

GOLDEN RESEARCH THOUGHTS

SMALL SCALE INDUSTRIES BENEFICIAL FOR GROWTH



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Abstract:-

Industrial growth is important for any economy whether developing or under developed. It has more significance for a developing economy like India which has abundant labour but is short of capital. Small scale industries provide an excellent opportunity of growth to the unskilled labour. This research tells us about the significant and dynamic role Small Scale Industries can have in developing economy like India. They not only provide huge employment opportunities at comparatively lower capital cost than big industries. These small industries help in the in the Industrialization of rural and backward areas reducing regional imbalances leading to equitable distribution of income and wealth. These industries are basically capital deficient, growth can be achieved in these economies by utilizing the labour power. After agriculture its these industries where maximum number people are engaged and most of the developing economies are agriculture based.

Keywords: Small Scale Industries, growth, employment, export potential, developing economies

Small Scale Industries Beneficial For Growth

INTRODUCTION:

In developing countries small scale industries offer individuals livelihood and a source of independent revenues. These small businesses are founded as a last resort business rather than a first choice. The work in these industries is pre-dominantly labour intensive and suits developing economies where there is excessive supply of labour.

As well said by our first Prime Minister “Cottage and Small and Scale Industries are of very special importance in India. If we lack capital, we do not lack man power and we must use this man power both to add to the wealth of the country and reduce unemployment. Small Scale Industries have emerged as an dynamic and vibrant sector of economy.” SSI require very less capital for its setting up which is why they are suitable for developing economies as they are always short of capital. These industries do not require any kind of specialisation and are more suitable for developing economies as skilled labour is scarce and be literacy rate is also low in these economies. They also do not provide any strain to the scarce foreign exchange reserves of these countries. These countries lack capital, so they utilize the labour power for the production of goods. These industries provide employment to those who are not been absorbed by the large scale industries. They also provide for balance development for industries across all the regions of the economy. They also help the various sections and strata’s of the society to utilise their skills for entrepreneurship.

GROWTH:

The micro, small and medium enterprises contribute nearly 8% of the countries GDP. Small scale business is a place where entrepreneurs can make innovation and turn them into reality by doing so they not only provide employment opportunity but also produce wealth. Small scale sector has grown rapidly over the years. The growth rate during the various plan periods is very impressive. It is less capital intensive and is high on labour absorption. In India it has made significant contribution to employment generation and also to rural industrialisation. It is ideally suited to build on the strengths of a traditional skills and knowledge by infusion of technologies capital and innovative marketing practices. SSI support the growth of large industries by providing components, accessories and semi finished goods required by them.

PERFORMANCE OF SSI / MSME: EMPLOYMENT INVESTMENTS				
S.No	Year	Total Working Enterprises (in Lakh)	Employment (in Lakh)	Market Value of Fixed Assets (Rs. in Crore)
1	2001-2002	105.21	249.33	154349
2	2002-2003	109.49	260.21	162317
3	2003-2004	113.95	271.42	170219
4	2004-2005	118.59	282.57	178699
5	2005-2006	123.42	294.91	188113
6	2006-2007	361.76	805.23	868543.79
7	2007-2008	377.36	842	920459.84
8	2008-2009	393.7	880.84	977114.72
9	2009-2010	410.8	921.79	1038546.08
10	2010-2011	428.73	965.15	1105934.09
11	2011-2012	447.66	1011.8	1183332
12	2012-2013	467.56	1061.52	1269338.02

EMPLOYMENT:

Small Scale Industries are growing not only numerically but is also in terms of employment, investment and output. There is need to boost the growth of indigenous industries so that they can be at par with their counterparts in another countries. SSI help absorb all the surplus labour in villages and towns. They provide help to the large industries by supplying them with essential components. The employment generated in small scale industries is nine times that of large establishment for an investment of Rs 1,00,000/- (One lac) in fixed assets.

One of the major problems which these economies face is pressure of population of land and the need to create massive employment opportunities. This problem can be tackled by Small Scale Industries as they labour intensive. They generate huge amount of employment in the villages and rural areas, people who are not observed by large scale industries can be switched over to these for employment

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Leading Industries MSME Sector	
Retail Trade except of Motor Vehicles & Motorcycles , Repair of personal & Household Goods	39.85%
Manufacture of Wearing & Apparel, Dressing & dyeing of fur	8.75%
Manufacture of food products & Beverages	6.94%
Other service activities	6.20%
Other Business activities	3.77%
Hotels & Restaurants	3.64%
Sale Maintenance & Repair of Motor Vehicles & Motorcycles; Retail sale of Automotive fuel	3.57%
Manufacture of Furniture	3.21%
Manufacture of textiles	2.33%
Manufacture of fabricated metal products ; Except machinery & equipments	2.33%
others	19.40%

EXPORT OPPORTUNITIES:

Export trade is useful for promoting employment opportunity within a country. The government has adopted various measures and established institution to help and developed these industries mainly SBI, IDBI. For a developing country like India export act as an engine of growth. Export of products of SSI's has increased over the years as a special incentives have been given to the exports of SSI's products. Various institutions like IDBI, SBI, and STC have been opened by the Government. Exports have worked like an enzyme in country like Japan, South Korea etc. Around 45 to 50% of Indian export is being contributed by SSI Sector.

CONCLUSION :

As already stated above these industries are ideally suited for developing economies because of its scarce capital and surplus labour. It is primary responsibility of the state govt to develop these industries. The state government needs to take steps to ensure that these industries get adequate flow of credit from financial institutions and banks. To provide facilities for their setting up, access to modern management practices, entrepreneurship development and skill up gradation through appropriate training facilities, to provide better access of to domestic and export markets, look into the welfare of artisans and workers.

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