

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.100 lakhs 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.

Small Scale Industries

- Before Independence, small scale industry referred to the village and the urban cottage industry.
- SSIs included a variety of industries ranging from manufacturing of Iron safes, locks, carpets, baskets, hand-loom cloth etc.
- **After independence**, Jawaharlal Nehru maintained separate entities of small scale industries.
- The basic policy support of SSI sector had its roots in the Industrial Policy Resolution 1977, laid emphasis on reservation of items (42 items)
- At Present 812 items are in the reserved list.

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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