

## **CHAPTER - ONE**

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## **CHAPTER ONE INTRODUCTION**

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### **1:1 Importance and Role of small scale Industries**

The role of small scale industries for better utilization of local resources, it providing more employment, moving towards a decentralised society and increasing supplies of consumer goods in market. Small scale industries are basically the primary industries which helps to develop the large scale production. If small scale industries are running with best profit then they are going to convert into a large scale production industries.

Industry was a state subject under the Indian constitution. Development of small scale industries was therefore the responsibility primarily of the state Government. For the development of small scale Industries basic policy was formulated at the central level in consultation with the states and implemented mainly by the state Government.

Small scale Industries would provide employment without the need of much investment in the business. It would help in the distribution and development of industries in the rural areas. Small scale industries produce mostly consumers

goods it avoid the concentration of central inherent in large scale industries.

Small industries covers a wide range of activities and its definition and concept varies from one country to another. Even so, however, each country has laid emphasis on the development of small scale industries as an effective tool for social transformation.

#### Benefits of small scale Industries

Apart from their inherent usefulness because of its numerical superiority, small scale industries play a vital role in the economic growth of developing countries.

##### a. Utilisation of Resources:-

Small scale industries facilitate the tapping of resources which otherwise would remain unused. These resources include entrepreneurship, capital, labour and raw materials.

##### b. Employment Generation:-

They are fairly labour intensive, small scale industries create employment opportunities at relative low capital cost.

##### c. Regional Development:-

Small scale industries has given birth to economic and social developments. The development is an impediment to the

rapid growth of the national economy.

d. Generation of foreign exchange:-

Small scale industries facilitate substantial foreign exchange savings and earnings. Simple produces goods, now being imported and it becomes increase in the foreign exchange.

1:2 Significance of small scale industries.

Small scale industries have been recognised as one of the most important means for providing better economic opportunities for the people of developing countries like India. The small scale industries is a one of the solution for the problems of unemployment, lack of rural industrialization, and pressure of pollution on agriculture. Today, small scale industries occupies a position of unique importance in the economy of the country. It has played a vital role in the fulfillment of our socio-economic objectives.

The rapid growth of small scale industries over the last two decades has been one of the most significant features of Indian economy. For the development of large employment and ensures division of economic power and better distribution of national income to achieve the objectives of establishing a socialistic welfare state development of

small scale industries is necessary. As a result, policy-makers have laid increasing emphasis on the development, of small scale sector and recommended a number of concessions to encourage such units in the backward areas of the country. The government have given maximum encouragement to the development of this sector to promote more employment, increase production and get more foreign exchange.

"At present more than 67 lakhs people are employed in 8 lakhs registered small units in the country." It means small scale industries is successful to a great extent in created large scale employment to unemployed people in our country.

Small scale and cottage industries have an important role to play in India's industrial development. In 1979-80 they contributed 49% of gross value of output and 51% of total manufacture. The role and significance of small scale industries on following points.

- i) Generation of employment opportunities
- ii) Helps in equitable distribution of national income.
- iii) Mobilisation of entrepreneur skills.
- iv) Mobilisation of capital resources.
- v) Developments of rural industrilization
- vi) Increase the exports
- vii) Socio-Economic Developments of nation.

Need of Development of small scale industries

Village and small scale industries are integral part of national planning. Village industries, are concerned with the processing of raw materials with simple techniques for further production. They supply the finished goods for local markets. Cottage industries are generally associated with agricultur and they provide employment in rural areas.

Prior to independence, the small scale industries in India occupied the almost insignificant place in the national economy. The commonly used that was cottage and handicrafts industry, which were located in rural areas. The central government began to take an active interest in the development of small scale industries from 1947.

The developments of the small scale industries has now come to stay in India. The small scale units requires small capital layout. All the same time, it provides more employment than the large sector, where the units are highly capital intensive and highly mechanised. The average investment per worker in the small scale industries is Rs. 5800 as Rs. 4000 in the large scale sector. Small units does not required highly sophisticated technology. It can be useful in backward areas where the people have yet not trained to meet the challenge of new technology.

The development of the small scale sector facilities decentralisation of industrial activities, which is an imperative for a vast and developing country like ours. This is exactly why policy maker have laid increasing emphasis on the small scale sectors for there better development. It may be mentioned here that small scale unit can take up small production batches economically. This is essential in a developing country, where market is not large.

In a developing economy it is a small scale industries that contitutes the backbone of its economic structure. Its development to create vast employment and decentralization of industries. In India, the stape has taken a greater interest in the development of small scale industries. It renders two kinds of assistance to them that are financial and non-financial. The assistance programme for small scale industries are provided by central government, which is as under,

- i) Technical assistance and give the advice on improved technical process and the use of modern machines.
- ii) Assistance for obtaining raw material required for small scale sector.
- iii) Supply of machinery on hire purchase basis.
- iv) Market Assistance

v) Financial Assistance

vi) Provide better transport facilities

vii) To give incentives to promotion of export.

1:3 Objectives and purpose of study

Accordingly, "A study of problems of small scale industries in M.I.D.C., Miraj" has been undertaken due to the importance role and significance of small scale industries. The principal objectives of the present study is to understand the various problems of small scale industries in M.I.D.C. - Miraj. and to assess the economic and industrial development of small scale sector in Miraj area. The purpose of the present study is to find out the various facilities as like finance, power, technological and transport are provided to small units of in M.I.D.C. Miraj, and their problem of production, finance, marketing, licence, availability of raw material and labour. Other purpose of study of small units in the M.I.D.C. Miraj is to study of labour problems. Finally it is to give some suggestions on the problems of small scale units in Miraj area.

We may divide the problems of small scale industries in Miraj-M.I.D.C. into two groups the external problems and internal problems. That the external problems are those which result from factors beyond the controls of the



management and owner, that are availability of raw materials, labour, power and technological facilities required for small scale industries. The internal problems attaching on small scale industries related to organisation, production channel, welfare to labour, technical know-how, training facilities and industrial relations.

The present study aims at and cover the following aspects :-

- 1) To study of general problems of small industries.
- 2) To examine the growth of small industrial units in Miraj area.
- 3) To make the study of how large-scale industries are responsible for the sickness of small scale sector in terms of creating shortage in supply of raw materials and competition in market.
- 4) To study of problems in finance, production, labour and marketing.
- 5) To study of problem of industrial relation and problem of labour faced by small industries in the M.I.D.C.-Miraj.
- 6) To suggest some remedial measures to improve the conditions of small industries and also to give effective solution for the internal and external problems of small scale industries in the M.I.D.C. Miraj.

1:4 Methodology:-

A) Selection of unit:-

The researcher has selected 20 small scale industries in M.I.D.C. Miraj. as to study the problem of small scale units.

B) Sources of Data collection:-

For the present study, the survey method and the observation method have been adopted.

In the survey method selected 20 small scale units in M.I.D.C. - Miraj were visited. Similarly, observation method was also carried out to observe the internal and external problems of small unit, that are financial, production, labour, marketing and technological facilities.

For the present study, the data has been collected through primary as well as secondary sources. For the primary data collection the questionnaire was prepared and administered. Information necessary for dissertation study was collected through the questionnaire and personal interview method.

For the better study personal interviews are taken of the workers, owners, office staff and officers of district industrial center - Sangli.

Secondary data was collected from the office record and

the published literature by the M.I.D.C.-Miraj and by District Industrial Center- Sangli. Various books and journals on small scale industries has also been made use of The data equired for the study are collected from verious sources as follows.

- 1) Records of district Industries Centre, Sangli.M.I.D.C., office Sangli.
- 2) Record of Sangli-Miraj M.I.D.C. manufacturers Association- Miraj.
- 3) Library of Chh-Shahu central Institute of Business Education and Research-Kolhapur.
- 4) Barr-Khardekar Library, Shivaji University-Kolhapur.
- 5) Library of N.D. Patil Night College of Arts & Commerce- Sangli.
- 6) Library of G.A. College of Commerce Sangli.
- 7) Library of K.W. College - Sangli.

C) Chapter scheme

The study is divided into five chapters. The first chapter is related to introduction of subject, objectives of study Role and significance of the small scale industries. It also deals with methodology adopted and limitations on study.

The second chapter deals with concept of small scale industries and developments and evaluation of concept of small scale industries and policy resolutions.

The third chapter gives a profile of Miraj M.I.D.C. It includes historical background of Miraj. M.I.D.C. and study of progress and sickness of industries in Miraj M.I.D.C.

The fourth chapter deals with the presentation and analysis of problems of small scale units with the help of data collected through questionnaire, interviews and observations.

The fifth chapter records the conclusions drawn from the analysis and interpretation of the data presented and certain suggestions are made on the problems of small scale industries.

The questionnaire used for data collection and a comprehensive Bibliography concludes the dissertation.

#### 1:5 Limitations of the study

Since the study is undertaken as part of fulfillment of the requirement of the degree course of Master of philosophy in commerce, the researcher has limited his study only in the area of Miraj-M.I.D.C. The problems of small scale industries are classified as financial, production technological, marketing labour and problem of

availability of raw materials. But this is not possible to complete the study within the one year.

Further for completion of dissertation work and to submit the dissertation to the university in the prescribed period of time selected units are taken for the study purpose.

Getting the information about the problems of small scale industries from the owner, management and from labour is not only difficult but sometimes impossible. During the course of personal visit to different industrial units and entrepreneurs, the researcher has to face a numbers of difficulties. The private entrepreneurs do not feel like to give correct information regarding them problems of production, marketing, labours and other facilities. The answer to questionnaires were obtained personally from the industrialists. The labourers and workers are illiterate to understand the meaning and use of industrial surveys. Moreover, a small entrepreneurs are all in all his business and does not find sufficient time to pass on necessary information. Even some good units do not want to spare time for assisting such surveys.

Since this is an individual survey and research work the study is necessarily limited in scope and coverage of all problems of small scale industries of Miraj, M.I.D.C.