

SMALL SCALE INDUSTRIES: PROBLEMS AND OPPORTUNITY

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Introduction:

Actually small and tiny units are the backbone of the Indian economy. The Government of India stressed the importance of the development of small scale industries in the development of the national economy of the country from various angles. Small is beautiful can be the mantra as far as simple technology and value addition is concerned, There are areas and products which can be produced without much technical knowledge. Technology and Labour are the important considerations to training methods and programs should be developed to suit a particular line of activity to create required skilled personnel. Manpower development should be considered in its simplest form to be cost-effective and which may help to maintain quality of products, create loyalty towards organisation, reduce labour turnover because of Limited knowledge and skill.

Objective of the study:

1. To know the problems faced by Small Scale Industries.
2. To study remedies provided by the Government and other agencies.
3. To study the impact of Five Years Plan on Small Scale Industries.

Small scale industries constituted the link in the process of socio- economic transformation of underdeveloped social structure. It is no doubt true that in the case of dominantly rural countries processes of transformation either generating within the rural segment or bringing the later within its orbit of influence will play a crucial role and should therefore occupy an important position in their development Strategies. For developing countries like India, the growth of small scale industries units is of great significance. Apart from increase production, the growths of small scale industries help to serve as an important milestone in the country march towards industrial democracy.

Benefits of Small Scale Industry

1. Small scale industries are helping hands to large scale industries.
2. Employment opportunities are provided to skilled as well as unskilled workers.
3. The development of backward areas is possible.
4. That small firms are quick in studying changes in tastes and fashions of consumers and adjusting the production process, accordingly. This is very much useful for adjusting supply according to demand.
5. Small Scale Industries represent a stage in economics transition from traditional to modern technology.
6. The small scale industries has emerged as the most dynamic sector of Indian industrial economy accounting for over 55% of the total value of Industrial Production over 30% of the total countries exports and more importantly providing employment opportunities.
7. To bring about an efficient utilisation of natural , human and capital resources for the achievement of pre-determined goals.

Even so, small businesses face many challenges. Small scale Enterprises can no longer offered to remain isolated nor can they allow excess in technology, management and marketing techniques.

The recent growth and magnitude of sickness in India shows dangerous dimension sick industries are a bane of our economy. There are various causes for sickness of small scale industries. That is –

1. Heavy excessive cost.
2. Financial support.
3. No demand for the product that is no matching between demand and supply.
4. Complicated procedure.
5. No proper planning.
6. Defective or improper management.
7. Pressure from local authorities, government leader, importers, exporters and bankers.

In addition, some of the other reasons why small businesses get sick are as follows-

1. Absence of proper management and inability to take correct decisions at correct times.
2. Lack of proper knowledge of the market for the product resulting from the fact there is lack of conducting market survey before starting an industry.
3. Lack of proper planning which is the root cause for weakness in marketing.
4. Faculty perspective planning and the consequent uneconomic investment decisions.
5. Low productivity and high cost.
6. Sudden and wide fluctuation in the demand for the products due to change in taste, fashion, etc.
7. Market recession.
8. Changes in fiscal policy.
9. Ban on regular imports.
10. Changes in internal markets.
11. Unsatisfactory labour relations.
12. Failure to introduce improved technologies being adopted by other units in the particular line of activity.

The issue of industrial sickness is very crucial alarming and required to be viewed from different angles. The government, economist, industrialists, planners and policy makers as well as authorities in the field of industry and management have their own perception about the concept, causes, remedies and other factors directly or indirectly related with industrial sickness.

Government of India's different plans for small scale industries

- 1. First Five Year Plan (1951 to 1956)** - In the first five year plan it was recognised that satisfactory arrangements for meeting the required amount of finance have a vital role to play in the development programmes for small industries. The object of first five year plan is to - providing funds for improving the efficiency and organisation of small scale units.
- 2. Second Five Year Plan (1956 to 1961)** - Second Five Year Plan stress the need for a, co-ordinated policy based on close collaboration between the Reserve Bank of India, the State Bank of India, State Financial Corporation and Central Co-operative Bank. During the Second Five Year Plan as many as 60 industrial estates were established.

3. **Third Five Year Plan (1961 to 1966)** - During the Third Five Year Plan Small Scale Industries board constituted a working group to formulate a plan for the development of Small Scale Industries. Incentive development of these Industries was taken up in selected areas known as, 'rural industries project.' "Among other development in the field of small scale industries proposed in this plan reference may be made to the proposed development of depots for stocking raw materials, which are in short supply, to be made available to small units with a view to assisting in the fuller utilisation of existing capacity. It was also proposed to set-up an industrial design Institute and about more than 300 new industrial estate (apart from 60 already established) of various sizes and types during the third plan period.
4. **Fourth Five Year Plan (1969 to 1974)** - During this period, the Administrative Reforms Commission made several recommendations for the development of Small - Scale Sector. Stress was laid on training and common service facilities, quality marketing and credit facilities.
5. **Fifth Five Year Plan (1974 to 1979)** - Trace the development of different small industries. So as to remove poverty, generate employment and reduce inequality. The Board strategy proposed to be followed in the fifth plan was to entail a considerable enlargement of the development programs for providing assistance and facilities in various industries.
6. **Sixth Five Year Plan (1980 to 1985)** - The objectives of this plan were to improve the levels of production and earnings of artisans by upgrading their skills and technologies, creation of additional employment opportunities on a dispersed and decentralised basis, establishment of wider entrepreneurial base by providing training and package of incentives, creation of a viable structure of the village and small industries sector so as to progressively reduce the role of subsidies and to expand efforts in export promotion.
7. **Seventh Five Year Plan (1985 to 1990)** - During the seventh plan, the policy would aim at rationalization of fiscal regime to ensure the rapid growth of village and small scale industries. Infrastructure facilities would be strengthened at various levels. Adoption of modern management and technique will be encouraged.
8. **Eighth Five Year Plan (1992 To 1997)** - In The Eighth Five Year plan the measures like timely and adequate availability of credit, technological up gradation through tool room and training institutes, growth centres to encourage dispersal of industries and

establishment of functional industrial estates, integrated infrastructure development centres for tiny units in rural and backward areas, incentive for the development of village / household Industries including Khadi and village Enterprises, handloom, handicrafts etc. were proposed for the development of small scale industries.

9. Ninth Five Year Plan (1997 To 2002) - During the ninth five year plan the major problems like inadequate flow of credit, use of obsolete technology in machinery and equipment, poor quality standards and inadequate infrastructure facilities faced by the small scale industry .

10. Tenth five year plan (2002 to 2007) -The main objective of the 10th Five Year Plan was at 8% GDP growth per year, reduction of poverty rate by 5% by 2007. providing gain full and high quality employment at least to the addition to the labour force.

11. Eleventh Five Year Plan (2007 to 2012) -The Eleventh Five Year Plans objective was to achieve improved quality of life for the citizens of the state and contribute to the larger National goals of socio-economic development. This will require faster and more equitable social and economic development of the state.

12. Twelve Five Year Plan (2012 to 2017) - The objective of the Twelve Five Year Plan was achieving a growth rate of 9% Asia in a growth rate of 4% in the agricultural sector. Ensuring that the commercial energy supplies grow at a rate of 6.5 - 7% per year.

13. Thirteenth (13th) five year plan (2017 to 2020) - This plan comprises 20 parts –

- guiding thinking.
- major objectives and development philosophy.
- Innovation driven development.
- New system for development.
- Agricultural modernization.
- An optimized modern industrial system.
- The cyber economy.
- Modern infrastructure network,.
- New urbanization,
- Development coordinated between regions.
- Ecosystem and the environment, all -around opening up,
- Deeper corporation between the mainland Hong Kong, Macao and Taiwan.
- The fight against poverty.

- Better education and health for all citizens.
- Support for public Wellbeing.
- Socialist cultural and ethical progress.
- Better and more innovative social governance.
- Socialist democracy and rule of law.
- coordinated economic and defence development.
- Implementation.

Conclusion:

In short efforts should be made by entrepreneurs, government institutions, industrialist to avoid sickness and when the symptom's are observed corrective, positive steps should be taken. The Rapid growth of the Small Scale Industries has a great relevance in our national economic policies. The rapid growth of the small sector has also improved the production of non durable consumer goods of mass consumption.

Small Scale Industries play an important role in the economic development of the country, the government has implemented new policies every year fivers plan to address the problems faced by them and to strengthen Small Scale Industries, but today studies show that Small Scale Industries have not developed.

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