

The Performance and Role of Cottage Small-Scale Industries in India

DR. TARKESHWAR PANDEY, ASSISTANT PROFESSOR

NAGAR NIGAM DEGREE COLLEGE LUCKNOW, UP

1. 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.

2. Keywords - Ssi, Msme , Gdp, Employment

3. 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 to 447.7 Lakh in 2011-12 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.

4. Employment Generation:-

The ssi sector employed 249.3 lakh people in 2001-02 and this number rose to 294.9 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 (large scale, medium – scale and small – scale) increased by only 2.21 percent per annum over the period 1972 to 1988 employment in small scale sector area at the rate of 5.45 percent per annum. As far 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.

5. 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 dhar and lydall. They concluded that modern small scale industry is fairly capital intensive; 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 investment nor produced more output compared to large scale units. In his paper published in 1988 Bishwanath goldar 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 during the period 1980-81 to 1994-95 is greater than on in all years excepting 1987-88 when it was 0.53 suggesting that at 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.

6. 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 effectively as the small scale and village industries distributed over the entire length and breadth of the country. Similarly large scale industries cannot mobilise the saving done by people in areas far from the urban but this task can be effectively accomplished by setting 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

7. Less Industrial Disputes:-

Supporter of small scale industries frequently argue that large scale industries are ridden with more industrial disputes than the small-scale industries. Because of tension in the relation between workers 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 arise at all since the main form of labour in these industries is so far as mentioned.

8. 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.1

Over All Performance of Micro, Small And Medium Enterprise

Year	Number Of M S M E (In lakh)	Fixed investment (Rupee. crore)	Production (Rupee. crore)	Employment (no .in lakh)
2001-02	105.2	1,54,349	2,82,270	249.3
2002-03	109.5	1,62,317	3,14,850	260.2
2003-04	114.0	1,70,219	3,64,547	271.4
2004-05	118.6	1,78,699	4,29,796	282.6
2005-06	123.4	1,88,113	4,97,842	294.9
2006-07	361.8	8,68,544	1,351,383	805.2
2007-08	377.4	9,17,437	14,35,179	842.2
2008-09	393.7	9,71,407	15,24,235	881.4
2009-10	410.8	10,29,331	16,19,355	922.2
2010-11	428.8	10,94,893	17,21,553	965.7
2011-12	447.7	11,76,939	18,34,332	1012.6

Source: - Government of India, Ministry Of MMSE

9. 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

10. References-

1. Alvesson, M. and Berg, P.O. (1992). *Corporate Culture and Organizational Symbolism*. Berlin: Walter de Gruyter.

- 2 Bratton, J. and Gold, J. (2001). *Human Resource Management Theory and Practice*. Hound Mills, Palgrave Macmillan.
- 3 Collins, D. (1998). *Organizational Change: Sociological Perspectives*, USA: Routledge.
- 4 Cardy, R.L. and Selvarajan T.T. (2004). *Aethical behavior. Development of behaviorally anchored rating scale*,
- 5 Forehand, G.A. and Gilmer, B.V. (1964). *Environmental variations in studies of organizational behavior*, *Psychology Bulletin* ,62/14, 361-382.
- 6 Greenberg, J., and Baron, R. A.(2003). *Behavior in Organizations: Understanding and Managing the Human Side of Work*. Englewood Cliffs, NJ: Prentice
- 7 Gregory, B.T. Harris, S.G. Armenakis, A.A. Shook, C.L. (2009). *Organizational culture and effectiveness: A study of values, attitudes, and organizational outcomes*, *Journal of Business Research*, 62/2 673–679.
- 8 Gordon G.G (1965). *The relationship of satisfiers and dissatisfiers to productivity, turnover and morale*, *American Psychologist*. 20, 499-502
- 9 Lepper, M. R., & Malone, T. W. (1987). *Intrinsic motivation and instructional effectiveness in computer-based education*.
- 10 Maslow, A. H. (1954). *Motivation and Personality*: NY: Harper.
- 11 McNamara, C. (2005). *Human Resource Management and Talent Management*. Authenticity Consulting LLC.
- 12 Ojo, O. (2009). *Impact assessment of corporate culture on employee job*: *Journal of Business intelligence*, 2/2, 389-37.
- 13 Parker, M. (2000). *Organizational Culture and Identity*: London. Sage Publishing Ltd,
- 14 Robbins, P. and Judge, A. (2009). *Organizational Behavior*. New Jersey: Pearson Education, Inc.
- 15 Rousseau, D. M. (1990). *Assessing Organizational Culture: The Case for Multiple Methods*.