INTRODUCTION

Small scale industries become a major force in furthering the process of rapid industrialization in India. The small scale industries have emerged as a vibrant and dynamic sector of Indian economy since independence. With the twin objectives of employment and expansion, the small scale industries was highly emphasized consistently an all the successive Indian policy resolutions.

The industrial resolution 1948 emphasized cottage and small scale industries particularly suited for better utilization of local resources and achievements of local self sufficiency in respect of specific industrial products. 1956 resolution initiated measure to build the competitive strength of small and village industries. In 1966 the small industries were classified as undertaking and ancillaries from the angle of fined capital investment.

An industrial undertaking in which the investment in fixed assets in plant and machinery whether held on ownership terms on lease or on hire purchase does not exceed Rs 10 million. The industries in India which are organized on a small scale and produce goods with the help of small machines, hired labor and power, are the small scale industries present in India.

The definition for small-scale industrial undertakings has changed over time. Initially they were classified into two categories- those using power with less than 50 employees and those not using power with the employee strength being more than 50 but less than 100. However, the capital resources invested on plant and machinery buildings have been the primary criteria to differentiate the small-scale industries from the large and medium scale industries. An industrial unit can be categorized as a small-scale unit if it fulfills the capital investment limit fixed by the Government of India for the small-scale sector. As per the latest definition for
any industrial unit to be regarded as Small Scale Industrial unit the following condition is to be satisfied: -Investment in fixed assets like plants and equipments either held on ownership term son lease or on hire purchase should not be more than Rs 10-20 million. However, the unit in no way can be owned or controlled or ancillary of any other industrial unit.

A common classification is between traditional small industries and modern small industries. Traditional small industries include khadi and handloom, village industries, handicrafts, sericulture, coir, etc. Modern SSIs produce wide range of goods from comparatively simple items to sophisticated products such as television sets, electronics, control system, various engineering products, particularly as ancillaries to the large industries. The traditional small industries are highly labor intensive while the modern small-scale units make the use of highly sophisticated machinery and equipment. For instance, during 1979-80, traditional small-scale industries accounted for only 135 of the total output but their share in total employment was 56%. As against this, the share of modern industries in the total output of this sector was 74% in 1979-80 but their share in employment was only 33%. Obviously, these industrial units would behave higher labor productivity. One special characteristic of traditional small-scale industries is that they cannot provide full time employment to workers, but instead can provide only subsidiary or part time employment to agricultural laborers and artisans. Among traditional village industries, handlooms possess the highest labor productivity, besides handlooms make a significant contribution to earning foreign exchange for the country. Nowadays Indian small-scale industries (SSIs) are mostly modern small-scale industries. Modernization has widened the list of products offered by this industry. The items manufactured in modern Small-scale service & Business enterprises in India now include rubber products, plastic products, chemical
products, glass and ceramics, mechanical engineering items, hardware, electrical items, transport equipment, electronic components and equipments, automobile parts, bicycle parts, instruments, sports goods, stationery items and clocks and watches.

During the three decades of planned development there has been an impressive development of large scale industries, but India still remains predominantly a country of village and small industries. Cottage and small scale industries are scattered over the whole country and they cover a wide range of traditional and modern small-scale industries. It is no exaggeration, therefore, that cottage and small scale industries are the backbone of Indian economy.

They use power and modern techniques, Small-scale and cottage industries have a great capacity to generate a large volume of employment. In India, capital is scarce, but cheap labor is abundantly available. Unemployment, underemployment and seasonal unemployment are rampant on a mass scale. The employment capacity of small industries being at least eight times that of the large industries, they can substantially help in solving this problem. Small enterprises tend to create a situation in which a more equitable distribution of income is made possible. The process of decentralization accelerated by small-scale industries, in addition to exploiting local resources, helps to reduce regional imbalances and the imbalances between rural and urban growth. Large-scale and small scale industries also complement each other, large scale industries; the emphasis is on the production of capital goods. But small enterprises concentrate on producing consumer goods.

Another important advantage of developing small units is that they not only do not require much foreign exchange earnings of the country. But above everything else, they can bring about awakening among the people. They can make them self-confident and self-reliant.
As the competition is becoming biggest fear of all types of business, small scale industries are facing problem relating to market their product and to increase their sales. And the same time they are facing the problem of financing because the Indian market is so uncertain and depend upon climate so small scale industries have very few options that are ready to finance in their business.

SSI is one of the significant segments of the Indian economy, contributing about 7 per cent to the Indian GDP and providing employment to over 28 million people. The Indian SME segment’s current production value is almost Rs 816,000 corer. It contributes to around 40% of industrial production & exports. It manufactures more than 8,000 diverse products, ranging from low-tech items to technologically-advanced products. The SSI sector targets both domestic as well global markets. SSIs sector is recognized as the engine of growth, accounting for about 70% of employment and contributes a significant amount for the growth of GDP. Globally, 99.7 per cent of all enterprises in the world are SMEs and the balances 0.3 per cent are large-scale enterprises. By contrast, the SSI sector in India accounts for 95 per cent of all industrial units.

It is a well noted fact that the accessibility to the Government sector is directly proportional to the size of the unit/industry. Most of the times we see that in our country all the schemes, benefits are reaped by the Large Scale units. Indeed, these large industrial sector do generate a lot of employment and cater to a very large demographic, urban and semi-urban regions in India, but in the shadow of these large units the SSIs have seem to be highlighted.