



PROMOTION OF SMALL SCALE INDUSTRIES – A Panoramic View

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ABSTRACT:

The small scale industries play a vital role in the growth of the country. It contributes almost 40% of the gross industrial value added in the Indian economy. By less capital intensive and high labour absorption nature, SSI sector has made significant contribution to employment generation and also rural industrialization. Under the changing economic scenario, SSI has to face number of diverse problems like vast population, large scale un-employment and underemployment and scarcity of capital resources and the like. Hence, the government has been providing some special facilities through different policies and programmes to overcome the problems and for the growth and development of small scale industries. The efforts of the government have resulted in the phenomenal increase in the number of units in the small scale sector.

Keywords:

strengths, weaknesses, threats and opportunities.

INTRODUCTION:

The government introduced various schemes and incentives for the promotion of SSIs. Constant support to SSI sector by the Govt. in terms of infrastructure development, fiscal and monetary policies have helped to emerge as dynamic and vibrant sector of Indian economy. Over the past five decades, Government policies and schemes have been to protect the interests of the SSIs and facilitate its rapid development from time to time. Historically, villages in India have been self reliant. Every village used to have its own cottage and small industry which fulfilled the requirement of the villages. Not only these, small scale industries were also exported products all over the world specifically to South Asia, Arab, and Central Asia. Since the time of independence, small scale industries received special privileges in the Indian economic system. The successive





Indian Government encouraged small scale industries to transfer the economic power to the grass root levels, to generate employment, to have balanced regional growth, and to check concentration of wealth. Small scale sector has performed exceedingly well and enabled the country to achieve a wide measure of industrial growth and diversification. Hence, by less capital intensive and high labour absorption nature, SSI sector has made significant contribution to employment generation and also rural industrialization.

MATERIAL AND METHOD:

DEFINITION OF SSI SINCE 1950 The definition of small scale industries has undergone changes over the years in terms of investment limits in the following manner:

Year	Investment Limits	Additional Conditions
1950	Upto Rs.5.0 lakh in fixed assets	No condition
1960	Upto Rs.5.0 lakh in fixed assets	No condition
1966	Upto Rs.7.5 lakh in Plant & Machinery	No condition
1975	Upto Rs.10 lakh in Plant & Machinery	No condition
1980	Upto Rs.20 lakh in Plant & Machinery	No condition
1985	Upto Rs.35 lakh in Plant & Machinery	No condition
1991	Upto Rs.60 lakh in Plant & Machinery	No condition
1997	Upto Rs.300 lakh in Plant & Machinery	No condition
1999	Upto Rs.100 lakh in Plant & Machinery	No condition
2001	Upto Rs.100 lakh in Plant & Machinery	No condition

Source : MSME annual reports 2010-2011 accessed from <http://www.msme.gov.in> Now-a-days Indian Small Scale Industries are mostly modern small-scale industries. Modernization has widened the list of products offered by this industry. The items manufactured in modern small-scale service and business enterprises in India include rubber products, plastic products, chemical products, glass and ceramics, mechanical engineering items, hardware, electrical items, transport equipment, electronic components and equipments, automobile parts, bicycle parts, instruments, sports goods,





stationery items and clocks and watches. This paper highlights the importance of evolution of different definitions of SSIs in India over the years and its contribution to the economy in India and to find out its strengths, weaknesses, threats and opportunities.

RESULT AND DISCUSSION:

The following suggestions and requirements are recommended for the growth of SSIs in India.

- 1) Definition of SSIs based on the Turnover limit along with the fixed assets.
- 2) Single Taxation Law each for all Direct and Indirect Taxes.
- 3) Single Comprehensive Labour Policy.
- 4) Reservation (Procurement) Policy - Price Preference and Purchase Reservation should be continued for SSIs.
- 5) Compulsory Registration for SSIs and thereby creating authenticated data and statistics on SSIs.
- 6) Benchmarking of SSI Associations and compulsory registration of SSI units with such Associations.
- 7) Quality Improvements - Testing Centres and Laboratories and availability of various standards specifications.
- 8) Infrastructure development like work sheds, etc. at affordable cost including practical rule.
- 9) Updated Industrial Training Centres in all districts for industrial needs.
- 10) Maintaining Stability of Raw material prices.
- 11) Credit Flow and Awareness of schemes among SSIs.
- 12) Promotion of Clusters.
- 13) Sick Unit Rehabilitation Scheme.
- 14) Easy Exit Policy for SICK Units.

CONCLUSION:

The small scale industries play a vital role in the growth of the country. It contributes almost 40% of the gross industrial value added in the Indian economy. Small scale industries are discussed all over the states and





they satisfy local demand. Thus they play a critical role in the development of regions. The government announced some policies and programs to support entrepreneurs of handlooms to sustain employment in rural areas and to improve the quality of life for handloom weavers. Various steps were taken to improve credit flow to SSIs, the government has also introduced various schemes and incentives for the promotion of SSIs and provide institutional infrastructure for SSIs through Small Industry Development Organisation (SIDO), and National Small Industries Corporation (NSIC) Ltd. Technology Resource Centres (TRC) provide latest and right technology for attaining global reach by SSI units. SSIs which account for about 45 percent of the manufacturing output and form the backbone of industrial development in India now are not export competitive and contribute only about 34.08 per cent of exports as on 2007-08. Boosting the contribution of SSIs in total exports of India is vital to India's future economic growth, which can be promoted in the following manner. Policy intervention for SSIs could be particularly export-effective when it is based on the Triple C (Customer oriented, Collective and Cumulative) However, it is also essential to create and sustain a business environment that reinforces the international competitiveness of the export sector as a whole. This can be achieved by active collaboration between governments, the private sector and international agencies with a view to reaping the significant potential benefits of exports through SSIs.

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