

Course- Indian Economy Econ(H)221

Lecture: 39 Role of Small and Cottage Industries in India



Topics to be Discussed

- Small Scale Industries
- Role and Importance

Small Scale Industries

- Industrialization is the only answer to the issues in developing economy.
- Small scale industries do not require huge capital and hence suitable for a country like India.
- They can be accessible to the remote rural areas of the country and do not lead to regional imbalances and concentration of industries at one place, which is responsible for many economic resources such as entrepreneurship and capital.

Small Scale Industries

- Small Scale Industries (SSIs), which is an industrial undertaking with the investment not exceeding Rs. One Crore in plant and machinery.
- **Small Scale Industries** help the economy in promoting balanced development across all the regions of the economy.
- **Small Scale Industries** help in distributing national income in more efficient and equitable manner as compared to medium or large industries.
- **Small Scale Industries** enjoy a lot of help from the government to protect them from the direct competition of the large industries- provision of subsidies in the form of capital, lenient tax structure etc.
- Napkins, tissues, chocolates, toothpick, water bottles, small toys, papers, pens.

Small Scale Industries and Employment

- SSI uses labour intensive techniques. Hence, it provides employment opportunities to a large number of people. Thus, it reduces the unemployment problem to a great extent.
- SSI provides employment to artisans, technically qualified persons and professionals. It also provides employment opportunities to people engaged in traditional arts in India.
- SSI accounts for employment of people in rural sector and unorganized sector.
- It provides employment to skilled and unskilled people in India.
- The employment capital ratio is high for the SSI.

Small Scale Industries and Women

- It provides employment opportunities to women in India.
- It promotes entrepreneurial skills among women as special incentives are given to women entrepreneurs.

Small Scale Industries and Resource Mobilization

- It helps to mobilize and utilize local resources like small savings, entrepreneurial talent, etc., of the entrepreneurs, which might otherwise remain idle and unutilized. Thus it helps in effective utilization of resources.
- It paves way for promoting traditional family skills and handicrafts. There is a great demand for handicraft goods in foreign countries.
- It helps to improve the growth of local entrepreneurs and self-employed professionals in small towns and villages in India.

Small Scale Industries and Consumer Demand

- SSI produces wide range of products required by consumers in India.
- SSI meets the demand of the consumers without creating a shortage for goods. Hence, it serves as an anti-inflationary force by providing goods of daily use.
- SSI plays a complementary role to large scale sector and supports the large scale industries.
- SSI provides parts, components, accessories to large scale industries and meets the requirements of large scale industries through setting up units near the large scale units.

Major Export Destinations

S. No.	PRODUCT GROUP	MAIN DESTINATION (COUNTRIES)
1.	Readymade Garments	USA, Europe, Canada, West Asia, North Africa.
2.	Plastic items	UAE, China, Italy, Saudi Arabia, Oman.
3.	Marine products	Japan, USA, European Union, China, South East Asia.
4.	Sports goods	UK, USA, Australia, Germany, South Africa
5.	Spices	East Asia, European Union, North African Zone & American Zone
6.	Cashew items	USA, Netherlands, UK, Japan & UAE
7.	Shellac items	Indonesia, Germany, Arab Republic Emirates, USA & Italy.
8.	Synthetic items (MADEUPS)	UAE, UK, Turkey, USA & Italy
9.	Leather & Leather items	Germany, UK, Italy, USA & France
10.	Engineering & Elect. items	USA Europe, Japan, Hong Kong, UAE, Germany, Belgium & France
11.	Basic Chemical & Cosmetic	USA, Japan, Saudi Arab, China, Singapore & Netherlands.
12.	Chemical & Allied products.	Japan, Belgaum, Italy, France, Bangla Desh, USA & UK.
13.	Wool & Woollen (MADEUPS), Knitted Garments etc	Europe, Japan, Bangla Desh
14.	Processed Food items	USA, Europe, Japan
15.	Electronic items & Computer Software	USA, Hong Kong,, UAE, UK, Germany & Japan
16.	Tobacco & Tobacco items	East Europe

Opportunities in SSIs

- Less Capital Intensive
- Extensive Promotion & Support by Government
- Funding - Finance & Subsidies
- Machinery Procurement & Raw Material Procurement
- Manpower Training
- Technical & Managerial skills
- Reservation for Exclusive Purchase by Government
- Export Promotion
- Growth in demand in the domestic market size due to overall economic growth
- Increasing Export Potential for Indian products

Thank you

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