INTRODUCTION

Business is considered to be an economic activity. It concerned with the production and distribution of goods and services. Business activities are mainly conducted with the intention of earning maximum profit. Earning profit is the main goal of each and every organization. This profit is considered to be their reward. This is because every businessman has invested a certain amount of capital, ready to do hard work. He uses his experts, knowledge and experience and bears the risk and uncertainty. The amount of profit is always depending on the nature of the business activities. Some are large scale industries like joint stock companies where large amount of capital is required and due to which specialization and maintaining a high standard is possible. They can successfully maintain due to large volume of their business transaction. To support such large industries many small scale industries are also involved. They provide various types of raw-materials to large organization.

It is rejoicing to observe that the SSI sector has been a prime contributor to the overall growth of the industrial sector in India. The growth rate recorded by SSI sector has normally been higher that the of the industrial sector as a whole. The SSI sector has emerged over five decades as a highly vibrant & dynamic sector of the Indian economy. Today, this sector accounts for about 95% of the industrial units & is contributing about 40% of value addition in the manufacturing sector, nearly 80% of manufacturing employment and about 35% of export. More than 32 lakh units are spread all over the country producing over 7,500 items and providing employment to more than 178 lakh person.

Small enterprises, i.e, small scale units, not only play a crucial role in providing large scale employment opportunities at lower capital cost than large scale industries, but also help in industrializations of rural backward areas, thereby reducing regional imbalance assuring more equitable distribution of national income and wealth. The Government of India has helped the small scale sector through supportive policy measures since adoption of planned economy model. The basic policy support for SSI sector has its roots in the Industrial Policy Resolution of 1956. Further, the Industrial Policy Statement, 1977, laid emphasis on reservation of items. The reservation of economically viable and technologically feasible products to be exclusively manufactured by SSIs began with a list 47 item which was gradually extended to many products.
LEGAL CONSTITUTION OF SMEs

Under the general law/ Principle of equity, any individual or group of individuals, may form an acceptable form of organization to undertake the business of an SMEs, provided they have attained the age of majority (18 years). Where specific rules of constitution exist (eg. Private limited companies), the same should be complied with. Any particular form of constitution by itself does not confer special benefits for an SMEs. The choice of a constitution by a group of individuals depends upon their resource level, business perception, convenience of management and coverage of business operations, etc. SMEs in India are generally constituted in any of the following forms.

1) Sole proprietary concern. (2) Partnership concern (3) Limited Company (4) Hindu Undivided Family (HUF), It is also possible to run SMEs as public Trust.

Opportunity

The opportunities in the small-scale sector are enormous due to the following factors:

- Less Capital Intensive
- Extensive Promotion & Support by Government
- Reservation for Exclusive Manufacture by small scale sector
- Project Profiles, Funding - Finance & Subsidies
- Machinery Procurement, Raw Material Procurement, Manpower Training
- Technical & Managerial skills, Tooling & Testing support
- 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
- Growth in Requirements for ancillary units due to the increase in number of Greenfield units coming up in the large scale sector. Small industry sector has performed exceedingly well and enabled our country to achieve a wide measure of industrial growth and diversification.