

Development of Small Scale Industries During the Last Decade in Gujarat State

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Abstract

The government is making all efforts to create healthy atmosphere as well as policy support to SSIs sector so that they can achieve high level of production they can increase exports and employment opportunities. The small scale industry has many different interpretations based on institutions. However the definition of small industry is an important aspect of government policy They have great strategic importance particularly in vast populous , backward and capital scarcity country.The importance of SSIs is recognized all around the globe because of its importance in development of employability and mobilizing the resources which are not used otherwise.Small Scale industries (SSIs) are also known as MSMEs (Micro,small& Medium Enterprises) The act related isMSMEs Act,2006. This act includes different scale of industries based on their investment in plants and machineries in case of manufacturing units and based on investment in equipments in case of service sector. There are two types of small-scale industries for which registration certificates are issued by the Department of Industries and Commerce as per the guidelines issued by Development Commissioner, Government of India and New Delhi.

Keywords: Government, Small Scale Industries (SSI), MSMEs, Commerce, Industries.

Introduction

The small scale units are supplementary as well as complementary to large and medium scale units as ancillary units.It has large employment level and backlog of creation of new jobs to provide employment to the needy people. Large scale industries are very important for generating employment opportunities and for better standard of living of the people. It also helps in increased level of production. But in developing nations like India the development of large scale industry is very slow in comparison to developed nations because of lack of capital and lack of technical know-how. Apart from that effectiveness of large scale industries as an instrument of generating large scale employment and income opportunity for vast population in a country like India under a backward socio-economic and technological environment is not established. Under such circumstances in a country like India where capital is short, technical knowhow is inadequate and of lower level and market is unrecognized, large scale industrialization is not possible in short span of time. For this reason small scale industries offer a more suitable for the promotion of manufacturing activities in the country on wider scale where relatively larger proportion of population can participate with their traditional skills and expertise.

According to Development Commissioner (MSME) in accordance with MSME Act 2006

Small Scale industries are categorized in three types of enterprises

1. Micro scale enterprise
2. Small scale enterprise
3. Medium scale enterprise

Micro scale enterprises includes manufacturing industries which are having investment in plants and machineries of less than 25lacs and service sector enterprises with investment in equipments of less than 10 lacs. Small scale enterprises includes manufacturing industries which are having investment in plants and machineries of more than 25 lacs but not more than 5 crores and service sector enterprises with investment in equipments of more than 10 lacs but not more than 2 crores. The range for medium scale enterprises is 5 to 10 crores and 2 to 5 crores for manufacturing and service sector enterprises respectively.

Anthology : The Research

Advantages of establishing small scale industries

1. It creates employment potential for unemployed people.
2. It meets the demand of local market
3. It works as a source of foreign exchange income
4. It also provides employment opportunities to women as well
5. It can help in reduction of rural-urban migration rates.
6. It makes use of Industrial waste and help in circulation of flow of money in the market
7. Through production of needful products it can help in reducing burden of imports
8. It requires lesser amount of capital and at the same time it does not require sophisticated technology.
9. It helps in good use of local resources.

Objectives of the study

1. To study on the development of the SSI units in Gujarat during the last decade.
2. To Analyze the growth of SSI sector during the last decade
3. To suggest measures to ensure more flow of development to the SSI units on the basis of findings of the study.

Gujarat since many years is known as land of entrepreneurs. It is because of this spirit of People of Gujarat why small and medium scale industries have developed on in the state and they have contributed to the economy of the state. They use technology and investment and offer wide scope for employment. The sector has matured over a period of time and units are running with very low level of overheads. At the same time as Indian economy is rapidly advancing in global environment the time has come to develop small and medium scale enterprises

to enhance the speedy growth of the nation and help in effective approach in the global trading.

Cluster Development Approach

The government has recognized 76 industries in manufacturing sectors which consist large number of small and medium enterprises and they provide very strong base for the state. Globalization and privatization are playing very important role in International trade. It will enable industries to meet the challenges of the present time .Thus the cluster development approach is an important initiative . The government has decided to recognize a cluster with a critical mass of a minimum 50 units located within the radius of 10km at a particular location. The number of 50 units could be relaxed by the government. The government is also providing financial assistance to the industries for various activities. The clusters will be rated by accredited agencies in terms of technical and managerial competence. The government will also provide concession in the form of electricity duty exemption for the first five years to the cluster association.

1. The cluster association will help in research and development in up gradation of technology by using government funds.
2. It will also be helping member units for getting bank finance.
3. The government will encourage association to establish cooperative banks so that the members can have better and easy financial assistance through those banks.
4. The association will also help in finding out new markets.
5. The association will also help in common branding and marketing strategies.

Table No. 1 the distribution of Clusters in major product lines is as follows:

District	Products
Ahmedabad	Dyes and Chemicals, Textile Machinery, Pharmaceutical Machinery, Moulded Plastic Products, Readymade Garments, Diamond Processing, Machine Tools, Castings & Forging, Steel Utensils, Wood work and Furniture, Paper Products, Leather Footware, Washing Powder & Soap, Marble Slabs, Power driven Pumps, Autoparts, Electronic goods.
Anand	Diary and food Processing Machines
Bharuch	Chemicals and Bulk Phamaceuticals
Bhavnagar	Ship Breaking, Steel Re-rolling, Machine Tools, Plastic Processing, Diamond Processing
Gandhinagar	Powerloom
Jamnagar	Brass articles, parts and components, wooden Furniture
Mahesana	Cotton cloth weaving
Morbi	Ceramic Tiles And Sanitaryware
Rajkot	Diesel Engines and parts, Machine Tools, Submergible Pumps, Gold and Silver Jewelry, Salt Processing, Electronic, Watches and Clocks, Oil Mills, Textile Printing, Clay Floor Tiles, Electric Motors, Casting and Forging, Machine Tools and Diamond Processing
Surat	Diamond Cutting and Polishing, Textile Machinery, Powerlooms, Zari, Wood Products and Furniture Surendranagar Textile Machinery, Salt, Sanitary Fittings, Ceramics
Vadodra	General Engineering, Pharmaceuticals (Bulk Drugs), Plastic Processing, Wood Work and Furniture
Valsad	Dyes and Intermediates, Chemicals and Bulk Pharmaceuticals
Viraval	Fish Processing

Table No: 2 Gujarat: Main characteristics of the MSME clusters

Characteristics	Cluster Units	State Total Units	% Share of Cluster units
No of working enterprises	129000	229830	56.13
Employment	609000	1244981	48.92
Average employment	4.72	5.42	
Gross Output (Crore)	17619.44	38438.44	45.84
Average output	0.14	0.47	
Market Value of Fixed Assets (crores)	83837.08	151868.80	55.20
Average market value of fixed assets	0.65	0.66	

Table No: 2 Gujarat Product composition of MSME sector.

Sub Sector	% of MSME units
Textiles	21.39
Machinery parts other than electrical	7.61
Metal Products	7.49
Chemical and related products	4.97
Wood Products	4.37
Rubber and plastic	3.77
Others	50.40
Total	100.00

Source Fourth MSME Census Compiled by ISED Small enterprise Observatory

Findings

On the basis of above table, it can be traced out that government of Gujarat and Govt. of India have given due importance to SSI units in various segments. Therefore its development has gone many times compare to the last decades. Total investment have also increased considerably, generating millions of employment in this sector.

This sector has variety of composition of products. As there are fluctuations in government policies regarding various segments of the industries, huge fluctuations have been observed in among various categories of the products.

Performance of this sector compare to heavy and middle size industrial sector is quit satisfactory compare to the requirement of investment and employment generation. As our economy has not enough skilled manpower to feed the need of heavy industries therefore MSME industries should be promoted to employ semi skilled manpower and to avert unemployment situation.

Suggestions

1. To promote sustainable and balanced development in a huge economy like India, small scale industries should be given priority.

2. As investment ratio of SSI has been raised to promote such industries, Government should promote such units at Taluka level with more incentives.
3. To upgrade technologically, import of machinery, training and research should be exempted from taxes to such units also.
4. To Promote hassle free development, Red Tappisom from the government machinery must be curtailed.
5. Export promotion of SSI units production should be given at par with big industries.

Conclusion

The Small Scale industries in Gujarat have developed over the past decade. The government has also focused on development of the said industries and it has created large employability opportunities as well. SSI sector has grown with the help of government by providing subsidies and duty exemptions for the initial years. Gujarat state is known for the entrepreneurs, this state has produced some of the leading Industrialist and small scale industries have also made significant contribution towards the development of the state and also GDP growth.

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