



ROLE OF SMALL SCALE INDUSTRIES IN INDIAN RURAL DEVELOPMENT

Dr. Meena Wadgule

Research Guide, (Dr. Babasaheb Ambedkar Marathwada University Aurangabad)

HOD of Commerce Department, Shivaji College of Arts & Commerce Kannad Dist. Aurangabad

Corresponding Author- Dr. Meena Wadgule

Email Id: meenawadgule@gmail.com

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Abstract

In Agro-based economy like India, rural development is none less than its foundation of overall development and small scale industries (SSIs) are similar to bricks used in building this foundation. There are numerous names which establish a small scale unit long ago and today it has turned in to a big group. Throughout their journey, they have given big push to rural development and economy of the country. Even Government has made various initiatives to promote and strengthen SSIs so that they may keep contributing to GDP, consequently rural development is on continuous mode. The present paper deals with the analysis of the factors being responsible for the success of SSIs in playing a significant role in rural development of India. It also discusses the paths through which this development is being put forward by SSIs of India. Finally, it lays some suggestions to correlate SSIs with other requisite developmental plans to accelerate the rural growth of the country. The study is descriptive in nature and banked upon secondary data.

Keywords: Small Scale Industries/SSIs, Rural Development in india, Rural Growth

Introduction

Small Scale Industries (SSIs) in India have been the pioneer industries in the business arena of the country. As the term 'small' is ambiguous, the definition of

small scale industry has often changed over a period of time. Presently as per MSMED Act, 2006, the following investment criteria are there for a small enterprise:

Manufacturing Enterprises	Investment in Plant & Machinery	Above Rs. 25 Lakh & upto Rs. 5 Crore
Service Enterprises	Investment in Equipmen	Above Rs. 10 Lakh & upto Rs. 2 Crore

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bricks used in building this foundation. There are numerous names which establish a small scale unit long ago and today it has turned in to a big group. Throughout their journey, they have given big push to rural development and economy of the country. The small-scale industries sector plays a vital role in the growth of the country. It contributes almost 40% of the gross industrial value added in the Indian economy. Even Government has made various initiatives to promote and strengthen SSIs so that they may keep contributing to GDP, consequently rural development is on continuous mode. SME sector is one of the success stories of the modern India. Its success is written large over the face of the country and is equally visible all around. This is a sector that has emerged victorious in the face of rising competition from large sectors inside and from multi-nationals abroad (Suresh & Mohideen, 2012). MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth (Dengada , 2015). The present strategy of rural development in India mainly focuses on poverty alleviation, better livelihood opportunities, provision of basic amenities and infrastructure facilities through innovative programmes of wage and self-employment (Gangopadhyay, Mukhopadhyay, & Pushpa, 2008). The small-scale sector has grown rapidly over the years. The growth rates during the various plan periods have been very impressive. The number of small-scale units has increased from an estimated 0.87 million units in the year 1980-81 to over 3 million in the year 2000. MSMEs are now exposed to greater opportunities than ever for expansion and diversification across the sectors. Indian market is growing rapidly and Indian Source: Government of India, Ministry of MSME Electronic copy available at: <https://ssrn.com/abstract=2988222>

Electronic copy available at: <https://ssrn.com/abstract=2988222> entrepreneurs are making remarkable progress in various Industries like Manufacturing, Precision Engineering Design, Food Processing, Pharmaceutical, Textile & Garments, Retail, IT and ITES, Agro and Service sector (Shiralashetti). Thus, the role of SSIs cannot be ignored in the economic development, moreover in the rural development of India. And, it is required to recognize the factors encouraging these industries and correlate them with other models of development or other possible ways to solve the current problems faced by SSIs so that they may reach to its greatest form in India. Summary of Literature Survey Ali, A & Husain, F (2014) showed in their study that MSMEs are putting uniform development and can be a hope for Indian economy if issues like effective training programs, finance procurement, ease in labour laws, etc. are sorted out by the government. Anuradha, J (2014) stated that globalization and large industries are tough challenges for MSMEs.

however government has begun to promote these but proper monitoring of such policies is missing and to compete with the rivals, MSMEs need to focus on increasing productivity, product diversification, supply chain management and R & D activities. Ghouse, Suhail M (2013) accepted that MSME sector is the backbone of Indian economy and will continue to be the same but to compete internationally, this sector needs assistance from government, private sector and the international community in adopting ICT system. Kale, P T et al (2007) said that SMEs are the backbone of India but liberalization, globalization, privatization, disinvestment and deregulation have put lot of challenges before them, which can be faced when all the SMEs adopt ERP (Enterprise Resource Planning) as a business solution. SMEs on their part need to carefully evaluate their current IT systems and document its shortcomings while creating a wish list of what they want to achieve. The present study becomes different from

other previous studies done so far as it discusses the role of SSIs especially in rural development of India. Like other studies, it does not mention the problems faced by small enterprises. Besides it, it also highlights the factors behind the success of these industries and attempts to correlate these with other required plans.

Objectives of Study

1. To study the role of SSIs for rural development of India
2. To analyze the factors of success of SSIs in rural development of India
3. To study the important the role of small- scale industries in rural development .
4. To study the rural development in india

Research Methodology

The present study is based on secondary data collected from published sources, such as news paper internet web site and magazine. The adopted descriptive methodology makes it a kind of review study however it has been attempted to correlate some proposed suggestions with the existing practices of SSIs.

The responsible factor for the success of SSIs in Rural Development:

1. Project Profile
2. Reservation for Exclusive Manufacture
3. Less Capital Intensive
4. Tooling & Testing Support
5. Manpower Training
6. Technical & Managerial Skills
7. Raw Material Procurement
8. Machinery Procurement
9. Reservation for Exclusive Purchase
10. Promotion & Support by Government
11. Growth in Demand in the Domestic Market Size
12. Increasing Export Potential for Indian Products
13. Export Promotion
14. Growth in Requirement of Ancillary Units

Rural Development in india

Rural development is a comprehensive term. It essentially focuses on action for the development of areas that are lagging behind in the overall

development of the village economy. Some of the areas which are challenging and need fresh initiatives for development in rural India include Development of human resources including – literacy, more specifically, female literacy, education and skill development – health, addressing both sanitation and public health ,Land reforms ,Development of the productive resources of each locality , Infrastructure development like electricity, irrigation, credit, marketing, transport facilities including construction of village roads and feeder roads to nearby highways, facilities for agriculture research and extension, and information dissemination , Special measures for alleviation of poverty and bringing about significant improvement in the living conditions of the weaker sections of the population emphasizing access to productive employment opportunities All this means that people engaged in farm and non-farm activities in rural areas have to be provided with various means that help them increase the productivity. activities such as food processing. Enabling them better and more affordable access to healthcare, sanitation facilities at workplaces and homes and education for all would also need to be given top priority for rapid rural development.

It was observed in an earlier chapter that although the share of agriculture sector's contribution to GDP was on a decline, the population dependent on this sector did not show any significant change. Further, after the initiation of reforms, the growth rate of agriculture sector decelerated to about 3 per cent per annum during the 1991-2012, which was lower than the earlier years.

In recent years, this sector has become volatile. During 2014-15, the GVA growth rate of agriculture and its allied sectors was less than one per cent. Scholars identify decline in public investment since 1991 as the major reason for this. They also argue that inadequate infrastructure, lack of alternate employment opportunities in the industry or service sector, increasing casualisation of employment etc., further impede rural

development. The impact of this phenomenon can be seen from the growing distress witnessed among farmers across different parts of India. Against this background, by developing industries that are complementary to agriculture, the people in rural area get financial independence and also the development of small-scale industries can be achieved in the rural area

The important role played by small-scale industries in rural development.

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 utilized.

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.

Successful Business in rural area in India People in villages either contribute to the agricultural industry or majorly are engaged in businesses related to the retail, services, livestock, trading and manufacturing sectors. Micro, small or medium-sized business owners in villages are not devoid of opportunities, as they have ample businesses to start, grow, expand and flourish. In this section, we shall be further discussing some of the leading small business ideas to start from rural area

1. Poultry Farming
2. Clothing Store/Boutique
3. Diagnostic Centre/Clinics
4. Packaged Drinking Water Franchise
5. Electronics & Accessories Store
6. Fertilizers & Seeds Storage Store
7. Fruits & Vegetables Vending Shop
8. Livestock Farming
9. Small Scale Manufacturing Business
10. Milk Dairy
11. Grocery/Kirana Store

Conclusion

Small scale industries encompass vast scope activities like manufacturing, servicing, retailing, financing, construction, infrastructure etc. In view of the Government of India's ever increasing importance given to the small-scale industries in the national economy, more and small industries are to be set up in the years to come. The development of this sector came about primarily due to the vision of our late Prime Minister Jawaharlal Nehru who sought to develop core industry and have a supporting sector in the form of small scale enterprises. Small Scale Sector has emerged as a dynamic and vibrant sector of the economy. Today, it accounts for nearly 35% of the gross value of output in the manufacturing sector and over 40% of the total exports from the country. In terms of value added this sector accounts for about 40% of the value added in the manufacturing sector. The sector's contribution to employment is next only to agriculture in India. It is therefore an excellent sector of economy for investment

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