THE ROLE AND PERFORMANCE OF COTTAGE AND SMALL SCALE INDUSTRIES IN INDIAN ECONOMY

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ABSTRACT

The small scale industrial sector plays a vital role in the growth of the country. It contributes almost 40% of gross industrial value added in the Indian economy. It has been estimated that millions of investment in fixed assets in the small scale sector produces 4.62 million worth of goods or service with the approximate value addition of ten percent points. The small scale sector has grown rapidly over the year. The number of small scale units has from estimated 0.87 million units in the year 1980-81 to over 3 million in the year.

Keywords: SSI, MSME; GDP; Employment

INTRODUCTION

Expansion Of SSI Sector And Its Share In Industrial Production: The total number of unit in the ssi sector stood at 1052.2 Lakh in 2001-02 and this number rose to 123.4 lakh in 2005-06 the total number of MSME units in 2006-07 was 361.8lakh and this number rose to447.7 Lakh in 2011-02 was Ru.2,82,270 crore and this rose to, 497,842 crore in 2005-06 output of MSME unit in 2006-07 was Ru.1357 383 crore and this rose to Rupee 18,34,332 crore in 2011-12 the MSME sector contributes about 8%of GDP and about 45% of manufactured output.

Employment Generation: The SSI sector employed 249.3 lakh people in 2001-02 and this number rose to294.9 lakh people in 2005-06 Employment MSME sector stood at 805.2 lakh in 2006-07 and this increased to 1012.6 lakh in 2011-12 With in the manufacturing sector itself small and decentralized sector contributes about four-fifths of manufacturing employment in India. Given the acute unemployment problem in India, creation of employment opportunities will depend crucially on the development of small scale and cottage industries. This would be clear from the fact that while employment in the factory sector as a whole (darqe scale, medium – scale and small – scale) increased by only 2.21 percent per annum over the period 1972 to1988 employment in small scale sector area at the rate of 5.45 percent per annum. As for as future prospect are concerned , the rural non firm sector accounting for about 22 percent of rural employment can play a crucial role the further expansion of employment opportunities in the rural areas.

Efficiency of Small – Scale Industries: While some studies have pointed out that small scale industries are more efficient, others point out that large scale industries are more efficient. One of the earliest studies on the relative efficiency of small scale industries in India was undertaken by dharandlydall. They concluded that modern small scale industry is fairly capital in tense; that is these units do not
generate more employment per unit of capital than large-scale industry. Similar conclusions were reached by sandesara in a study conducted for the period 1953–58. Sandesara used cm data for 28 industries and found that for a given volume of neither investment nor produced more output compared to large scale units. In his paper published in 1988 bishwanathgoldar compared for 37 industries at the three – digit level the technical efficiency of small scale and large scale industries for the year 1976–77. The estimated relative total factor productivity of small scale industries cluring the period 1980-81 to 1994-95 is greater than on in all years excepting 1987-88 when it was 0.53 suggesting that the all india level, the small scale sector is more efficient than the large scales sector.

While discussing the issue of efficiency it is also important to keep the employment potential in view in a labour- supply economy like India.

Mobilisation of Capital And Entrepreneurial skill: The small scale industries are at a distinct advantage as far as the Mobilisation of capital and entrepreneurial skill is concerned. A number of entrepreneurs are spread over small town and village of the country obviously large scale industries cannot utilize them as effective as the small scale and village industries distributed over the entire length and breath of the country. similarly large scale industries cannot mobilises the saving done by people in areas for flung from the urban but this task can be effectively accomplished by selling up a network of small scale and cottage industries in addition a large number of other resources spread over the country can be put to an effective use by small scale and cottage industries

Less Industrial Disputes:- Supporter of small scale industries frequently argue that large scale industries are ridden with more industries disputes than the small-scale industries. Because of tension in the relation between worker of large-scale industries frequently face strikes and lockout against this the small scale industries are free from such hazards and there is consequently less loss of output however, this viewpoint is not totally correct. In the case of cottage industries the questions of disputes does not arises at all since the main form of labour in these industries is so far as mentioned

Small and Medium-Scale Industries / Enterprises: The small-scale industries sector plays a vital role in the growth of the country. It contributes almost 40 per cent of the gross industrial value added in the Indian economy. It has been estimated that the turn over to capital employed is approximately 4.62. The small-scale sector has grown rapidly over the years. The number of small-scale units has increased from an estimated 0.87 million units in the year 1980-81 to over 3 million in the year 2000. The small-scale industry sector in India creates largest employment opportunities for the Indian populace, next only to agriculture. The SSI sector plays a major role in India’s present export performance. About 45 per cent to 50 per cent of the Indian exports are contributed by the SSI sector.

The role of small-scale and industries in India’s industrial and economic development can be obtained from the information contained in table 1.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number Of SME (Inlakh)</th>
<th>Fixed Investment (Rupee crore)</th>
<th>Production (Rupee crore)</th>
<th>Employment (no. in lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>105.2</td>
<td>1,54,349</td>
<td>2,82,270</td>
<td>249.3</td>
</tr>
<tr>
<td>2002-03</td>
<td>109.5</td>
<td>1,62,317</td>
<td>3,14,850</td>
<td>260.2</td>
</tr>
<tr>
<td>2003-04</td>
<td>114.0</td>
<td>1,70,219</td>
<td>3,64,547</td>
<td>271.4</td>
</tr>
<tr>
<td>2004-05</td>
<td>118.6</td>
<td>1,78,699</td>
<td>4,29,796</td>
<td>282.6</td>
</tr>
<tr>
<td>2005-06</td>
<td>123.4</td>
<td>1,88,113</td>
<td>4,97,842</td>
<td>294.9</td>
</tr>
<tr>
<td>2006-07</td>
<td>361.8</td>
<td>8,68,544</td>
<td>1,35,1,383</td>
<td>805.2</td>
</tr>
<tr>
<td>2007-08</td>
<td>377.4</td>
<td>9,17,437</td>
<td>14,35,179</td>
<td>842.2</td>
</tr>
<tr>
<td>2008-09</td>
<td>393.7</td>
<td>9,71,407</td>
<td>15,24,235</td>
<td>881.4</td>
</tr>
<tr>
<td>2009-10</td>
<td>410.8</td>
<td>10,29,331</td>
<td>16,19,355</td>
<td>922.2</td>
</tr>
<tr>
<td>2010-11</td>
<td>428.8</td>
<td>10,94,893</td>
<td>17,21,553</td>
<td>965.7</td>
</tr>
<tr>
<td>2011-12</td>
<td>447.7</td>
<td>11,76,939</td>
<td>18,34,332</td>
<td>1012.6</td>
</tr>
</tbody>
</table>

Source: Government of India, Ministry of MSME

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OBJECTIVES

1. To Find out the impact of small scale industry in Indian economy
2. To enquire about the growth rate of small scale industry over GDP and NNP at factor cost
3. To relate the social economic development of country with all small scale industry
4. To find out that how can a economy play a majestic role for growth and development of these cottage and small scale industries

CONCLUSION

In this way small scale industries play a important role in the economy as well growth of country. Most of the time india progress with the help pf these industries and small scale industries as without including these industries and small scale an cottage we cannot progress in future and decades.

REFERENCES