



Small Scale Industries in India

Ashok Kumar Srivastava

Associate Professor, Faculty of Commerce, SMMPG College, Ballia (U.P.) India

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Abstract: *Small Scale Industries constitute an important part of the Indian economic structure. They integrate with a continuing element in the scheme of national planning. They are a strategic part of the Indian economy as well as a progressive and effective decentralized sector which is closely related with agriculture and medium and large scale industries. The whole scheme of a socialistic pattern of society with employment for all, rests on the decentralisation and wide distribution of economic activity, entrepreneurship and economic advantages. The basic social philosophy underlying India planning is to develop medium and large scale sector and to take advantage of modern technology. For the rest of the fields, small scale Industries will be encouraged to play their active role. If there is change in scale, that has to be developed with the help of mutual co-operation both horizontal and vertical.*

Small scale and cottage industries has been playing an important role in Indian economy in terms of employment generation and growth. It is estimated that this sector has been contributing about 40% of the gross value of output produced in the manufacturing sector and generation of employment by the small sector is more than five times to that of large scale sector. The following are some of the important roles played by small scale and cottage industries in India.

Key Words: Adaptation, Indian cinema, Bollywood, criminal, General Nature, Revengful

Today, India operates the largest and oldest programmes for the development of small scale industries in any developing country. As a matter of fact, small sector has emerged as a dynamic and vibrant sector for the Indian Economy in the recent years. Before we discuss various aspects of small industries development, it seems pertinent to begin with an introductory frame work of small industries in India. Thus small and large scale industries are two legs of industrialization process of a country. Hence small scale industries are in existence in every country. Small scale industries have been given an important place in the frame work of Indian planning, since beginning both for economic and ideological reasons.

In India, small and cottage industries have an important place. India is facing several problems such as, lack of capital, poverty and unemployment in this situation small and cottage industries are the main foundation of industrial development in view of political, social and economic. So, we can

say that small industries are the main key of further growth and development and their prime in Indian economy can be described in following heads.

Role of small scale industries in India

1. Regional dispersal of industries
2. Mobilization of entrepreneurial skill.
3. Mobilization of capital.
4. Equitable distribution of income.
5. Employment generation.

Problem of small scale industries

1. The basic fundamental mantra of successful business are advance vision, perfect, skill, devotion, farsightedness, good manager as well as promoter, modern think innovative, aptitude, but in the absence of these characteristics small scale industries unit have diverted to sack unit. small scale industries units are established by small entrepreneur and they don't have adequate knowledge of management and organization, which impact adversely on development of these industries.
2. Standardization is the most important

Corresponding Author

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problem of small scale industries. Produced items by small industries do not have perfect standard measurement from ISO or ISI so, they mostly do not obtain faire price of their products.

3. Small scale industries units are facing tuff completion with large units. Advanced raw material heavy capital investment, brand, label, cost and advance technology based products are the facts of large unit but small scale faced the lack of all these facts so they do not complete with large units products.

4. Marketing problems is the one of most important problem of small scale industries, changing habit of customers taste, prefer and rising important of media. Limited sources of advertisement and sales promotion, competition of hand products with machine made products etc. are the main obstacles of marketing system. With the result they are not in a position to upgrade their products keeping in mind market and customer needs they produce low quality of product at a higher cost.

5. Finance is one of the most critical problem of small scale industries. We knows well that finance is the life blood of any venture and without adequate finance any venture/organisation can not functions property. Lack of financial institutions and credit facility organisations are confronted the problem of financial crisis. In this situation, they only the source of loan and they borrowed funds from domestic bankers at high rate of interest.

6. Small scale industries units are not used completely advance technology in production. Due to traditional methods of production, small scale industries unit faced with the problem of less production with highly cost and inferior quality. In this situation, they are not in position to complete with other modernize production units.

7. The prime problem of small scale industries are facing the availability of raw material at cheaper rate with in right time because small entrepreneur buy the small quantity of raw material from supplier and supplier provides the respective material at high rate with poor quality. All these factors are going to adversely affect the functioning

of these units and it will lead to enhance in the total cost production.

8. Small scale units mostly situated in urban or semi urban areas and skilled manpower are not interested in that area for working environment and they demand higher salary/remuneration in result of these works but small scale industries units are unable to pay respective demands. So, these units are used semi skilled or unskilled manpower in production system these result in lower productivity, low quality, rise the other cost and overall it affected adversely on the profit of small scale industries.

9. It is general practice for buyers to avail credit facility from sellers small scale industries lack bargaining power in dictating their tems to the potential buyers for their products. Provision for credit facility with regard to sales is force upon the small scale industries by the potential purchaser. Initially, credit period ranges between one month to three month. But purchaser generally avoid timely payments. A situation has now development in which buyers do not pay their dues to small scale industries for the than 12 months. It has created working capital problem before the small scale industries.

10. Government policy favours SSI in terms of omissions, subsidy and incentives. this has prompted some unscrupulous to develop bogus firms on paper to avail government subsidy and incentives. It makes if difficult for the genuine firms to get due concessions, subsidies, etc. from the government.

This indirectly helps the medium and large-scale enterprises in availing raw materials etc. at reduced rates. Availability of cheap finance also encourages the bogus firms to operate in the small-scale sector.

Remedial Measures

1. It is required to conduct detailed survey of the existing situations prevailing in small sector and draw productive programmes for the m. Study suggests is that very few small entrepreneurs launch their operation on the basis of a careful plan. A detailed feasibility study or detailed project report is highly essential for small entrepreneurs to start their units without proper planning they may be



affected by improper location, inexperience consultancy services, improper technology underestimation of costs, costs, etc. So small scale industries are required to initiate effective section plan for their survival.

2. Small scale industries try to improve their techniques of production and adopt modern technology. Government consultancy organization and laboratories have an important role to play in this context. They have to arrange viable and modern techniques of production to them as they are unable to expend money on this account Besides small scale industries should also try to give a lead, if possible financially, in research and development efforts. They should also believe continuous innovation and only then they may remain in their business.

3. Small scale industries should make concerted effort in imparting proper education and training workers engaged in this sector, as they are callable asset of industry. Expenditure on training and development activities should be treated as an investment. Small industries Associations should also involved themselves in providing knowledge and skills required them in the changing environment. Workers should be encouraged to innovate themselves in the production process as it would enable the small scale industries to complete with their medium and large scale counterparts. For this purpose effective motivation and reward system is highly desirable.

4. Development finance, Power arrangement, water supply etc. are necessary for the smooth functioning of small scale industries. State development corporation, small industries corporation, State technical consultancy organizations are engaged in providing these facilities. But their support system needs further improvement. Development of industries estate has solved this problem to a certain extent but efforts are needed to develop more industrial estate to accommodate more small units.

5. Small industries Development Corporation and other canalizing agencies responsible for the supply of raw material to small scale should take

necessary action to maintain a continuous and proper supply of raw materials to small scale industries. They should also ensure that bogus firms are to be excluded from this type of support. Government should also intervene rom time to time in arranging cheaper imports of raw materials for them.

6. For small scale industries, traditional sources of financing offer little scope for expansion and alternative means like venture capital are yet to be developed for them. SEBI has formulated guidelines for venture capital and there is hope for better finance facility for this sector. Beside priority sector lending scheme should be made more broad-based and credit limit should be enhanced. The small scale industries depend more on their own fund and loaned fund from non-banking sector as they are unable to get proper support from banks and other funding agencies. The SIDBI is trying to provide these facilities but intermediaries involved in this system are creating problems for them. So SIDBI should try to bring transparency and effectiveness in its functioning.

7. Small scale industries should focus on brand, product and market development. They should try to remain in the market and special trust should be given on quality improvement programme. Products at low cost and passing on the benefits to consumers would go a long way to improve their marketing performance. The large companies earn handsome price from the consumers. The reason is they have brands. So small scale industries should try to popularize their products in the market which will provide them separate product and brand identity.

8. This strategy will benefit the long run. However, efforts should be made to maintain standards and quality of the output and only they will get positive support from their potential customers. Small scale industries should try to develop separate suitable machineries for taking intake with regard to problem faced by them. Small scale industries have different typical problems and which they must overcome by taking offensive strategies. Small scale industries Association should



be offensive and objectively clear in their goals in pleading their cases with the Government Associations like FICCI, ASSOCHAM and CII are more powerful in maintaining their relations with the Government.

The small scale industries have a crucial role in a developing economy like India. They play a strategic role in the progress of the country. These industries by and large represent a stage in economic transition from traditional segments to modern segments. The traditional nature of this process is reflected in the diversities of these industries. Some small scale industries employ skill and mechanism while many other units use modern and sophisticated technology. Now, our economy is facing a challenging of economic growth. It has to accelerate the productivity in many important areas like

agriculture and manufacturing by improving techniques of production. Small scale industries have been assigned to fulfill these expectations in more economic and diversified ways.

"Unlimited welfare of India is vested in the cottage industries."

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