

PROSPECTS AND FUTURE SCOPE OF SMALL-SCALE INDUSTRIES IN INDIA

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ABSTRACT

The development of our country's economy has become more dependent on the Small-Scale Industries (SSIs). SSIs set up an important and crucial piece of the contemporary region. A widening of the distribution of income and wealth, greater economic autonomy, increased entrepreneurial growth, and many other positive economic uplift features would arise from the encouragement of such firms in developing nations like India. Small and medium-sized enterprises (SMEs) are true engines for attaining national goals because they create jobs at low investment costs, encourage entrepreneurship, and promote domestic technology. They are easy to make and need minimal knowledge, which slows the flow of people from the countryside to the cities. They also have far-reaching effects on the economy, trade, and employment in a country.

Keywords: *Small scale, Prospect, economy etc.*

INTRODUCTION

Small businesses have a huge impact on the economic growth of sophisticated industrialized nations like Japan, Germany, the United Kingdom, and America. Although large-scale businesses provide jobs for people, small-scale enterprises serve as the engines for economic development in both developed and developing nations. The economic progress of Japan was significantly accelerated by entrepreneurs. In order to support small business owners, India views the Japanese Small Business Development Program as a role model for the development of small-scale enterprises. Japan continues to rely heavily on its extensive network of small businesses to provide raw materials and intermediate goods to its major industries. Almost 50% of Japanese exports were produced by small and medium-sized businesses in the first half of the 1960s. Such businesses had a very high net contribution to foreign exchange since they were mostly labor-intensive and independent on the importation of raw materials. Small and medium-sized businesses have also helped to improve quality of life by supplying products and services to the nearby areas.

There is widespread agreement that small and rural industries complement major businesses and provide chances for the creative energy of skilled craftsmen, even in industrialized nations like the United Kingdom and the United States of America. The greatest watch industry in the world, that of Switzerland, is built on the labor of several tiny, practically cottage-industry units. Since small businesses were valued in the UK, a study mocked Voltaire's well-known adage by stating that "If small business did not exist, it would be required to create it." In the USA, the Small Business

Administration has been given legal standing and is now directly answerable to the President. When it comes to creating jobs, small-scale companies are one of the thriving areas of the Indian economy. A solid entrepreneurial foundation contributes to industrial output and export growth. The Ministry of Small-Scale Industries' job is to support small businesses, provide them the tools they need to compete in a market-driven economy, and assist in creating new jobs. In order to accomplish these goals, the ministry works to promptly provide the following inputs to the small-scale industries sector:

- Sophisticated testing facilities and quality certification labs,
- enough infrastructural facilities, modern management methods,
- and skill upgradation via advanced training facilities are only a few of the requirements.
- Marketing support
- An equal playing field with the major and medium industrial sectors;

The degree of industrialisation heavily influences a nation's growth. It is a mechanism that quickens economic expansion and causes fundamental adjustments to the economy. Jawaharlal Nehru underlined that industrialisation is ultimately what would drive true growth. Existence of both large- and small-scale enterprises is crucial for fast industrialisation. A key factor in the economic success of developing nations is industrialization.

Concept Of SSI

Industries that produce goods and provide services on a small scale are known as "small scale industries" (SSI). Some ideas for localised manufacturing include the following: Bottled water, Kleenex, candy, toothpicks, paper, pens and pencils. The development of India's society and economy relies heavily on its small-scale businesses. These sectors typically make one-time capital expenditures for the purchase, hire-buy, or leasing of machinery, buildings, and companies. However, it does not exceed one crore rupees. Small-scale enterprises are businesses that create their wares or provide their services utilising fewer personnel and less robust machinery. The company must essentially follow the laws set down by the Indian government. The following are some of the current limitations:

- Equipment and machinery investments for factories producing goods must fall between 25 lakhs and 5 crores.
- Service providers must invest between ten thousand dollars and two million dollars in machinery.

Small businesses like these are essential to the growth of economies in developing countries like India. Because of the high need for labour, many people find work in these sectors. They also

contribute to the economy by increasing resource efficiency and GDP per person. They are an essential part of the economy, both financially and socially.

IMPORTANCE OF SMALL-SCALE INDUSTRIES

India is a country with a large population and a shortage of capital; as a result, the country's planned industrialization relies heavily on the success of its small businesses. Most small businesses can spread into new markets with ease, create new jobs quickly, and have a low capital intensity. They inspire enterprise and make foreign trade profitable. Tiny units lack their own research and development wings but are nevertheless quite inventive. Small businesses are adept at quickly analyzing changes in customer preferences and trends and adapting production methods and technology as necessary. As small businesses are virtually exclusively locally owned and operated, they may support various social structures and cultural practices that are valued as markers of national identity as well as the extended family.

Due to lesser pay, subpar levels of safety, comfort, and welfare facilities, people who work in small businesses tend to be happier at their jobs than those who work in big level organizations. With every business boom, small businesses and emerging entrepreneurs were at the forefront. Smaller units have a propensity to spread out across larger regions. They promote industrial entrepreneurship, particularly in underdeveloped areas. Small-scale businesses are an international phenomena that affects both developing and wealthy nations. Small is a label used in industry to distinguish certain units from others since they are smaller in terms of operation, employment, output, capital, technology, etc. Small-scale industries are defined as organizations or ventures that manufacture, service, repair, process, and preserve items with an initial investment in equipment and machinery of little more than Rs. 5 crores.

- **Tiny units**

Small units are located in towns with a population of 50,000 or less and have an investment in equipment and machinery that does not exceed Rs. 25 lakh. In addition to this, service businesses with investments up to Rs. 50 lakh already exist. The micro sector's investment ceiling was increased to Rs. 5 crores in 2006.

- **Ancillary industries**

Units in ancillary industries are those with a maximum investment in fixed assets of Rs. 75 lakh (for plant and machinery). They produce tools, intermediates, parts, subassemblies, finished goods, and services, and they provide or plan to supply 50% of their output to other units, provided that no such undertaking is a subsidiary of, is owned by, or is under the control of another undertaking.

- **Self ownership**

A Self ownership is a kind of business organization in which a person invests his or her own money, manages the firm using his or her own judgment and competence, and is alone in charge of its day-to-day operations.

- **Partnership**

The connection between individuals who have decided to share the profits or losses of the company operated by all of them, or just one of them, is known as a partnership firm. For regular business, the maximum number of individuals is 20, while for banking, the maximum number is 10. The Indian Partnership Act of 1932's regulations control the partnership type of business.

- **Private Limited Company**

A voluntary organization for profit with limited liability, transferable shares of capital, a corporate body, and a common seal that has no more than fifty members is considered a private limited corporation.

- **Village Industries**

Using locally accessible natural resources or human talent, village industries have been characterized as tiny industrial units in villages and small towns with a population of no more than 50,000.

- **Cottage Industries**

In their early stages, cottage industries are household enterprises. They are generally run by experienced craftsmen and are engaged in traditional industries including farming, handicrafts, and weaving. In India, the idea of a small-scale sector is vague and ignores other crucial factors affecting the business's size.

Considering their significant employment potential and contribution to the country's GDP, small-scale enterprises are truly of utmost significance in an undeveloped or emerging nation's economic life. The key components of India's economic landscape are its rapidly expanding population, expanding labor force, significant levels of underemployment and unemployment, and low savings rates. The creation of small-scale enterprises may significantly change this landscape. Being a component of the economy, the banking industry is essential to the growth of the economy. Prior to the nationalization of banks and the giving of precedence in providing financing to small-scale companies, commercial banks were focused on urban regions and industrial hubs. Bank financing to the small-scale industry sectors has rapidly increased. Bank financing has expanded and is now available in rural and semi-urban regions. The primary financial institutions for supplying small-scale enterprises' financing requirements are now commercial banks.

PROSPECTS FOR SMALL SCALE INDUSTRIES

Regarding employment, production, export promotion, the growth of the basis for indigenous entrepreneurship, and the distribution of enterprises and entrepreneurship skills in provincial and furthermore in reverse areas, the small industrial sector has significant potential. Developing focused quality, innovation advancement, and quality transformation are the crucial challenges that need to be addressed in order to build the industry's capacity to resist increasing pressures and ensure supported growth. The industry must adapt to the growing demands for ancillarization, subcontracting, and work from large industrial units and MNCs that demand greater standards of value.

A SSI is defined as a company establishment where the financial commitment for investment in plant and equipment does not exceed Rs. 5 Crore on the government website business.gov.in. Industries, which have competencies throughout the industrial value chain, from R&D and design to marketing and sales, continue to be a crucial part of the state economy. The construction and growth of small scale enterprises have received a significant lot of attention from the government due to the focus placed on the liberalized industrial strategy. Even some items have been designated as being produced only on a limited scale. Smaller businesses spend far less in capital and have more labor-intensive operations than bigger businesses. The industrial sector in the state employs roughly 1.18 million people. Pune has always been at the forefront of India's industrial growth and has effectively established itself as one of the most welcoming cities for foreign investors. Pune has developed into India's leading industrial state and accounts for a sizable portion of investments in the country thanks to the processing of agricultural products. However, the state needs to diversify its product base, which is currently based on agricultural and fruit-growing regions, if it wants to experience rapid development. Pune will have both chances and problems in the near future. The Pune State Government encourages business to take advantage of investment possibilities in the industrial and service industries as well as in infrastructure development.

Academics, professionals, planners, and decision-makers have long been interested in economic forecasting. Almost all economic decisions are forecast-dependent because economic characteristics are unknown. Economic policy makers may do their best to alter the situation if the projections provide a bleak image of the future. This way, the grim predictions may not come true. Forecasting is the process of accurately forecasting future values of economic variables. Researchers have made several notable empirical efforts to provide economic projections. The creation of economic variable projections for both India and other countries is noteworthy. The current work is an effort in this approach, taking this fact into account.

Due to its small-scale manufacturing sector, Pune has a prominent position in India's industrial landscape. When the country was divided in 1947, a very poor industrial basis was left behind, and when it was reconstituted in 1966, that base further deteriorated. Terrorism and social turmoil more recently experienced during this time negatively impacted industrial progress and even led to some industry exodus. In an effort to usher in a new age of growth, the state administration endeavored to jump-start economic development after the restoration of peace.

FUTURE PROSPECTS OF SMALL-SCALE INDUSTRIES IN INDIA

For the last 50 years, the small-scale sector has played a significant role in the development of the country by addressing a variety of business, employment, and industrialization-related issues. The government has placed emphasis on technological advancement, modernisation, and an infrastructure strategy that includes accessibility and creative exchange for small-scale companies. The importance of SMEs is increasing in terms of work output and tailored local growth as the economy grows and develops. Also, it would serve as a catalyst for additional mechanical development with regard to the forward and backward linkages. The Performance of the section will certainly improve with assistance from many organizations at the national and international levels. After autonomy, several mechanical setups were sometimes used for the state's swift modernization. In any event, these arrangements didn't work particularly well. In order to provide a strong technical foundation and commercial opportunities, the government introduced a new contemporary organization of the state a few years ago, known as Modern Policy Reduction, 1997. The goal of the new contemporary arrangement is to offer the surrounding areas remarkable care when industrialisation is taking place: growth of local knowledge and innovative skills.

CONCLUSION

So it is concluded that Small scale industries (SSIs) play a vital role in the economic development of the country. The micro, small and medium enterprises (MSMEs) contribute 29.7 per cent of the Gross Domestic Product (GDP) of the country while around 50 per cent of the exports of the country have been made by MSMEs. They provide employment opportunities to the rural people. Many of these industries have been situated in rural areas of the country. In order to cater the needs of such units, banks have started branches in rural areas as well. As a result, rural people have got the banking facilities in the nearby areas. Financial inclusion has also been made simple due to the branch expansion of banks in rural regions. Thus, small scale industries have been considered as the backbone of the rural development of the country.

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