

Research Paper

A STUDY OF THE SMALL SCALE INDUSTRIES IN ECONOMIC DEVELOPMENT IN KOLHAPUR DISTRICT

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ABSTRACT

Small scale industries are an integral part of the present industrial structure. They present themselves as an essential and counting element of the world economy. Many times it is said that small – scale industries are inevitable back ward and lagging part of the economy, a relic of the past. But economic analysis and practical experience in many countries show that the small- scale industries have displayed remarkable persistence and have contributed significantly to the economy development of the country.

Introduction

Even if a country moves from a traditional economy to a modern economy through the transitional phase of development and industrialization, small industrial sector continues to play an important role in its economy.

The Concept of Small – Scale Industry

The term small industries sector is designed to differentiate small industries from both medium and big industries. In comparison to medium and large scale industries, small industries are small in operation employment, products, capital, technology etc.

Small – scale enterprise, fall into two categories cottage industries and small scale units. Cottage industries are mostly traditional industrial employing traditional methods of production. They are essentially household enterprise employing small hired labour.

On the other hand, small – scale enterprise generally employs limited number of wage workers and thus represents petty or small capitalism. Individuals or partners usually own them the small industries often use power, employ modern techniques and cater to a wide market. Both cottage and small industries produce intermediate products i.e. metal components, yarn, chemicals, plastic, processed goods, etc. which later becomes raw- material used by large –scale industries and hence depend on the latter.

Characteristics of Small Scale Industries

Although there is no such thing as the typical small industries they to share many unique characteristics, small is relative term.

These characteristics are:

- Capital investment is small.
- Most have fewer than 10 workers.
- Generally engaged in the production of light consumer goods, processing etc.
- Located in rural semi- urban areas.
- There is plethora of one- person firms.
- Virtually all these firms are privately owned and are organized as sole proprietorship.
- Tired workers are unorganized.
- Fixed assets form the largest component of small units.
- Most of the funds come from the entrepreneur saving.
- The incidents of infant mortality are also highest.

The Need for Study

In a vast country like India with recourse base and socio – economic conditions, macro level studies may not throw much light on the problem of all regions thus more macro level studies for each region are necessary for understanding the prospects and problem of small- scale industrial units in different regions of our country.

Objective of the study

- The main objective of the study is to understand the role of small scale industries in the economic development of Kolhapur district.
- To analyze the structural characteristics of the capital of the small- scale industrial units.
- To examine the employment, capital structure and output in small scale industrial units.
- To identify the operational problems and prospects of small scale industrial units.
- To suggest the policy measures for the exponential growth of small scale industries.

Scope of the study

This study covers important aspects of promotion and management of small- scale industries. The growth of small scale industries in some selected countries of the world with reference to their growth in India has also been included in the purview of discussion plans and policies helpful for the promotion of small scale industries have been referred with due incentives available to small- scale industries and development of entrepreneurship has modestly been through under the purview of the study.

Design

The present study is exploratory in nature as it attempts to explore the present profile and economic contribution of small-scale industrial sector in the overall economic development. It also attempts to critically analyze the policy implication of the small scale industrial sector in the regions of Kolhapur of Maharashtra.

Universe and Sampling

The present study focuses on the Kolhapur district of Maharashtra. In the district of Kolhapur, there are 7442 small scale industries in operation. The industries are selected in the outskirts of the talukas and towns of the Kolhapur district.

For the present study by following the convenience sampling method 20 small scale industries were selected.

Source of Data

Primary sources: The present study is based on the primary sources since the data is collected from the horse's mouth.

Secondary sources: The information for review of the study will be gathered from the Libraries and Govt. agencies.

Tools of Data Collection

A semi structured interview scheduled was prepared keeping objectives in mind. The instrument was prepared after the preliminary observation made about the 10 small scale industries in Shiroli taluka of Kolhapur district.

Method of Data Collection

Interview method was followed for collecting the Data from the managing Directors and main supervisors of the small-scale units.

Simultaneously observation method was adopted for gathering information about the plant and premises.

The Role Small Scale Industries

Small-scale industries contribute significantly to social and economic development objectives such as labour absorption, income distribution, rural development poverty eradication, regional balance and promotion of entrepreneurship. In fact they play an important role in process of country's industrial development.

Particularly in developing countries small labour intensive industries have been favored basically to create employment opportunities in an economy with abundant unskilled labour, even through such industries may not always supported on grounds of economics efficiency. In addition a low capital requirement, given an appropriate market environment is believed to stimulate growth of numerous indigenous, industries with wide regional dispersal. This helps to Promote balanced growth ensure more equitable income distributional as well as diversification of the industrial structure, which often leads to increased utilization of national resource. The processes if properly nurtured can help the entrepreneurial class and boost capital formation as well as lead the growth of industries in the small sector in both urban and rural areas. Such a process creates the basis for transformation of technology management and paves the way for creative development while sustaining national heritage and skills. It will also contribute to the growth of the right type of entrepreneurship in the country.

Empirical studies have been shown that small scale enterprises are important vehicle for the meeting the growth and equity with social justice optional objective of developing economics promotion of small scale industries has been one of the main strategies for economics development countries since the 1950. Agriculture supplies creation in dispensable primary requisitions food for the population as raw materials for industries and surplus products for exports. Industrialization has become a necessity and as virtually synonymous with civilization small scale industries play an important role in productive activities of development as well as developing countries.

Profile of Small – Scale Industries

The post- globalization period has given different result about the small scale industries. Country to the opinion that the small scale industries collapse in the post –globalization period, the growth of small scale industries in registered and unregistered category is stupendous.

The below given table gives the growing picture of small- scale industries in India:-

States with the Highest Number of Small- Scale Industries Units

Sr.No	State	Registered	Unregistered	Total
1	Uttar Pradesh	2,12,367	17,07,635	19,20,002
2	Andhra Pradesh	66,989	5,07,972	9,74,967
3	Tamil Nadu	2,58,493	6,79,361	9,37,854
4	Maharashtra	94,640	8,05,121	8,99,761
5	Madhya Pradesh	1,26,876	7,72,873	8,99,749
6	West Bengal	44,768	8,14,921	8,59,689
7	Karnataka	1,30,418	6,12,760	7,43,178
8	Gujarat	1,62,654	4,37,808	6,00,462
9	Kerala	1,67,478	3,41,772	5,09,250
10	Total in India	16,57,096	1,02,01,903	1,18,58,999

Source: Government of India, Economics survey 2006-07

Above table shows the states with the highest number of small scale Industries has shown Uttar Pradesh is highest number of small scale industries in Registered and Unregistered units.

Importance of Small- Scale Industry

• **Small- Scale industry** occupy on important place in Indian economy. The development of this sector holds solution too many sided problem of the Indian economy such as excess population pressure on agriculture unemployment etc. Has gained much from the development of cottage and small scale industries.

• **Most of small scale industries** have a low capital intensity and high potential for employment generation. They possess location Flexibility, which serves as an instrument for achieving a wide dispersal of industries.

• **The small – scale sector** has a high potential for employment. Dispersal of industries prompting entrepreneurship and earning foreign exchange to the country.

• **Small – Scale units** are highly innovative and productive through they do not maintain their own research and development wings. At the same time small units are quick to study changes in taste and fashion of consumers and adjusting the production process and produce accordingly. This is because these industries are flexible to situational changes unlike to big industries.

• **Small enterprises** are mostly locally owned and controlled and they can strengthen rather than, destroy the extended family and other social systems and cultural traditional identity.

• Small scale units have a tendency to disperse over wide areas. According to the second all India census of small scale units 62.19% of the units are located in backward areas.

Problems of Small Scale Industries

• **Inefficient Human factor:** Owing to the illiteracy, ignorance and the out of date methods of the cottage workers there is inefficient factor.

• **Lack of Credit Facilities:** The small industries are generally poor and there are no facilities of cheap credit.

• **Absence of organized marketing:** As market is not properly organized the helpless artisans and complements at the mercy of middleman.

• **Problem of Raw materials:** The quantity, quality and regularity of the supply of raw materials are not satisfactory.

• **Lack of machine and equipments:** Exclusive machines and equipments suitable for small scale industry are not available.

• **Power shortage and Frequent:** In the small scale industry power shortage and frequent power cuts.

• **Transport:** The problem of storage of inputs and outputs also need proper alterations. If they produce more goods, they are not able to keep the finished products. In a right place due to lack of storage facilities inadequate storage facilities.

• **Marketing Problem:** Marketing problem was found to be

one of the most difficult problems faced by small scale industry.

• **Use of Old and Poor Technology:** Majority of the small scale industries is still using the old machine and technology.

• **Under Utilization of Capacity:** Most small-scale industries barely utilize 50% to 60% of the capacity of their units. This has become a serious problem because it hinders increase in production capacity.

Conclusion

The small enterprise has emerged as a dynamic and vibrant sector of the economy. At present it accounts for 55% of manufacturing and employment. Over the year's small enterprise have emerged as the leaders in the industrial sector in India. The 1991 industrial policy was meant for promoting and strengthens of small tiny and village enterprise.

One of the most prominent features of the small-scale industries is assuring large scale employment opportunities for skilled, semi- skilled and unskilled labour force in the region. It is matter of appreciation that the good performance of small scale industries can be indicated by the services provided to the workers. The workers in these industries are no less deprived of any kind of service as compared to the large scale industries.

Suggestion

• It is a matter of great pride that the Govt. of India has brought the unorganized and small scale industry sector under social security measures.

• Govt .should be insurance schemes need to be linked to the small scale sector both to the unit and employees.

• Govt. should be Training. Support and consulted programmers of small scale sector.

• Govt.s should be rural artisan and handcrafts need to be supported to grow into a small scale industry to grab the global market opportunities.

• Accountability and transparency need to be brought in the implantation of the govt. schemes to support aspiring entrepreneurs.

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