



# *Role of Small Scale Industries in Indian Economy*

## Abstract

Small Scale Industries do not enjoy much of the advantages enjoyed by large scale enterprises because of their nature and size. Though they have made significant contribution to economic development, they have not realized their full potential. They face many problems in their functioning and many Small Scale Industries are sick.

The government had reserved certain items for exclusive production by Small Scale Industries. Large scale enterprises were not allowed to produce the items which were reserved for the SSI sector. With the opening up of the economy and following the principles of liberalization and globalization, many items have been successively De-reserved. Therefore Small Scale Industries have to now counter the twin forces of competition from Indian large scale enterprises as well as foreign competitors.

## **Role of SSI in Indian Economy**

**Small scale industries** play an important role for the development of Indian economy in many ways. About 60 to 70 percent of the total innovations in India comes from the SSIs. Many of the big businesses today were all started small and then nurtured into big businesses. The roles of SSIs in economic development of the country are briefly explained below.