



A STUDY ON CHALLENGES OF SMALL SCALE INDUSTRIES IN INDIA

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Abstract

Small-scale industries are vital to the progress of a country. It accounts for more than 40% of the gross industrial value added of the Indian economy. Due to its low capital intensity and high labor absorption, the SSI sector has contributed significantly to employment generation and rural industrialization. With the changing economic environment, SSIs have to deal with a number of challenges such as large population, widespread unemployment and underemployment, and lack of capital resources, among others. As a result, the government has provided certain specific facilities through various policies and programs to solve the problems and encourage the growth and development of small companies. The industry has been extremely vigorous and dynamic over the past six decades. It has come to the fore in the socio-economic growth of the country. This sector often had positive growth trends, even when other sectors of the economy experienced either negative or nominal growth. It is well known that a thriving small scale sector is the key to economic growth in a country like India. Unfortunately, SSI is facing a number of problems that have made it uncompetitive and sick. In this context, this study tries to highlight the importance of SSI in Indian economy, SSI policy and difficulties of SSI in Indian economy.

Key Words: Small Scale Industries, mobilization, disparities, Indian economy.

INTRODUCTION

Small-scale industries are vital to the progress of a country. It accounts for more than 40% of the gross industrial value added of the Indian economy. Due to its low capital intensity and high labor absorption, the SSI sector has contributed significantly to employment generation and rural industrialization. In the changing economic environment, SSIs have to deal with a number of problems such as large population, widespread unemployment and underemployment and lack of capital resources. As a result, the government through various policies and programs has provided certain unique facilities to overcome the obstacles and encourage the growth and development of small companies. The small-scale sector has evolved over the last six decades as a highly dynamic sector of the Indian economy, accounting for about 95 percent of industrial units and contributing about 40 percent of value added in the manufacturing sector, initially 8 percent of manufacturing employment and about 35 percent. percent of total exports.

SSI has 32 million units distributed across the country, manufactures around 7500 items and employs more than 178 million people.

Small businesses not only provide employment opportunities at cheaper capital costs than large companies, but also help industrialize rural and underdeveloped areas, reducing not only regional imbalances but also poverty. yet ensure a fairer distribution of the nation's income and wealth As supplementary units, SSI units complement large and medium units. The industry has been extremely vigorous and dynamic over the past six decades. He came to the fore in the socio-economic growth of the country. This sector often had positive growth trends, even when other sectors of the economy experienced either negative or nominal growth. Recently, the government has made substantial legislative measures to facilitate the availability of financial support, incentives and subsidies, which has influenced many firms to set up SSI, resulting in an increase in the number of SSI units. It is well known that a thriving small scale industry is the key to economic growth in a country like India. Unfortunately, SSI is facing a number of problems that have made it uncompetitive and sick. Consequently, in this setting, this study focuses on the role of SSI in the Indian economy, SSI legislation and the challenges faced by SSI in India.

STATEMENT OF THE PROBLEM

In the current climate in India, small businesses face several hurdles to compete with large industries. These problems include lack of finance, lack of skilled manpower, insufficient infrastructure and most importantly non-use of technology. Nevertheless, these sectors are critical to the growth of the Indian economy and there is room for improvement through the enactment of various policies designed by the government to support small businesses. Consequently, there is a strong need to understand the role of SSI in the economic growth of the country and also the challenges faced by SSI in India. It enables the government to develop new policy measures to support SSI.

OBJECTIVES OF THE STUDY

- a) To know the concept of Small Scale Industries.
- b) To study the present challenges of Small Scale Industries in India.

RESEARCH METHODOLOGY

The basis of the research work is descriptive research.

It aims to learn and gain new insights into Indian policies affecting small scale industries.

This study is based on secondary data collected from many sources like magazines, newspapers and internet.

SSI -CONCEPT

Small-scale industries (SSI) are industries in which manufacturing, service provision and manufacturing are carried out on a small or small scale. For example, small industries include the following terms: Tissues, Kleenex, chocolates, toothpicks, water bottles, miniature toys, paper and pencils are provided. Small

businesses are critical to India's social and economic growth. These industries make one-time investments in machinery, equipment and industries that can be owned, leased or leased. However, this does not exceed Rs. 1 million crowns. Small-scale industries consist of small businesses that produce goods or services using relatively modest machinery and a limited number of workers and employees.

-For production units for goods: Investment in plant and machinery must be between 25 million and five million crowns.

- For service providers: Investment in machines must be between 10 million and 2 million crowns.

These small companies are the lifeblood of the economy in developing countries like India. Because these are often labor-intensive businesses, they provide many jobs. They also help the economy's per capita income and resource use.

They are an extremely important part of the economy, both financially and socially.

CHALLENGES FACED BY SMALL SCALE INDUSTRIES

Small-scale industries are essential to the economic prosperity of our country. On the other hand, small scale industries are not able to perform their role successfully due to various constraints and obstacles.

FINANCE

Money is one of the most important issues for small businesses. Money is the lifeblood of an organization and no organization can function effectively without adequate finance. The main reasons for this aspect are lack of money and lack of credit options; entrepreneurs also have worse creditworthiness due to a weak economic base. They have no resources of their own and no one is willing to lend them compared to multinational companies.

RAW MATERIALS

Small businesses often purchase raw materials from local suppliers. These units have to deal with several hurdles such as insufficient quantity, poor quality and irregular supply of raw materials. All these circumstances have a negative impact on the operation of these blocks.

MARKETING

These small units also have marketing challenges. They cannot get first-hand information about the market, such as competitor tastes, customer likes and dislikes, and popular fashions. They produce fewer items of lower quality at a higher cost. As a result, even when competing with better equipped large units, they are at a disadvantage.

CAPACITY USAGE

Most small units operate at less than full capacity or are grossly underutilized. Large units operate 24 hours a day, but small units use only 40 to 50% of their installed capacity. Several reasons for this huge underutilization of capacity include problems with money, raw materials, electricity, and undeveloped markets for their products.

QUALITY WORK

A small facility in a remote backward location may not have a problem of unskilled labor but skilled labor is not available. Skilled first and foremost employees may hesitate to work in these locations and the company may not be able to pay wages.

PROJECT MANAGEMENT

Poor project planning is a problem for small businesses. Because of their zeal and enthusiasm, these entrepreneurs do not place a high value on viability. The project feasibility study, which includes all these issues as well as the technical and financial sustainability of the projects, is not given adequate weight. Moreover, due to limited financial resources, they cannot hire project consultants. As a result, project planning and execution suffer.

INFRASTRUCTURE

Most of the small units and industrial estates in the cities have one or more disadvantages such as lack of electricity, problem of old water and sewerage, inadequate roads, raw materials and marketing problems. The lack of suitable infrastructure therefore has a negative impact on the quality, quantity and production schedule of companies, which results in underutilization of capacities.

OTHER DIFFICULTIES

A number of other problems also hampered small-scale units. These include management deficiencies, old and traditional designs, a high degree of obsolescence and a large number of fraudulent firms. Because of all these obstacles, the growth of small businesses has been hampered.

CONCLUSION

Small-scale industries are vital to the progress of a country. It accounts for more than 40% of the gross industrial value added of the Indian economy. Small businesses are reaching across states and meeting local needs. The government has also introduced a number of programs and incentives to support SSI and to create institutional infrastructure for SSI. SSI has proven to be very beneficial in generating money, mostly through commodity exports, and addressing issues such as finance, raw materials, marketing and underutilization of capacity. Skilled work, project planning, infrastructure and employment have all improved the socio-economic conditions of the people.

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