

# Evaluating Growth And Challenges Of Small Scale Industry In India

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**Abstract-** *There is a prominent role of small scale industry in the development of a nation. India is as fastest growing sectors of the country .It provides huge employment opportunities and its presence is very important for the emerging countries like India the contribution of small scale industry sector to the economic is increasing day by day.Small Scale Industrial units have weak capital base of their own because they are mostly organized on proprietary or partnership basis and are usually of very small in size. They are poorly placed in the matter of capital formation. It is second largest employment provider sector of the country after agriculture. The contribution of small scale industry in the total export is also significant which is one-third of the exports of the country. And the main aim of the study is to examine the growth and the working of small scale industry units and their problems and prospectus in puducherry union territory. The studies of their type will be more useful to the policy makers for making necessary changes in the policy relating to the progress of micro and small industries in India.*

## I. INTRODUCTION

Though the small scale industry sector made significant contribution to the national economy even during the pre-independence period, no planned efforts were made for the promotion and development of this sector. Although after independence government had provided full attention to these industries. Even if these industries cannot provide us derived goal oriented results. It was only in 1993 than the first attempt to define a SSI unit was made by the national planning committee of the Indian national congress headed by Sri Jawaharlal Nehru. Since, then a number of attempts have been made in their direction.

The government has all through been alir to the important of small sale sector. It is clear from its various industrial policy resolutions. Different committee and commission were set up to give suggestions etc. and different policy announced from time to time promotion of the sector. various incentives and concessions in the form of capital subsidy, interest subsidy, transport subsidy ,consultancy subsidy, rebate in income tax ,margin money loan and price preference et. Has been given by the government our planner,

while formulating successive five year plans, laid adequate emphasis on the development of the cottage and small scale sector as well as the traditional workmanship but the creation of infrastructure facilities and follow up programmes of industrial development has provided a strong base to the large and medium industries and it has resulted a raw deal with the cottage and small scale industries .it has further strengthen the problem of unemployment, inequality of income and regional imbalance. At present, India needs employment oriented programmes in all sorts of its economic endeavours. It is only possible, If the small sector entrepreneurship is given due encouragement.

Developing a small enterprise is like rearing up a small baby. Hence, small enterprises need protection, development and promotion for their growth. Small scale or cottage industries and are not capital based, but the talent and effort based business. So exam middle class person can own and run this. But it is very difficult to provide run this. But it is very difficult to provide the employment to all. We can encourage the self-employment through SSI.

## II. REVIEW OF LITERATURE

The importance of SSI in economic and social development of the country is well recognized. The growth of small scale industries is spread over of the country the SSI.

**Dr.Reetu Sharma (2012) in Problems and Prospectus of SSI Units** had concluded that SSI units are at a developing stage and more expansion is required but some problems need to be solved.

1. Underutilization of installed capacity.
2. The marketing activities to be the strength for selling SSI manufactured products

**Beycokki Abbas Taleb (2007)**, author clearly said in his small scale industry sector is a key of economic and contributes substantially to India's total industrial production; export and employment generation. As a result, 3.6 million SSI units in the country produce over 8000 items and provide employment to about million people.

Srinivasan KT, (2013) has studied the **Performance of Micro, Small and Medium Enterprises** and their contribution in India’s growth and concluded that MSME’s play a vital role in the inclusive growth of Indian economy.

**III. NEEDS OF THE STUDY**

The main study is analysing the growth rate of SSI in India and puducherry. And the need for the study of SSI for knows the employment generation.

**IV. OBJECTIVES OF STUDY**

- To study the needs and importance of small scale industry.
- To focus on the huge growth potential opportunities available for small scale industry.
- To review the performance and challenges faced by small scale industry in India.

**SMALL SCALE INDUSTRY IN INDIA**

Small and medium scale enterprises (SME’S) are understood in India as enterprises where the investment in plant and machinery or equipment is between rs.25 lakh (US\$0.04 million) to rs.10 crore (US\$1.6 million)in case of a manufacturing industries and between Rs. 10 lakh (US\$0.02million)to Rs.5crores (US\$0.8million) in case of a service sector enterprises. The government of India has taken certain measures for the development of cottage and SSI. And here the best small manufacturing ideas and opportunities:

1. Chocolate
2. Paper role and facial tissue
3. Wooden toothpick
4. Paper plates
5. Candle making unit
6. Phenyl (white&black)

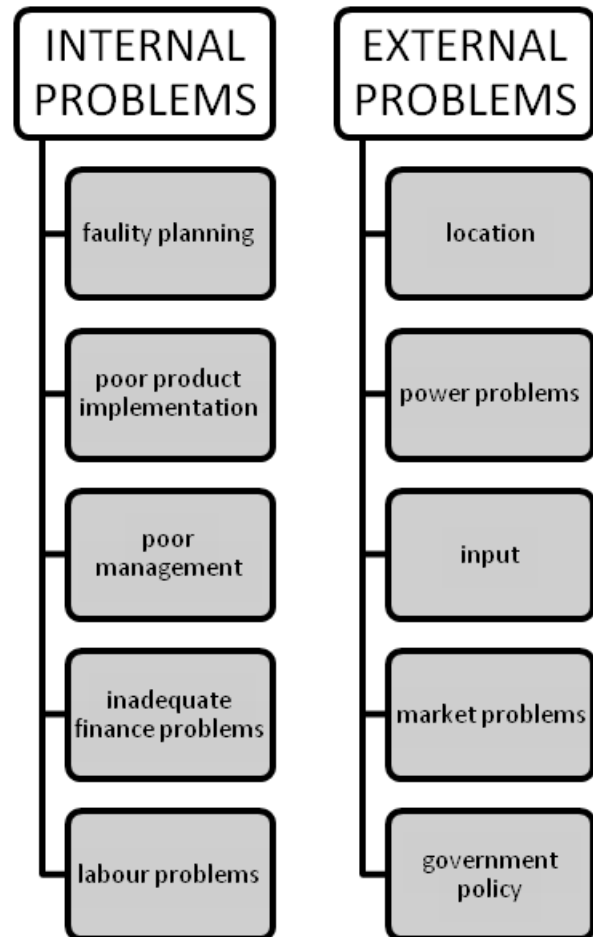
**SMALL SCALE INDUSTRY IN PUDUCHERRY:**

The union territory of puducherry is the home of a lot of small scale and medium scale industries that design, manufacture and market a wide range of products, which include wood products, leather, rubber and plastic products, metal products, paper products, cotton, food, miscellaneous products and many other products. Some of the popular small scale industry in Puducherry - Indian Radiators Ltd , Godrej Sara-lee ltd, Hindustan Lever Ltd.

**PROBLEMS FACED BY SSI IN INDIA & PUDUCHERRY:**

The SSIs towards the economy, SSIs does not get the indispensable support from the concerned government department, financial institutions, bank, credit societies and corporate. Thus the SSIs are becoming handicap and face's the problems.

A few problems faced by SSI in India are:



**GROWTH RATE OF SSI IN INDIA:**

The small scale industrial sector in India has been growing at a very rapid scale. The global and domestic recession, SSI registered a higher growth rate than the overall industrial sector in terms of units, production, employment and exports.

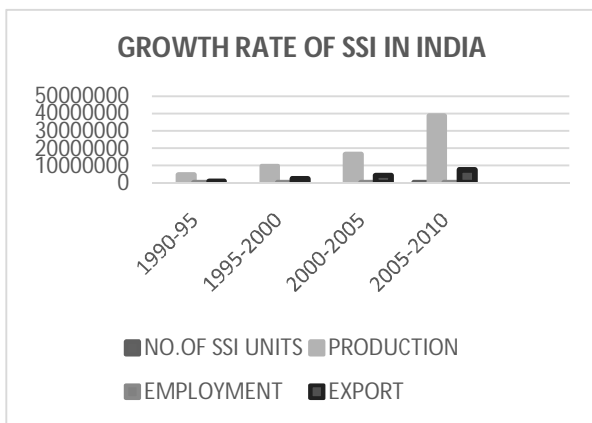
YEAR	NO.OF SSI UNITS (million)	PRODUCTION (million)	EMPLOYMENT (million)	EXPORT (million)
1990-91	6.787	635180	15.834	96640
1991-92	7.63	730720	16.599	138830
1992-93	7.351	855810	17.484	177840
1993-94	7.649	988040	18.264	253070
1994-95	7.960	1222100	19.140	290680
1995-96	8.284	1482900	19.793	364700
1996-97	8.621	1684130	20.586	392480
1997-98	8.971	1891780	21.316	444420
1998-99	9.336	2129010	22.055	489790
1999-00	9.715	2342550	22.910	542000
2000-01	10.11	2612890	23.909	697970
2001-02	10.521	2822700	24.909	712440
2002-03	11.01	3119930	26.138	860130
2003-04	11.395	36465470	27.142	976440
2004-05	11.859	4297960	28.235	1244170
2005-06	12.342	4978820	29.491	1502420
2006-07	26.112	7093980	59.566	1776000
2007-08	27.279	7907590	62.637	1825380
2008-09	28.516	8808050	65.935	2020170
2009-10	29.808	9829190	69.538	2235720
2010-11	31.152	10957580	73.217	2451270
2011-12	32.56	1221420	77.127	2691250

- Employments opportunities have been decreased, so necessary steps can be implemented for improving the employment opportunities in small scale industry in India.
- New exports policies can be framed for better and increased the exports.

**GROWTH RATE OF SSI IN PUDUCHERRY:**

In Puducherry SSIs have declined at a higher level. Most of the SSIs are yet at financial requirements to withstand the market. Electronic sector growths trends are positive. Plastics sector have a huge potential UT of Puducherry. Agri and food processing industries are having huge potential. Mechanical industries growth trend is moderate.

YEAR	NO.OF SSI UNITS	EMPLOYMENT	EXPORT
1990-91	301	2866	2930
1991-92	360	3014	2083
1992-93	329	3378	24060
1993-94	276	2257	1645
1994-95	313	3276	3486
1995-96	271	2362	3364
1996-97	104	2864	6778
1997-98	241	2749	7604
1998-99	316	4889	30084
1999-00	193	2642	10802
2000-01	252	2744	6561
2001-02	154	1891	7518
2002-03	308	3611	12643
2003-04	270	3051	29238
2004-05	197	2434	13759
2005-06	140	968	2916
2006-07	160	2095	4121
2007-08	144	1174	3945
2008-09	216	2114	13699
2009-10	210	1725	10772
2010-11	189	2311	10772
2011-12	120	1349	9178
2012-13	86	1331	6640
2013-14	76	912	6114
2014-15	96	958	6822

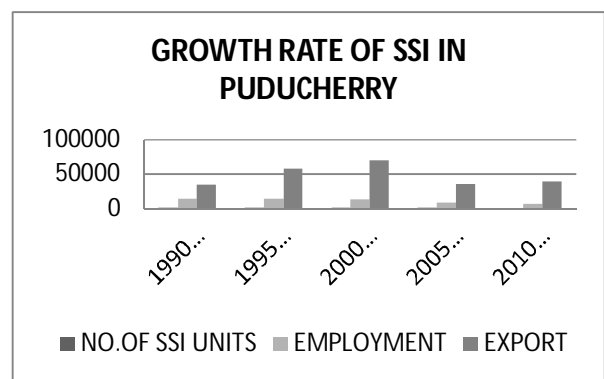


**INTERPRETATION:**

- The number of small scale industry units has increased approximately from 36.81 million units during 1990-95 -5 years to 124.051 million units during the period 2005-10.
- During 2005-10 approximately 390% of production has increased when compare to the previous survey year.
- Employment opportunities have also been increased for each period.
- The export units have increased from 9 lakh to 73 lakhs in 20 years.

**FINDINGS:**

- Study results show that steps have to be taken for improving the small scale industry in India.
- The production level is better increasing in all years.



**INTERPERTATION:**

- The number of small scale industry units has decreased in 2010-15 to 500 when compared to 1990-95 being 1500 approximately.

- Employment opportunities have also follow down nearly by 50%.
- The export level previously to be high in for 2000-05 but has decreased by 50%on the following years.

#### **FINDINGS:**

- To take a steps of improve the small scale industry in puducherry.
- The employment opportunities can be increased by pricing in various industries and improving small scale industry.
- A new export policy can be framed for better and increased exports.

#### **V. CONCLUSION**

A small scale industry is the vital role of the economic development of the country. It is not only providing employment opportunities but also help the utilisation of local resources.Small scale unit should improve overall the techniques in production, marketing and finance.Small scale industry is the growth of the economic and the employment opportunity.

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