

The Roll of Small Scale Industries for Development of Rural India with Special Reference to Raigad District

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Abstract: *Small-scale industrial sector contributes to the increase of industrial productivity and rise of national exports, generating more employment opportunities. This sector also contributes very impressively to the GDP. In view of this, the government of India has rightly recognized SSIs as the engine of growth for the present millennium. For sustainable growth of the small-scale industrial sector, top priority should be given to financial support to SSIs. State and Central Governments should facilitate the growth of SSIs mainly by creating conducive environment for production and marketing of products and services of small-scale sectors. By their less capital-intensive and high-labour absorption nature, SSIs have made significant contributions to employment generation and also to rural industrialization. This sector is ideally suited to build on the strength of our traditional skills and knowledge by infusion of technologies, capital and innovative marketing practices. Small-scale sector has emerged as a dynamic and vibrant sector of Indian economy due to the new reforms*

Keywords: Small-scale industrial sector

I. INTRODUCTION

India small scale industry is one of the fastest growing industries in India, especially over the last few years. The Indian small scale industry is the second largest in the world. Comprising of organized and unorganized sectors, though initially, the small scale industry in India was mostly unorganized, however with the change of tastes and preferences of the consumers, the industry is getting more popular these days and getting organized as well. With growing market demand, the industry is expected to grow at a pace of 25-30% annually. With the tremendous growth of economy, small scale industries management has emerged as one of the fastest growing careers in India. In this paper, an attempt is made to provide exhaustive information regarding various careers in small scale industries sector in the Raigad district. Small scale industries are those industries in which production, manufacturing and providing the services are executed on a small or micro scale.

In a country like India, the small scale industries play a very important role in generating employment, improving the financial status of people, development of rural areas and removing the regional imbalances. Let us look into the roles and importance of small scale industries in India:

- 1. Employment generation:** Small scale industries are one of the best sources of employment generation in India. Employment is one of the most important factors that determines the growth of a nation. Therefore, development of small scale industries should be encouraged for the development of more employment opportunities in the nation.
- 2. Less Capital Requirement:** Small scale industries are less capital intensive than the large scale industries. Capital is scarce in developing countries like India and therefore, small scale industries are most suitable for maintaining the balance.
- 3. Use of resources and development of entrepreneurial skills:** Small scale industries allow for the development of entrepreneurial skills among the rural population which is not having the scope of large scale industries. These industries help in the appropriate use of the resources available in the rural areas, which leads to development of rural areas.

4. **Equal income distribution:** Small scale industries by generating employment opportunities create equal income opportunities for the youth of the underdeveloped areas. This leads to the growth of the nation in terms of employment, human development.
5. **Maintains regional balance:** It has been seen that large scale industries are mostly concentrated in the large cities or restricted to areas which leads to migration of people in search of employment to these cities. The result of such a migration is overcrowding of the city and damage to the environment. For sustaining a large population, more of natural resources need to be utilised.
6. **Short production time:** Small scale industries have a shorter production time than the large scale industries which results in flow of money in the economy.
7. **Supporting the large scale industries:** Small scale industries help in the growth of the large scale industries by producing ancillary products for the large industries or producing small components that will be useful for the assembling of final products by the large scale industries.
8. **Improvement in Export:** Small scale industries contribute to around 40% of the total exports done by India, which forms a significant part of the revenue earned from the exports. Small scale industries work towards increasing the forex reserves of the country that reduces the load on balance of payment of the country.
9. **Reduce the dependence of agriculture:** Most of the rural population will be dependent on agriculture and this creates a burden on the agricultural sector. Small scale industries by providing employment opportunities to the rural population provides more avenues for growth and also paves way for a more arranged distribution of occupation.

Need for the Study:-

- (1) The small scale industries sectors are fast hiring the best talent available in the Raigad district.
- (2) To understand for developing Raigad district by the small scale industries offers considerable opportunity and will help for development of Raigad district's economy.

Scope of the Study:-This study does not cover the complete and exhaustive views of state and central government about MSMEs. Since, this study covers small and medium industries in Raigad district only, it cannot be generalized to whole Maharashtra or India.

Objectives of Paper:

- To define of small-scale industries sector.
- To roll, Performance and problems of small -scale industries in Indian economy.
- To study about the growth of SSI sector in Raigad district.

Hypotheses:-

- **H1-**Small and medium enterprises are more suitable for developing Countries- like India.
- **H2-**The performance of the Small and medium enterprises has been highly Impressive.
- **H3-**Small and medium enterprises suffer mostly from marketing problem than others namely financial, administrative, power, labour etc.
- **H4-** Government policies is not friendly for Small and medium enterprises.

Research Methodology

This paper is based on primary data and secondary data collection. All data used for research purpose only. The secondary data was collected from various sources like previous research papers, newspaper, Paper Articles, reference books, and various government and non government websites. A preliminary investigation is undertaken by contacting 150 owners of Micro, Small and Medium industries. Rational and random sampling method is applied.

Analysis of data and information from the questionnaires

The study shall bring out some of the important characteristics of sample units and their problems. These characteristics relate to the form of organization, size of employment and exporting status of exporting and non-exporting units. In addition to this, some allied information which is derived from the study will also be considered.

Region wise information of Udyog Aadhaar Small Scale Industries:-

(October, 2015 to December, 2017)

Region	Udyog Aadhaar MSMEs		Employment		Investment	
	Number	Share (per cent)	Number (Lakh)	Share (per cent)	Amount (` Crore)	Share (per cent)
Mumbai	30,183	8.4	4.75	17.2	9,159	10.7
Konkan (Excl. Mumbai)	57,906	16.1	6.37	23.1	20,220	23.7
Nashik	34,389	9.6	2.60	9.4	10,131	11.9
Pune	69,702	19.4	7.23	26.3	25,399	29.8
Aurangabad	44,050	12.3	2.86	10.4	9,561	11.2
Amravati	17,949	5.0	0.82	3.0	2,760	3.2
Nagpur	1,04,658	29.2	2.93	10.6	8,133	9.5
Total	3,58,837	100.0	27.55	100.0	85,362	100.0

Source: Directorate of Industries, GoM 2017-18 Industrial at a Glance till (2017-18)

	category	Cumulative since inception upto the end of September, 2015								
		Units			Employment generation			Investment (P&M) (Rs.In lakh)		
		mfg	Service	Total	Mfg.	Service	Total	Mfg.	Service	Total
1	Micro	1783	424	2207	20213	2302	22515	31184.51	1171.71	32356.22
2	Small	954	157	1111	22012	2798	24810	79941.5	7995	87936.5
3	Medium	35	6	41	3491	441	3932	24514	2158.5	26672.5
4	Large Scale	254	1	255	37379	501	37880	1715168	53332	1768500
5	Total Project	3026	588	3614	83095	6042	89137	1850808	64657.21	1915465

Source: Directorate of Industries, GoM 2017-18

Existing Status of Industrial Areas in Raigad District:

Name of area	Area (in Hect.)	No. of plots developed	No. of plots allotted	Prevailing rate per Sq. mtr. (In Rs)	No. of units production.
Mahad	471.96	339	337	295/-	136
New.Mahad	429.49	139	128	250/-	15
Roha	244.69	129	129	800/-	97
Usar	217.19	2	2	335/-	02
Nagothane	895.33	3	3	875/-	03
Vile Bhagad	764.16	427	417	635/-	0
Taloja	863.19	436	423	6645	326
Patalganga	647.62	017	-	2260/-	-

Reference:- Brief Industrial Profile of Raigad District .2018.

Form of Organization:-

Small scale industrial units carry their business in different form of organization. The popular forms of organization are- Sole- Proprietorship, Partnership, Joint Stock Company in SSIs. Table gives the classification of sample units of various exporting and non-exporting units in this regard.

FORM OF ORGANIZATION

Particulars	MICRO UNIT	SMALL UNIT	MEDIUM UNIT	LARGE SCALE UNITS
Sole Proprietors	70.18	15.42	12.9	1.5
Partnership	65.58	29.1	2.87	2.45
LLP.	27.41	25.62	13.67	33.3

Cooperative basis	53.93	16.95	16.97	12.15
Private limited company	20.34	42.45	28.23	8.98
Public limited company.	18.15	34.07	14.98	32.8
Undertaking by government	8.67	51.39	7.96	31.98

Source- Questionnaire

The above table shows the frequency and percentage distribution of sample units in regard to form of organization. The responses indicate that in SSI units, 70.18% sole proprietors and 65.58 % partnership is much popular with others, sole proprietorship with 70.18% percent is at Micro units. In other words, it can be said that maximum SSI units are in the form of sole proprietorship. On the other hand, joint stock Company with lowest percentage is less popular form of organization.

Overview of performance of the Micro, Small, Medium Enterprises in Raigad District:-

Analyzing the finding of this research report on unincorporated non- agricultural enterprises in manufacturing, trade and others services sectors. This also gives the latest and most comprehensive account of the performance of the MSME sector as of the estimated numbers of 633.92 lakh enterprise only 4000 unites were large and thereby out of the MSME sector.

Studying the research report as per the sixth economic census 58.5 million units were found to be operation out off 34.8 million units were found in rural areas and nearly 23.7 million units were found in the urban areas in India. In the Raigad district registered 3359 units out of micro units 2207, small units 1111 and medium units 41 units and large scale projects are 255 units only up to September 2015.

Analyzing the information available in MSME databank at [http:// www.msmedatabank.infor](http://www.msmedatabank.infor)

Importance of SSI in Raigad District:-

- A SSI sector does not require highly sophisticated technology than the large sector.
- A SSI Unit has been more efficiency unit than vis-à-vis large unit.
- The SSI is at a distinct advantage as far as the mobilization of capital and entrepreneurial skill is concerned.
- The relation between the workers and owner in the SSI unit is very good healthy and harmonious.

General issues raised by Industries Associations and respondents:-

- Lack of Awareness of Govt. Schemes pertaining to MSMEs such as CLCSS, NMCP schemes etc.
- Non receipt of payment from large scale units.
- Bankers avoid accepting the cases under DIC, PMRY, CGTMSE specially insist for the collateral security.
- Production Tax, Octroi, GST, and Other taxes problems.
- Not availability of raw material in time.
- Transport facilities are not adequate in Raigad district.
- Lack of business training facilities from government agencies.
- Not obtaining credit facilities by Bank and wholesalers.

The major factors attributed to the low development ancillaries in Raigad district :-

- A majority of the SSI units are continuous process units and hence the potential for ancillary development is generally low.
- Some of the major SSI units are those engaged in the manufacture of Food processing, chemical units, fabricated, metal products etc.
- Small scale unit's suppliers for a large number of products rather than promoting exclusive ancillaries.
- Potential for new SSI enterprises having scope in Raigad District
- Cold Storage, Processing and preservation of food products, Oil mills, Mushroom Cultivation, Sanitary napkins, Cashew nut processing, Mango Guava, Jam Pickles Juice jelly, Cattle /poultry's food , bio-fertilizer, Fisheries, and computer equipment , automobile spares etc.

Problems of Micro, Small and Medium enterprises in Raigad district:-

Micro, Small and Medium enterprises in India could not progress satisfactorily due to various problems that they are confronted with while running enterprises. In spite of having huge potential, but major problems faced by Micro, Small and Medium enterprises are given below:

- **Problem of skilled manpower.** The success of a small enterprise revolves around the entrepreneur and its employees, provided the employees are skilled and efficient. Inefficient human factor and unskilled manpower create innumerable problems for the survival of small industries.
- **Inadequate credit assistance.** Inadequate and untimely supply of credit facilities is an important problem faced by SSIs. This is partly due to scarcity of capital and partly due to weak creditworthiness of the small units in the country.
- **Irregular supply of raw material.** Small units face severe problems in purchasing the raw materials whether they use locally-available raw materials or imported raw materials. The problems arise due to faulty and irregular supply of raw materials. Non-availability of sufficient quantity of raw materials,
- **Absence of organized marketing.** Another important problem faced by small-scale units is the absence of organized marketing system. The above problems do not allow them to stay in the market.
- **Lack of machinery and equipment.** they are striving hard to employ modern machineries and equipment in their production process in order to compete with large industries. Most of the small units used or employ outdated and traditional technology and equipment.
- **Absence of adequate infrastructure.** Indian economy is characterized by inadequate infrastructure which is a major problem for small units to grow. Most of the small units and industrial estates found in towns and cities are having one or more problems like lack of power supply, water and drainage problem, poor roads, raw materials and marketing problem.
- **Competition with large-scale units and imported articles.** Small-scale
- Units find it very difficult to compete with the product of large scale units and imported articles which are comparatively very cheap and of better quality than products manufactured and produced by small-scale units.
- **Other problems.** Small-Scale units have been constrained by a number of other problems which include poor project planning, managerial inadequacies, old and orthodox designs and high degree of obsolescence. Due to all these problems, the development of SSIs could not reach a prestigious stage.

To resolve the above problems of Micro, Small and Medium Enterprises:-

The small scale industries are holding a very important place in the industrial system of the country. Thus suitable measures are necessary to remove these problems in the optimum operation of small scale industries.

These can be solved by the coordinated efforts of entrepreneurs, coordinated functional of promotional agencies government assistance. The entrepreneurs should have proper training in the acquiring the necessary skill to run an enterprise. These remedial are as follows:-

- **Effective planning:-**The micro, small and medium enterprises are required to conduct details survey of existing situation prevailing in small scale sector and draw productive programmes for them. This study suggests that very few small entrepreneurs launch their operation in the basis of a careful plan. Without planning and proper training they may be affected by many problems. So small entrepreneurs are required to initiate effective action plan for their survival.
- **Improvement In Techniques of Production and Proper Technology:-** Small scale industries should try to improve their techniques of product and adopted modern technology, government consultancy organization and laboratories have an importance role to play in this context. They should also believe in their continuous innovation and then they can remain in their business.
- **Training and development:-** small scale enterprises should make concerted efforts in imparting proper education and training to works. The skill works are valuable assets of the company. Expenditure on training development activities should be traded as an investment. For this purpose effective motivation and reward system is highly desirable.

- **Regular supply of raw materials:-** Small scale industries development corporation and other co related agencies responsible for supply of raw material to small scale industries should take necessary action to maintain a continuous productions. Government should also intervene from time to time in arranging cheaper import raw materials for small scale sectors.
- **Adequate credit arrangement :-** or small sector traditional source of financial offer little scope for expansion and alternative means like venture capital are yet to be develop for them. The SIDBI trying to provide these facilities but intermediaries involved to the system are creating problems for them. So SIDBI should try to bring transparency and effectiveness in their functioning.
- **Training facilities:-** the government has increased the number of entrepreneurship development programme. Women entrepreneurs will receive support through special training programmes.
- **De-reservation of items for small scale industrial:-** the government had been pursuing the policy of the de-reservation of items reserved for exclusive production by small scale sector.

Recommendations:-

- On the basis of the findings, it can be concluded that Raigad district's small scale industries are at developing stage in regard of marketing activities.
- Due to various incentives and benefits, SSIs concerns are coming into existence rapidly.
- The study reveals the basic marketing problems related to exporting and non-exporting units. It is a well-known fact that marketing mix is the combination of 4 P's i.e. Product, Price, Promotion and Physical Production. Recommendations are given on the basis of conclusion derived from findings:-
- The total installed production capacity in small scale industrial sector in Raigad district in averagely underutilized.
- It is also abundantly clear from the present study that the marketing aspects have been largely neglected and concerted efforts for stimulating demand have not been made either by SSI units or state level agencies.
- There should be a Central All India Marketing Federation with its branches in the State to assign major responsibility for marketing of products of such small scale industrial units, which willingly to become its members. This can be done on the pattern of Khadi Gramodyog Commission which has been rendering commendable services to the Khadi Industries in the Raigad District.

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