurturing private enterprise and in hastening the economic development by generating employment, exports, and reducing local unevenness. The main reason of a small scale industry is to achieve self reliance by utilizing the resources available and harnessing the skills of local people to lay a platform that yields a steady income. Small Scale Industries (SSI) helps the financial system in promoting evenhanded development of industries across all the regions of the economy and also in the efficient distribution of money.

Objectives of the Study

1. To identify the problems and challenges involved in Small Scale Industry in India
2. To know the opportunities in Small Scale Industry in India
3. To understand the significance of Small Scale Industry in India
4. To analyze the role and performance of Small Scale Industry in India

METHODOLOGY In order to highlight the ideology of this paper designed with the help of considering secondary data from newspapers, reports, bulletins, magazines, dissertations, thesis and so on.

Types of small scale industries in India

All types of small-scale industries found in India whether in manufacturing sector or service sector are divided into five types:

MANUFACTURING INDUSTRIES For example: Power looms, engineering industries, coir industries, khadi industries, food processing industries etc.

ANCILLARY INDUSTRIES The industries which are producing parts and components and rendering services to large industries are called as ancillary industries.

SERVICE INDUSTRIES Service industries are those which are covering light repair shops necessary to maintain mechanical equipments. These industries are essentially machine-based.

FEEDER INDUSTRIES Feeder industries are those which are specializing in certain types of products and services, e.g. casting, electro-plating, welding, etc.

MINING OR QUARRIES The Mining industry in India is a major economic activity which contributes significantly to the economy of India.

Problems faced by the small-scale industries in India

PROBLEM OF SKILLED MANPOWER The success of a small enterprise revolves around the entrepreneur and its employees provided the employees are skilled and efficient. Inefficient human factor and unskilled manpower create innumerable problems for the survival of small industries. Non-availability of adequate skilled manpower in the rural sector poses problem to SSIs.

INADEQUATE CREDIT ASSISTANCE Inadequate and untimely supply of credit facilities is an important problem faced by SSIs. This is partly due to scarcity of capital and partly due to weak creditworthiness of the small units in the country.

IRREGULAR SUPPLY OF RAW MATERIAL Small units face severe problems in procuring the raw materials whether they use locally-available raw materials or imported raw materials. The problems arise due to faulty and irregular supply of raw materials. Non availability of sufficient quan-

tivity of raw materials, sometimes poor quality of raw materials, increased cost of raw materials, foreign exchange crisis and above all lack of knowledge of entrepreneurs regarding government policies are other few hindrances for the small scale sector.

ABSENCE OF ORGANIZED MARKETING In the absence of organized marketing, their products compare unfavourably with the quality of the product of large-scale units. They also fail to get adequate information about consumer's choice, taste and preferences of the type of product. The above problems do not allow them to stay in the market.

LACK OF MACHINERY AND EQUIPMENT Small-scale units are striving hard to employ modern machineries and equipment in their production process in order to compete with large industries. Most of the small units employ outdated and traditional technology and equipment. Lack of appropriate technology and equipment creates a major stumbling block for the growth of SSIs.

ABSENCE OF ADEQUATE INFRASTRUCTURE Indian economy is characterized by inadequate infrastructure which is a major problem for small units to grow. Most of the small units and industrial estates found in towns and cities are having one or more problems like lack of power supply, water and drainage problem, poor roads, raw materials and marketing problem. Thus absence of adequate infrastructure adversely affects the quality, quantity and production schedule of the enterprises.

Opportunities in small scale Industry

- Less Capital Intensive
- Extensive Promotion & Support by Government
- Reservation for Exclusive Manufacture by small scale sector
- Project Profiles
- Funding - Finance & Subsidies
- Machinery Procurement
- Raw Material Procurement
- Manpower Training
- Technical & Managerial skills
- Tooling & Testing support
- Reservation for Exclusive Purchase by Government
- Export Promotion
- Growth in demand in the domestic market size due to overall economic growth
- Increasing Export Potential for Indian products

significance of Small Scale Industries

- To create more employment opportunities with less in-

vestment

- To remove economic backwardness of rural and less developed regions of the economy
- To reduce regional imbalances
- To mobilize and ensure optimum utilization of unexploited resources of the country
- To improve standard of living of people
- To ensure equitable distribution of income and wealth
- To solve unemployment problem
- To attain self-reliance
- To adopt latest technology aimed at producing better quality products at lower costs

Role and performance of small scale industries

- Expansion of small-scale sector and its share in industrial output
- Employment generation
- Relative efficiency as compared with large-scale sector
- Equitable distribution of national income
- Mobilization of capital and entrepreneurial skills
- Regional dispersal of industries
- Less industrial disputes
- Contribution to export earnings

Conclusion

SSI has emerged as a dynamic and vibrant sector of the economy. The small scale sector is important in terms of employment generation, Contribution to GDP, promote balanced regional growth, have equitable distribution of wealth, promote exports and so on. At the national level, this sector has performed extremely well and enabled our country to attain industrial amplification and diversification. Undoubtedly small scale sector is one of the emerging segments, it needs to be nurtured continuously to get advantages plenty in terms economic and social with government support.