

Important Role of Small Scale Industries in Indian Economy

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ABSTRACT

Small and medium activities contain be accept strength in the development structure of the Government of India. The Nehruvian idea of industrialization has given implication and understood the significance of little and medium undertakings for the national advancement. The immature and creating nations are commonly overwhelmed by agrarian economy and portrayed by underemployment and rising joblessness. SMEs must broaden the fundamental help and praise the gainful impacts of Industrialization. The SMEs utilizes capital and work for creating economy. They can create a unit of yield with lesser expense of generation.

I. INTRODUCTION

Small scale businesses assume a significant job for the innovation of Indian economy from different perspectives. Approximately 60 to 70 percent of the complete advancements in India originate from the SSIs. A considerable lot of the huge organizations today were altogether begun little and afterward supported into huge organizations.

In a creating nation like India, the job and significance of little scale businesses is exceptionally critical towards destitution annihilation, work age, rustic advancement and making provincial parity in advancement and development of different improvement exercises. It is evaluated that this division has been contributing about 40% of the gross estimation of yield created in the assembling part and the age of work by the little scale segment is in excess of multiple times to that of the huge scale segment.

This plainly shows the significance of little scale enterprises in the monetary advancement of the nation. The little scale industry has been assuming a significant job in the development procedure of Indian economy since autonomy disregarding firm challenge from the enormous division and not exceptionally reassuring help from the legislature.

Employment Generation

The fundamental issue that is going up against the Indian economy is expanding weight of populace on the land and the need to make monstrous business openings. This issue is comprehended to bigger degree by little scale enterprises since little scale ventures are work concentrated in character. They create immense number of business openings. Work age by this area has demonstrated a wonderful development. It is an amazing asset of occupation creation.

Activation of assets and enterprising ability

Little scale businesses can assemble a decent measure of reserve funds and innovative ability from rustic and semi-urban regions stay immaculate from the grip of enormous ventures and put them into gainful use by putting resources into little scale units. Little business people additionally improve social welfare of a nation by saddling lethargic, recently ignored ability.

Evenhanded dissemination of pay

Little business visionaries animate a redistribution of riches, pay and political influence inside social orders in manners that are financially positive and without being politically troublesome.

Hence little scale enterprises guarantees impartial dissemination of pay and riches in the Indian culture which is to a great extent portrayed by more convergence of pay and riches in the sorted out segment keeping sloppy segment lacking. This is mostly because of the way that little enterprises are across the board when contrasted with huge businesses and are having enormous work potential.

Local dispersal of businesses

There has been enormous convergence of enterprises in a couple of huge urban communities of various conditions of Indian association. Individuals relocate from rustic and semi urban regions to these exceptionally created focuses looking for business and some of the time to acquire a superior living which at last prompts numerous underhanded results of congestion, contamination, production of ghettos, and so forth. This issue of Indian economy is better illuminated by little scale enterprises which use nearby assets and achieves scattering of ventures in the different pieces of the nation in this manner advances adjusted territorial improvement.

Gives chances to advancement of innovation

Little scale businesses have huge ability to create or assimilate developments. They give abundant chances to the improvement of innovation and innovation consequently, makes a situation helpful for the advancement of little units. The business people of little units assume a key job in commercializing new developments and items. It additionally encourages the exchange of innovation from one to the next. Thus, the economy receives the reward of improved innovation.

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Indigenization

Little scale businesses utilize indigenous authoritative and the executives abilities by drawing on a pool of pioneering ability that is constrained in the beginning periods of monetary improvement. They give gainful outlets to the ambitious free individuals. They likewise give a seed bed to pioneering ability and a testing round for new pursuits.

Advances send out

Little scale enterprises have enrolled an amazing development in sends out throughout the years. The estimation of fares of results of little scale ventures has expanded to Rs. 393 crores in 1973-74 to Rs. 71, 244 crores in 2002-03. This contributes about 35% India's absolute fare. In this manner they help in expanding the nations outside trade saves in this way decreases the weight on nation's parity of installment.

Supports the development of enormous ventures

The little scale enterprises assume a significant job in helping greater ventures and tasks so the arranged action of advancement work is auspicious visited. They bolster the development of enormous businesses by giving, segments, extras and semi completed merchandise required by them. Indeed, little ventures can breath essentialness into the life of enormous businesses.

Better modern relations

Better modern relations between the business and workers helps in expanding the proficiency of representatives and lessening the recurrence of mechanical questions. The loss of creation and man-days are similarly less in little scale businesses. There is not really any strikes and lock out in these enterprises because of good representative business relationship.

Obviously, increment in number of units, creation, work and fares of little scale businesses throughout the years are viewed as basic for the monetary development and advancement of the nation. It is urging to specify that the little scale endeavors represents 35% of the gross estimation of the yield in the assembling area, about 80% of the all out mechanical work and about 40% of complete fare of the nation.

Issues of Small Business

While the little business visionaries can set up a unit even with less capital, appreciate fast returns and have the adaptability to deal with the caprices of the market, they need to confront numerous issues. Scarcity of account is a significant issue for SSI's. The little business people have a feeble budgetary structure and discover it amazingly hard to get credit in view of absence of insurance security. This goes about as a major debilitation, particularly in the underlying stages, in a large portion of their activities like their capacity to procure the best specialists or to buy the most recent apparatus and gear or to get advanced innovation. Poor accessibility of intensity and other framework is another hindrance for improvement. In spite of the fact that infrastructural bottlenecks are issues for huge organizations as well, yet they can beat these issues somewhat in light of their money related quality for example producing their own capacity, or in any event, affecting the

administration in encircling its approaches here and there. The little business visionary then again needs to fight with them.

II. REVIEW OF LITERATURE

Thilaka (1996) in her investigation "A Study of Financing of Select Small-Scale Industries by Commercial Banks in Tamil Nadu", expressed that one of the significant issues of the little scale ventures was bank account. Limitation on term on credit offices little scale enterprises went about as a hindrance in the advancement of SSIs units. She expressed that business banks gave just 75 percent of the budgetary needs of the little scale mechanical units. Further the borrowers griped that they needed to visit the bank in excess of multiple times for getting their credits.

Rudra Murthy (2001) in his examination entitled "Institutional Finance for the Development of the SSI in Karnataka", expressed that accessibility of institutional money has not satisfied the need from the SSIs area. The instructive foundation of the proprietor had little effect on the running of the unit. Restrictive and association firms were seen as increasingly brief and customary in reimbursement of advances than constrained organizations. The examination proposes for setting up of a SSI common reserve, progressively particular SSIs branches and change of Narasimham Committee report to suit the SSIs division.

Thillainayagam (2002), in his examination entitled "Little Scale Industries and World Trade Organization", saw that enormous companies couldn't do both generation and showcasing in a proficient manner, yet could focus on worldwide promoting of items as it were. Huge Corporation may create even systems administration through ancillarisation. Little units could be brought under sub-contract. The little and medium units could focus on creation without agonizing over promoting of their items. Any place attainable, huge universal organizations could work as collecting units, little and medium endeavors could deliver middle of the road items or ancillaries to the chief gathering units. There could be mechanical tie-up between the main units and subordinate units. This joint endeavor creation would deal with the value issue of little scale units.

Roll and Le Brasseur, et al, (2003), used an experimental investigation of 145 new pursuit new companies to investigate a model of development force as estimated by deals. The essential interests are the relationship among pre-startup exercises, expected and real business development exercises, and beginning period execution. Results showed that the business level accomplished in the subsequent years had a positive connection with (i) the broadness of pre-startup exercises, and (ii) the scope of development exercises. Business execution had a negative connection with the time's relative reliance on the specialized abilities of the proprietor administrator. Furthermore, the investigation uncovered a steady hole between proprietor supervisor's extension goals and real development.

Vijay vayas (2005) sketched out the substance of the systems for the endurance and development of new pursuits. As indicated by him the profitability, benefit and development of an endeavor are firmly connected to its capacity to advance effectively. The quickening mechanical change, in any case, has made development progressively hard for the independent company. Despite the prominent achievement of a couple of new companies, development showdowns with develop business (sic) an enormous number of common business visionaries are losing right now the un equals. The very soul of business enterprise

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typified in over growing little undertakings it, a system of impersonation encouraged section and ensuing thought through steady advancement ought to be focused at the lower some portion of the worth chain.

III. OBJECTIVES OF THE STUDY

- The fundamental motivation behind the examination is to distinguish the job of SSI in financial advancement.
- To look at the Role of SSI in work age in provincial regions.
- To investigation the per unit business age in the SSI segment.
- To investigation the significant job of SSI segment in India's present fare execution.

Collection of Data

The secondary data were collected from various published and unpublished sources such as annual reports of DIC, Lead Bank, TIIC, Chennai, SIDBI, RBI and from relevant Journals, magazines, news papers and websites.

Growth in MSME Sector

The MSME division is all around viewed as a motor of monetary development and for advancing impartial improvement. The segment likewise helps the economy by advancing a decent advancement of enterprises over all districts of the country. The significant preferred position of the area is its work potential at low capital expense. Small and Medium undertakings (SMEs) represent around 90 percent of organizations and in excess of 50 percent of business around the world. They are key motors of occupation creation and financial development in creating nations.

Table 1
Production, Employment and Exports of SSIs in India

Year	Production (in Millions)	Employment (in Millions)	Exports (in Millions)	Growth Rate of Production	Growth rate of exports
2011-12	3729380	28.26	12441.7	10.38	27.42
2012-13	4188840	29.49	15024.2	12.32	20.75
2013-14	4716630	31.26	18253.8	12.59	21.49
2014-15	5329790	32.23	20201.7	12.99	10.67
2015-16	5942950	33.44	21438.7	11.50	6.12
2016-17	6556110	35.24	23875.2	10.32	11.36
2017-18	7233190	37.85	25683.4	10.33	7.52
2018-19	8045130	40.96	28384.7	11.22	10.52

Above the table uncovers that the SSI generation in India was 1,844,010 million in the year 2000-01 which has expanded constantly up to the year 2011-12 as 8,045,130 million. The work in SSIs in India has been declined to 24.09 million out of 2000-01 and 40.96 million in the year 2011-12. The estimation of fares of results of SSIs has expanded from '6979.7 million of every 2000-01 to ' 28,384.7 million out of 2011-12. The development pace of generation was expanded from 8.23 percent in 2000-01 to 11.22 in 2011-2012, aside from

in the year 2001-02 which shows the positive development of creation in India. Mechanical ailment is an acknowledged wonder during the time spent development and advancement of any industrialized economy. However, the condition ought not be permitted to continue past a specific point of confinement, or else the economy will endure. The gainful assets squandered, generation plunged and representatives tossed out of employments, the modern disorder would cause desolation not exclusively to the money related foundations yet in addition to the financial and social frameworks too.

Growth Pattern of MSMEs in India

India is as of now one of the quickest developing economies of the world. MSME area is probably going to keep on assuming a critical job in the development of the Indian economy. Over the most recent ten years, MSME part has indicated amazing development regarding parameters like number of units, generation, work, and fares. Given the correct arrangement of emotionally supportive networks and empowering system, this division can contribute significantly more, empowering it to realize its massive potential.

Development pace of MSME Sector in correlation with the Overall Industrial Sector

MSMEs give business openings at nearly lower capital expense and go about as auxiliary units for huge ventures to help the framework in development. Graph 1 depicts the development pace of MSME segment in correlation with the general mechanical part during most recent sixteen years. The MSME segment has in numerous years enlisted a higher development rate than the general development of mechanical segment.

MSMEs in Indian Economy

MSMEs have been contributing essentially to the extension of enterprising base through business developments. MSMEs are augmenting their space across areas of the economy, delivering differing scope of items and administrations to fulfill needs of residential just as worldwide markets. There are more than 6000 items running from customary to cutting edge things, which are being produced by the MSMEs in India.

According to the most recent information accessible with Central Statistics Office (CSO), Ministry of Statistics and Program Implementation (MoSPI), the commitment of MSME Sector in the nation's GVA and GDP, at current costs throughout the previous five years is given in Table 2

Table 2
Contribution of MSMEs in Country's Economy at
Current Price (in ₹ crore)

Year	MSME GVA	Growth (%)	Total GVA	Share of MSME in GVA (%)	Total GDP	Share of MSME in GDP (%)
2012-13	2977623	15.27	9202692	32.36	9944013	29.94
2013-14	3343009	12.27	10363153	32.26	11233522	29.76
2014-15	3658196	9.43	11481794	31.86	12445128	29.39
2015-16	3936788	7.62	12458642	31.60	13682035	28.77

Source: Annual Report Ministry of MSME 2017-18

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The contribution of the MSME sector to India's GDP remained stagnant around 30% in recent years. GVA of MSMEs decelerated marginally during the same period.

MSME export to total exports

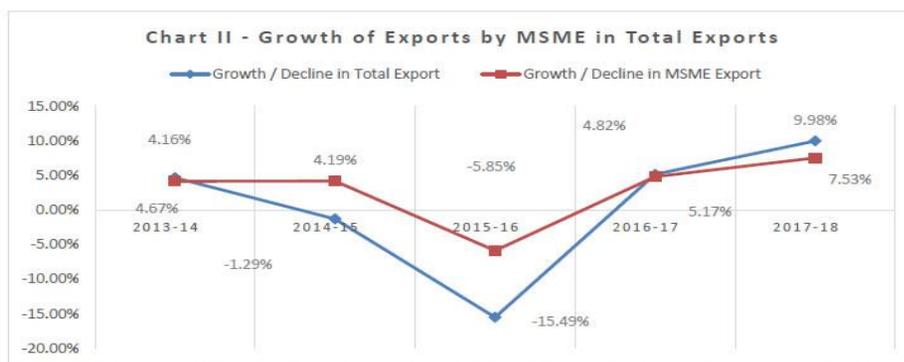
The MSME sector in India is contributing more than 40% to exports. It can be seen from the Table VII below that the share of MSME exports has increased from 43% in 2012-13 to 49% in 2017-18.

Table 2
Share of MSME exports in total exports (Amount in USD Million)

Year	Total Exports	Exports by MSME	Share of MSME Exports *(%)
2012-13	300400	127992	43
2013-14	314415	133313	42
2014-15	310352	138896	45
2015-16	262291	130768	50
2016-17	275852	137068	50
2017-18	303376	147390	49

Source: RBI & Press Information Bureau/Directorate General of Commercial Intelligence and Statistics. (DGCIS)

Further, the pattern in development of MSME sends out is in accordance with the absolute fares of the nation. As can be seen from Chart II, MSME sends out developed by 4.19% in 2014-15, which declined to - 5.85 % in 2015-16. During a similar period complete fares additionally declined from - 1.29% to - 15.49%. During 2016-17 and 2017-18 there was sure Development in the event of both MSME fares and absolute fares.



Source: RBI & Press Information Bureau/Directorate General of Commercial Intelligence and Statistics. (DGCIS)

To Develops Entrepreneurship

- It assists with building up a class of business visionaries in the general public. It causes the activity searchers to turn out as occupation suppliers.
- It advances independent work and soul of confidence in the general public.

- Improvement of little scale ventures assists with expanding the per capita salary of India in different manners.
- It encourages improvement of in reverse territories and more fragile segments of the general public.
- Little Scale Industries are capable in disseminating national salary in progressively productive and evenhanded way among the different members of the general public.

IV. CONCLUSION

The Small-Scale Industries units are strengthening and correlative to huge and medium scale units as auxiliary units. Considering the huge business level and excess of making of new openings to give work to every single capable hand today, trusts are pined on the little scale part. The administration is putting forth all attempts to give concussive climate, level playing ground and approach backing to empower the SSIs area to accomplish more significant levels of creation, fares and work.

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