

SMALL SCALE INDUSTRIES : AN INTRODUCTION

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Abstract:

The pretended by the little scale industry in the monetary movement of cutting edge industrialized nations like Japan, Germany, Great Britain and the United States of America is noteworthy. Numerous Countries both created and creating exteriorized that the little enterprises are valuable vehicle for development, and for the era of new business openings on a wide scale in the most limited conceivable time. Little and Medium ventures represent roughly 80 percent of the private segment mechanical specialists and henceforth possess a critical position in the modern structure of Japan. The work making limit of the little and medium ventures in Japan has been believed to be bigger than that in Germany or United States. In the advancement of scantily populated ranges, for example, Hokkaido Island in the North they have been a profitable apparatus for improvement. In the primary portion of the sixties the little and medium endeavors represented more than 50 percent of Japanese fares. Such business was generally work escalated and not reliant on imports of crude materials and subsequently, its net commitment to remote trade was high.

KEYWORD:

economic activity, economic activity, enterprises.

INTRODUCTION

Indian economy is creating economy. Its immense assets are either unutilized or underutilized. A noteworthy area of labor is unemployed. The per capita salary is low. Capital is bashful and rare and venture is lean. Creation is conventional and the innovation is obsolete. The yield is deficient and the fundamental needs of the general population stay unfulfilled. Industrialization is the main response to the condition of upset economy. The issue is of the approach which ought to be immediate, utilitarian and practical. Little scale enterprises don't require immense capital and henceforth reasonable for a nation like India. The little scale ventures have an ability of dispersal. They can be available to the remote provincial territories of the nation and don't prompt local lopsidedness and convergence of businesses at chose places, which is in charge of numerous monetary assets, for example, enterprise and capital. The organizers and the financial specialists in India took response to little scale industry in light of the fact that the majority of these ventures existed in the customary frame, which symbolize our legacy and past transcendence. These still fill in as the foundation of our economy, which is for the most part provincial.

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In India, the Government has raised the investment limit in plant and machinery for the Small Scale Industries to Rs.3 crore previously Rs.60 lakhs, with effect from February 7, 1997. The investment

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limit for ancillary units and for export-oriented units has been raised from Rs.75 lakhs to Rs.3 crore.

The progressive rise in the ceiling on investment in plant and machinery have been attributed to the steady rise in the cost of plant and machinery and the need for modernization and use of recent technologies in small-scale industries.

IMPORTANCE OF SMALL-SCALE INDUSTRIES:

In a labour abundant and capital scarce country like India, small-scale industries have come to occupy a significant position in the planned industrialization of the economy.

Most small-scale industries have low capital intensity and high potential for employment generation and dispersal of industries. They promote entrepreneurship and enable earning of foreign exchange through exports.

• **Small is Beautiful :** “Small is beautiful,” said E.F.Schumacher. He emphasizes the need for small working units, communal ownership and regional work places utilizing local labour and resource.

• **Innovative and Productive:** Small units are highly innovative, though they do not maintain their own research and development wings.

• **Individual tastes, fashions and personalized service:** Small firms are quick in studying changes in the tastes and fashions of the consumers and in suitably adjusting the production process and technology.

• **Symbols of national identity :** Small enterprises are almost, always locally owned and controlled and they can strengthen the extended family and other social systems and cultural traditions that are perceived as valuable in their own right and as symbols of national identity.

• **Happier in work:** - People who work in small enterprises are happier in their work than those who work in large ones, in spite of lower wages and poor standards of safety, comfort and welfare facilities.

• **Always winners of the game:** Small enterprises and new entrepreneurs were in the forefront in practically every business boom.

• **Dispersal over wide areas:** Small-scale units have the tendency to disperse over wider areas. As per the second all India Census, 62.19 % of the small-scale units are located in backward areas. Small-scale industries play a key role in the industrialization of a developing country. They provide immediate large-scale employment and higher labour capital ratio, on lower investment. They stimulate the growth of industrial entrepreneurship especially disfavored locations.

POLICY SUPPORT TO SMALL SCALE INDUSTRIES:

Vijayaraghavan panel was delegated on 28 August 1995 to update the reservation list and the board of trustees erased 91 things from the reservation list and 56 things included as expansion in the rundown. Ashok Mitra, financial specialist and previous fund clergyman of West Bengal, board of trustees turned out with an oppositely inverse position on arrangements and methodologies being trailed by the Indian Government. This board of trustees underlined the vital destitution annihilation part of SSI in the nation. As indicated by the board, any considerable change in the condition of SSIs will likewise mean a critical lessening in the level of destitution. The advisory group brought up that not by any means 3.3 percent of the union spending plan is skewed for SSI part. While the administration's carelessness towards encroachments of law identifying with SSI has been highlighted by the board, it likewise detailed that the multinational organizations and the Indian corporate part have indirect access passage into the SSI division bigly. The council likewise called attention to that the SSI part is not accepting satisfactory consideration in the hands of the Government. The report pinpointed out the requirement for a dynamic protectionist part by the Government.

CONCLUSION

The Indian small enterprises must embrace change if they have to survive and find a place for themselves in the global competitive environment. Pertinent changes need to be worked out not only in the attitude of the stakeholders but also in the mindset of the institutions which are engaged in the task of development of small enterprises. Efforts also should be made to take fullest advantage of the opportunities available under globalization. The constraints will have to be overcome through adoption of aggressive export and marketing strategies like those of China. Competitiveness and quality improvement have to be accepted as watchwords. Indian small enterprises have proved their worth in the past and with the adoption of necessary changes they can excel in the future. In the ultimate analysis, the survival of the small enterprises and their ability to find a place for themselves in the global market depend on their ability to bring out major changes in the quality of output, exports and employment.

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