Introduction
India is predominantly an agricultural country. Apart from agriculture, small scale & large scale industries have been also developed. Small scale industries are the backbone of our industrial structure as they provide a variety of non-traditional, low technology products. They are also engaged in the processing, preserving, manufacturing & servicing activities and play a vital role in balanced and sustainable economic growth. Thus, a proper development of small scale industries is essential for the healthy growth of economy.

The primary object of developing small scale industries in rural areas is to generate better employment opportunities, raise income levels & standards of living of people. Small scale industries are essential for providing subsidiary or alternate occupations and utilization of local labour & raw materials. They facilitate an effective mobilization of resources of capital and skill and also stimulate the growth of industrial entrepreneurship. Thus, the development of small scale industries is an integral part of the overall economic, social and industrial development of a country.

DEFINITIONS OF SMALL SCALE INDUSTRIES-

A. The Small Scale Industries Board(1955) –
“A unit employing less than 50 persons if using power and less than 100 persons without the use of power and with capital assets not exceeding Rs. five lakhs.”

B. Government of India (1980)-
“Undertakings having investment in fixed assets in plants and machinery not exceeding Rs. 15 lakhs and engaged in the manufacturing of parts of components, sub-assemblies or intermediaries and proposes to supply at least 50% of its production to one or more parent unit and such ancillary industry shall not be a subsidiary of or owned or controlled by any other undertaking.”

C. Government of India (2000)-
“Small scale undertakings are those which are engaged in manufacturing, processing or preservation of goods and in which investment in plant and machinery (original cost) does not exceed Rs. 1 crore.”

a) In case of enterprises engaged in the manufacturing or production of goods, as –
i. a micro enterprises, where the investment in plant and machinery does not exceed twenty-five lakh rupees;

ii. a small enterprises, where the investment in plant and machinery is more than twenty five lakh rupees but does not exceed five crore rupees; or

iii. a medium enterprise, where the investment in plant and machinery is more than five crore rupees but does not exceed ten crore rupees;

b) In the case of the enterprises engaged in providing or rendering of services, as –

i. a micro enterprise, where the investment in equipment does not exceed ten lakh rupees;

ii. a small enterprises, where the investment in equipment is more than ten lakh rupees but does not exceed two crore rupees; or

iii. a medium enterprise, where the investment in equipment is more than two crore rupees but does not exceed five crore rupees.

CLASSIFICATION OF SMALL SCALE INDUSTRIES-

Small scale industries in India are divided as under:

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Traditional Sector-

1. Handicrafts-

Handicraft embody the traditional skills of artisans who use a variety of materials—wood, metal, clay, ivory, cloth etc, to produce consumer articles as well as decorative or artistic products. The important products from this sector are hand knotted carpets, printed textiles, art metal wares, cane and bamboo crafts, wood wares, scarves and hand embroidered goods etc.

2. Handlooms-

Handlooms from a part of India’s heritage and exemplify the richness and artistry of the weavers. The hand weaving of cloth from yarn forms an important segment of rural industry.

3. Khadi and village industries-

Hand woven cloth from hand spun yarn is known as Khadi. Along with certain specific village industries such as food processing, forest based raw materials and other miscellaneous manufacturing activities etc. The Khadi and Village Industries (KVI) sector has much scope for utilizing local skills and resources by providing employment to rural artisans and women workers in the rural and semi-urban areas.

4. Coir-

Coir, obtained from coconut husk, involves operations like netting, spinning and weaving and is a traditional cottage industry located in coconut producing states. It forms an important cottage industry in the coastal districts of Kerala, Tamilnadu, Karnataka, Andhra Pradesh, West Bengal, Orissa, Maharashtra, Assam, Goa etc.

5. Sericulture-

India is the second largest producer of silk in the world. There are four main varieties of silk produced in the country, viz. mulberry, eri, tasar, and muga. Sericulture is an agro-industrial activity based on mulberry and non-mulberry silk production.

Modern Sector-

Powerlooms- The unorganized powerloom sector largely meets the clothing needs of the country’s population. This sector contributes approximately 54% to the total cloth production.