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Research Article



The Importance of Small-Scale Industries in Employment Opportunities

Pratik Kishor Kunwara* and Mahavir N Sadavarte

Department of Commerce

J.E.S.R.G.Bagdia Arts, S.B.Lakhotiya Commerce, R.Bezonji Science, College.

*Email: pratik.kunwara2@gmail.com

Article Info	Abstract
<p>Received: 06/07/2023 Revised: 20/08/2023 Accepted: 01/09/2023</p> <p>Keywords: Micro, Small & Medium Enterprises, Intensive, handicrafts, Density, Immigration, unemployment, District Industrial Centre (DIG).</p>	<p>Economies around the world were during 2020/21. In a financial year once in a century in a strong hold pandemic corona However, the Indian economy has shown resilience with its strong fundamentals the pandemic has led to a strong growth in digital payments in the retail sector. The volume has grown considerably for both and digital payments (retail) valuations affected by the pandemic in 2020/21. In the financial year compared to the pre-pandemic financial year 2019/20. The impact is positive and has shown the power of digital payments system for processing large financial transactions in India through digital platforms. On 8 November 2016, the seeds of demonetization sown by demonetization showed their results in enabling payment the system will successfully lead to a significant increase in digital payments in the 2021/21 season.</p>

INTRODUCTION:

The industry engaged in production activity has played an audacious role and dynamic sector of the Indian economy over the last 5 Decades. The Small-scale industries come up with more development from social as well as economic perspective. This development is at lower cost of capital and only better performer above SSI is only agricultural sector. SSIs are complementary to large industries as ancillary units and this sector contributes significantly in the inclusive industrial development of the country. The SSIs are widening their domain across sectors of the economy, producing diverse range of products and services to meet demands of domestic as well as global markets (A.V.Arun Kumar, V Vyasulu, 1996). Ministry of Micro, Small & Medium enterprises envisions a progressive manufacturing hub by promoting growth and development of the Sector, including Khadi, village and coir industries, in cooperation with respective Governments in State by providing support to existing enterprises, adopting cutting edge automation and encouraging creation of newer factories. It has given the first-ever legal framework

for recognition of the concept of “enterprise” which comprises both manufacturing and services.

Definition of Micro, Small & Medium Enterprises as per Micro, Small & Medium Enterprises Act, 2006 are classified as below: (in Table 1)

Objectives:

- 1) To have look at role of District Industrial Centre in developing Small Scale Industries.
- 2) To provide the required training to unskilled labors and semi-skilled labors.
- 3) To study the role of SSIs to tackle Unemployment in Rural areas.
- 4) To study the impact of different techniques of production in Small Manufacturing units
- 5) To analyze the role of manufacturing sector in generating employment.

Research methodology:

For the purpose of this study data has been collected from secondary sources such as Books, Journals, Reports, Magazines, Newspaper, Thesis and Publications from Government and Non-government. The use of e-media such as Internet, Websites, has also facilitated to conduct this study.

Table 1: Manufacturing Industry

Type of Organizations	Purchase of machines, instruments,
Micro Enterprises	Does not exceed Twenty-five lakh rupees
Small Enterprises	More than twenty-five lakh rupees but does not exceed Five cr. Rupees
Medium Enterprises	More than Five cr. But does not exceed Ten cr. Rupees

Service Industry

Type of Organization	Investment in Resources
Micro Enterprises	Less than Ten lakh rupees
Small Enterprises	More than ten lakh rupees but does not exceed Two Cr. Rupees
Medium Enterprises	More than Two crores rupees but does not exceed five cr. Rupees

(Source: Micro, Small & Medium Enterprise Act of 2006)

Review of Literature:

According to **Veena Bhatnagar** (1995), the strongest argument that could be raised in developing countries in favor of small-scale enterprises is their employment-generating potential.

Nicholas Siropolis (1994), is of view that entrepreneur creates economic strength and social change. Small business increases sales revenue which is an indicator of economic growth. This includes employment opportunities for human resource.

V.P.Wani (1993) observes that the Government is giving encouragement to small-scale industries because of the advantage of lower capital intensity and greater employment generation.

A.V.Arunkumar points out (1996) that economic development with emphasis on small industries has the potential to generate more employment opportunities.

Classification of manufacturing unit depending upon techniques of production:

The intensive refers to the production process where a particular component is the largest component because a particular choice of technique of production affects not only the magnitude of employment but also the economic growth rate. Different techniques of production are available to produce a commodity and these differ with the amount of capital being used with a unit of labor for production.

Production Process which is Labor Intensive:

Labor intensive means a production process in which the labor costs form the highest component. Labor intensive implies capital as small percentage of the final cost. It is the percent of labor which is used in the production process. In India the labor-intensive manufacturing sectors like food processing, textiles, apparel, leather, wood and furniture. In food processing with respect to food

picking there are certain types of fruits which need picking by hand. It is difficult to get machines to pick berries, orange and even coconut from the trees. In cloth factories within manufacturing has shown decrease in their contribution to total manufacturing employment in India. Packages for special Industries and not enterprises the most labor-intensive manufacturers are food processing, leather and footwear, furniture and apparel and garments. This product account up to half of manufacturing employment in India. Unfortunately, it is the unorganized segment of these labor-intensive manufacturing firms that employ most workers, not the organized segment.

Production process which is Capital Intensive:

Capital refers to the equipment, machinery, and so on that a business uses to make its product or service. This means that the capital is the resources provided by the owners to the business to do the business. Capital intensive processes are those that require a relatively high level of capital investment compare to the labor cost. These processes are highly automated and to be used to produce on a large scale. An industry that is capital intensive is oil refining, manufacturing.

In addition to the usual problems that all manufacturing face e.g. poor infrastructure, uncertain electricity, the poor record on ease of doing business. Each of the manufacturing activities has special problems and each deserve individual attention through a government package of policies in specific areas where these activities are concentrated.

Devastation of handicrafts making units in Indian economy:

The Indian handicrafts that had made the country famous, collapsed under the colonial rule. This was due to all the policies implemented by the British government had a deep impact on the Indian economy. It completely changed the traditional

structure of the economy and made it a colonial economy designed to meet the needs of the newly emergent industrialized economy emergent industrialized economy of Britain. This was mainly due to the machine-made goods that were imported from Britain. The ability of mass production of goods helped Britain to flood the Indian markets with cheap products especially cotton textiles.

As a result of these policies Indian handicrafts faced a severe challenge from the foreign goods. India now became the exporter of raw material to British industries and an importer of ready-made goods from Britain. This phenomenon of the ruination of Indian handicrafts industries is most well known as De-industrialization. This destroyed the self-sufficient village economy as the destruction of the traditional industries led to overcrowding in the sector. De-industrialization had far reached effects in different sectors of the economy. Decline of Indian handicraft in National and International levels has led to unemployment of many Rural Artists.

The families whose are known as agrarian for their Income for their livelihood considers their children as a great source of income at his growing age. As soon as he becomes a youth he would start working and earning handful of money to support his family. So, there is high expectations of families

whose source of income is farming consider employment in Industrial sector as a great source of Income.

Migration of rural population to developed city give rise to overcrowding in urban areas. This causes rise in un-employment.

The structural unemployment due to structural changes in the economy, structural unemployment may result. It is caused by a decline in demand for production in a particular industry, and consequent disinvestment and reduction in tis manpower requirement. In fact, structural unemployment is natural concomitant of economic progress and innovation in a automated industrial segment in modern times. [Swaminathan,P. (2009)]

The cyclical unemployment due to capitalist biased, advanced countries is caused by trade cycles. Trade cycles- especially recessionary and depression phases cause cyclical unemployment in these countries. During the contraction phase of trade cycle in an economy, aggregate demand falls and this leads to disinvestment, decline in production and unemployment. The solution for cyclical unemployment lies in measures for increasing money policy and fiscal measurement such as deficit financing may help. Since cyclical phase is temporary, cyclical unemployment remains only a short-term phenomenon.

Table 2: Estimated number of MSMEs in the Country (as per activity)

Type of Activity	Rural	Urban	Total	Portion (%)
Manufacturing	114.14	82.50	196.65	31
Trade	108.71	121.64	230.35	36
Other Service	102.00	104.85	206.85	33
All	324.85	309.00	633.85	100

(Source: MSME Annual Report 2017-18)

Table 3: Distribution of Enterprises Category Wise (Numbers in Lakhs)

Sector	Micro	Small	Medium	Total	Portion (%)
In Villages	324.09	0.78	0.01	324.88	51
In Cities	306.43	2.53	0.04	309.00	49
All	630.52	3.31	0.05	633.88	100

(Source: MSME Annual Report 2017-18)

Conclusion:

In a country like India confronted with two problems of un-employment, and under employment is it only the MSME Sector which can solve this obstacle in process of development. The demography of small factories is such that it can be established anywhere, so it can provide employment to workers from their home towns, more work for under employed and additional work for the farmers when they are idle. Small sector creates numerous opportunities for self-employment also so it is more suited for our country facing un-employment. SSI in India creates largest employment opportunities for the Indian peoples, next to Agriculture. SSI plays a major role in India's present export performance. The exports from SSI sector have been growing at an excellent rate. It has been mostly fuelled by the performance Garments, Leather, Gems and jewellers from this sector. This sector uses Labor intensive techniques of production employing huge population.

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