

SIGNIFICANCE OF SMALL-SCALE INDUSTRIES IN ANDHRA PRADESH

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ABSTRACT

The small-scale industries play a very important role in the development of economy as well as of nation. The economic development of country is directly connected with the growth of industries because industries are the back bone of our nation. In the India the industries has shown creditable progress in term of output, employment, export etc, during the decade. Expansion of industry leads to a greater utilization of natural resources, creation of employment, production of goods and services. In the present paper, the role, significance and problems and suggestions for solving problems have been discussed

INTRODUCTION

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. India is predominantly an agriculture country. Parts from only agriculture the small and medium scale industries are also have been developed. Small scale industries are playing a very important role in economy development of any nation and also these industries are the back bone of our industrial sectors, they provide a non-traditional verity of product with low technology. The SSIs generate a huge employment to over 40 million peoples. Small scale industries have swell as dynamic sectors which contribute around 40 per cent of the total industrial product and 34 per cent of the national export to Indian economy. In developing economies about 60 per cent of GDP is generated by small enterprises, i.e. enterprises with a maximum of 50 employees¹.

Small scale industries in India and abroad exhibited considerable robustness and pliability in maintaining an unswerving rate of growth and employment generation during the global recession and economic slowdown. The Indian economy during the current fiscal years has shown considerable growth performance by contributing to create livelihood opportunities to millions of people, in magnifying the export potential and in increasing the overall economic growth of the country. As a catalyst to the socioeconomic transformation of the country, the SSI sector distinctly crucial in addressing the national objective of bridging the rural-urban divide, mitigate poverty and generating employment for the admirable community of the country.SSI sector comprises almost about 80 per cent of the total industrial units in the country. In India SSIs occupy 36 million units, contribute to 45 per cent of industrial production, 40 per cent to the export sector through more than 6000 products ranging from traditional to high-tech and provides employment to about 80 million persons. Therefore the small scale industries (SSI) in a developing country like India occupy a special place in the industrial structure. In view of the vast potential of small scale industries, the government has given this sector an important place in the framework of Indian economic planning for economical as well as ideological reasons².

ROLE AND IMPORTANCE OF SMALL SCALE INDUSTRIES

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.³

ROLE OF SMALL SCALE INDUSTRY IN REDUCTION OF POVERTY

Poverty is one of the most serious problems faced by developing countries like India. The role played by the small scale industry in the economic activity of advanced industrialized countries like Japan, Germany, Great Britain and the United States of America is significant. Many Nations, both developed and developing exteriorized that the small industry sector is a useful vehicle for growth, in the later for the creation of new employment opportunities on a wide scale in the shortest possible time. Employment creation is one of the most viable ways of reducing poverty levels in the country. Indian economy is a developing economy. Its vast resources are either unutilized or underutilized. A major section of man power is lying idle. The per capita income is low. Production is traditional and the technique is outdated. The output is insufficient and the basic needs of the people remain unfulfilled. In both developed and developing countries, the government is turning to small and medium scale industries, as a means of economic development. The present study focused on the role of small scale industry in reduction of poverty in India. ⁴

PROBLEMS OF SMALL SCALE INDUSTRIES

There are certain problems have to face the small scale industries while competing with other large or medium industries. There are certain problems which are very common to all small scale industries. If these problems are solved by taking an effective steps or effort these challenges this sectors can it as a developing engine. There is certain measure to remove the difficulties of small scale industries government have a effective measure to remove the problem faced by industries. The industries of rajnandgaon district are progressing day by day. The industries are growing by facing many challenges in their path and they have many problems to run the industries. Generally rajnandgaon district is dealing with agro based industries, minerals based, wooden furniture and etc. The prospects in growth of industries are bright in future if they have a proper attains ion a regarding this problems and try to solve these problems. Generally the problems faced by small scale industries of rajnandgaon district are discussed below.

- 1) **Financial problems** – financial problems are one of the most important and common problem faced by SSI. Finance is the life blood of an organization and no organization can run properly in the absence of a limited fund. In the shortage of fund and inadequate availability of credit facilities are the major causes of the industries. The proper fund makes a firm economically stronger which help the industries for their payments of loan and debts.
- 2) **Problem of raw material-** The problem of raw material is one the major problem for the majority of small scale industries SSI normally tap local sources for meeting raw material requirements. Generally these units have to face numerous problems like availability of inadequate quantity, poor quality and even supply of raw material is not on regular bases. All this factors adversely affecting functioning these small scale units. The shortage of raw material in any industries is directly affecting the growth of those particular industries and also affects the economy of the nation.

- 3) **Technology problems-** when any industries adopt a new technology are the base of all industrial activities. One of the major issues is absence of latest technology which ensures fine quality and high rates of productivity. The small industrialist there should keep themselves abreast of growth in technology so as to remain in the market.
- 4) **Problems of labor and skilled man power-** labour are the most important and active factor of production labor is the main source of any industries because without labor no one can imagine the possibilities of production. A small scale unit are generally located in a remote backward area may not have problem.
- 5) **Marketing problem** – These small scale industries are also exposed to marketing problems. They are not in position to get the latest information about the market condition i.e. test of the consumer, liking and disliking of the consumer and trending fashion. With this result they are not in a position to upgrade their product keeping in mind according to market requirement. In the absence of organized marketing, their product is compare unfavorable with the quality of the product of large unit, successful market opportunity. The success of an industrial unit depends on the marketing of its finished products. The marketing teams should be dynamic and aggressive enough to produce and market such have been contemporary need and the product should be better than those of competition.
- 6) **Lack of awareness-** The proper development of industries whether it is small industries or large scale. The government have launches many organization to support and provide many assistance to small scale industries. But due to the improper information regarding the organization schemes they failed to take an advantages of this, governments have take an active action regarding this for the awareness program's regarding organization which highly support the entrepreneur's directly to economy of the nation
- 7) **Problems of increasing competitions** - There is mastiff competition between the large scale industry and small scale industries and usually small scale industries suffer a loss. Small industries have to compete with the same category as well with large industries also. Because of this large competition many industries have to face problems which directly affect the economy of the country. And after that many small units become sick after a time.

SUGGESTIONS TO REMOVE THE PROBLEMS OF SMALL SCALE INDUSTRIES

It will be noted that small scale industrial units experience serious handicaps by an inequitable allocation system for scarce raw materials, inadequate institutional finance, poor technical skill and managerial ability, and lack of marketing channels in this connection, the following measures may be suggested:

1. Equitable allocation of raw materials, imported components and equipment.
2. Improvement in the methods and techniques of production.
3. Provision for adequate finance.
4. Marketing assistance.

5. Provision for industrial education and training.
6. Establishing separate suitable machinery with large powers and initiative to tackle different typical problems of small scale industries of the country.
7. Maintaining standards and quality of the output produced by SSI units.
8. Conducting research on the techniques of production.

CONCLUSION

The small scale industries have been playing a very important role in the growth and development of the Indian economy in the term of employment or in many other sectors. In spite of having huge potentialities the small scale industries are still not progressing satisfactorily because these industries are facing many problems and various weaknesses. If the governments have taken remedial measures to improve the barriers and take an action to utilize huge development potential available in the nation and them SSI sectors runs in a path of progress and they will prove them as a one of the most dynamic sectors in the world of economy.

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