

“ROLE OF SMALL SCALE INDUSTRIES IN DEVELOPMENT OF UTTAR PRADESH ”

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ABSTRACT

“The definition of industry of provided in section 2 (i) of the industrial disputes act, 1947 reads as under, “Industry” means any business, trade, undertaking, manufacturing or calling of employers and includes any calling, service employment, handicraft, or industrial occupation or evocation workmen”. The significant factor for economic development of a country is its industrialization. In the process of industrialization, there is a three major groups of industries, large-scale industries, small scale industries and cottage industries. Industries which are owned and run by individuals and which employ a small number of labourers are called small scale industries. These are the industrial undertaking having fixed investment in the plant and machinery, whether held on ownership basis or lease basis or hire purchase basis not exceeding Rs 1 crore. Uttar Pradesh is one of the largest states of India. The State is situated in the Gangetic plains between 24° and 30.5° latitude and 77° and 84.5° longitude. It is surrounded by Nepal and Uttarakhand in the North, Madhya Pradesh in the South, Bihar in the East and Haryana, Rajasthan & Delhi in the West. The Total geographical area of the State is 240928 sq. km.. It is worked out to be 7.32 percent of the total area of the country. It is the fifth largest state in the country. In U.P. small scale industry play an important role in the development of economy. This sector occupies a special place in the framework of economy planning for ideological as well as economic reasons. But on the other

hand in U.P. large numbers of small scale industries are facing lots of problems. Some SSI units are going to completely absent because of lack of money and machinery and equipment. Thus, in this research paper an effort has been made to identify the problems relating to the small scale industry in Uttar Pradesh.

Keyword: - Small Scale Industries, Problems of SSI Sector, Lack of machinery and Equipment,

Introduction:-

Uttar Pradesh is most populous state in India with an estimated population of 199,581,477 people as per Census 2011 and a land area of 2,40,928 sq. km. According to Census 2010 one sixth of the world's population lives in India and one-sixth of India's population lives in Uttar Pradesh. Uttar Pradesh has the population of 19.95 crore according to Census 2011 of which 52.41 percent constitutes males and 47.57 percent females. Uttar Pradesh is the most populous state of India and has 16.16 percent (Census 2011) of the country's population. In terms of percentage share in geographical area of the country, UP with 7.4 per cent (Census 2001) share continues to be fifth largest state. It is a well established fact that India's demographic parameters, future fertility transition and population stabilization would primarily depend on the changes that may occur in the eight large states viz. Uttar Pradesh, Uttarakhand, Bihar, Jharkhand, Madhya Pradesh, Chhattisgarh, Orissa and Rajasthan accounting for about 45.87 percent (Census

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the rest of the field, SSIs will be encouraged to play their active role. If there is change in scale, that has to be developed with the help of mutual co-operation, both horizontal and vertical.

Role of Small Scale Industries

Small scale industries play an important role in industries development of a country. It is all the more important in case of developing countries like India. The socio-economic transformation of India cannot be achieved without the development of small scale industries. It has been estimated that the small scale industries contribute about 47 percent of gross value of output manufactured in the country. Their importance can be further high lighted by noting that SSIs provided nearly five times the employment as compared to the large scale sector. SSI is an important segment of the economy contributing substantially in the form of production, employment and export. Let us now discuss the various advantages of small scale industries to highlight the importance of this sector. The main advantages are as follows:

- 1. Generation of Employment:-** The small-scale industries are labour intensive the ratio of labour to investment is very high in their case. A given amount of capital invested in a small scale industry provided more employment than the same amount of capital invested in a large scale industry. Since capital is scarce and labour abundant in India, the generation of employment is the advantage that can be put forward for the support of small scale industries in India. Moreover, these industries can be set-up at the very doorstep of workers and, thereby, provide work for the unemployed, more work for the underemployment and

supplementary work for the seasonally unemployed workers.

2. **Self Employment:-** The small-scale industries offer almost limitless opportunities for self employment and hence are particularly suited to a developing country like India where there is a big problem of unemployment and underemployment.
3. **Lesser Capital Requirement:-** Another advantage of small-scale industries is that they need relatively lesser amount of capital than that required by large-scale industries. As capital is very scarce in an underdeveloped country like India, it may be used to greater advantage in small-scale sector.
4. **Mobilization of Capital:-** Small-scale industries not only make economies in the use of capital but also mobilize capital that would not otherwise have come into existence. Large-scale industries cannot mobilize the saving from rural areas, while this task can be effectively accomplished by setting up a network of small-scale industries in such areas.
5. **Mobilization of Entrepreneurial skill:-** Another advantage of small scale industries is the lesser requirement of skill and expertise, which is also scarce in a developing country like India. Further, large-scale industries cannot utilize a number of entrepreneurs who are spread over small towns and village of the country. On the other hand, small scale industries can effectively mobilise such entrepreneurial skills.
6. **Equitable Distribution of Income:-** Small-scale industries secure a more equitable distribution of income and wealth. They are particularly suitable for the fulfillment of the objective of social

- To know the Importance of SSI in UP employment rate.

There are many problems face by SSL. some are given below:

- 1. Inadequate finance and credit:-** The lack of finance and credit is the main problem for the development of small-scale industries in U.P. The position of small scale industries is even worse. In U.P., problem of finance is a major problem for the development of SSI units because the banks and the financial institutions both were unable to meet the long requirement of the small units. So, this indirectly retards their growth.

2. Problem of Marketing:- The small scale and cottage industries continue to face a number of problems in the field of marketing. In case of U.P., marketing is a severe problem for some SSIs, because they do not have adequate knowledge about the active market. And most of the small units do not try to reach their product to the active market.

3. **Problem of power:-** One of the main problems faced by the SSIs of U.P. is problem of power. So here the most severe constraint is power. At reasonable rate, capacity generation is out of question for small units. Therefore they depend on State Electricity Board (SEB) for meeting their requirement, which do not supply adequate power. And many SSIs of this district are forced to make private deal with electricity official due to rampant corruption.

4. Problem of Management:- The management problem is one of the most

- The contribution of SSI in the economic development of Uttar Pradesh.
- To know the problems and obstacles in the growth of this sector.
- To suggest various measures for speedy development of the SSI sector.

common problems found in every SSI unit of U.P. This is because entrepreneur is all in one and there is no division of labour. And due to this problem, it directly affects the development of SSIs.

5. **Cost of Production is High:-** In U.P. cost of production is high due to obsolete technology used in the production process.
6. **Problem of raw material:-** The problem of raw material is one of the major problems for the majority of small-scale units. Because all the things that are required for manufacturing process are not easily available in the state. So, this disturbs the development of SSIs.
7. **Lack of skilled personnel:-** Sometime lack of skilled personnel creates the problem for the development of SSIs. In this district most of the personnel who indulge in the production process are unskilled. This is because there is a dearth of skilled personnel suited to the requirement of SSIs.
8. **Problem of Increasing Competition:-** Small-Scale Industries in the U.P. faces increasing competition because of cheap products brought by the wholesaler from other parts of the country.
9. **Under utilization of capacity:-** According to the report of SIDBI on the All India Census of Small Scale industries, which shows substantial under-utilization of capacity in small-scale industries, which is a serious problem.

Role of Government:-

Small scale industrial sector has emerged as an engine of growth in several developing and developed economies of the world. In India also they have emerged as a vibrant and dynamic sector of Indian economy by virtue of their significant contribution to

GDP, industrial production and export. However, the most vital contribution of this sector is headed for employment generation which is next to agriculture

The Small Scale Industry sector output contributes almost 40% of the gross Industrial value added 45% of the total export from India and is the second largest employer of human resources after agriculture. The development of SSI has therefore been assigned an important role in India's national plans.

In order to protect support and promote small enterprises as also to help them become self-supporting, a number of protective and promotional measures have been undertaken by the government.

The promotional measures cover-

- Industrial extension services.
- Institutional support in respect of credit facilities.
- Assistance for domestic marketing as well as exports.
- Special incentives for setting up enterprises in backward areas etc.
- Technical consultancy and financial assistance for technological up gradation.

While most of the institutional support service and some incentive are provided by the central govt. others are offered by the state govt. in varying degrees to attract investments and promote small industries with a view to enhance industries production and to generate employment in their respective states.

Conclusion and suggestions:-

Industrialization discharges an important role in the rapid development of any nation. It is universal and well known from post experiences. Industrialization is not just a word rather it is an excellent method of transforming an early economy into an advanced economy. No nation today can under

estimate its importance because with this help, any country extends the secondary sector by reducing the pressure falling on its primary sector and paves the way by providing the basis of the tertiary tract.

Small industries have discharged important role in the rapid industrialization adopted at the all India level since independence. Small industry has proved to be very useful in terms of Indian economy. Because the small industries on one side directly support the rural and agricultural economy and on the other hand, creating secondary items, help the big industries through their product. The small scale industry receives raw materials directly from the primary sector on one side and on the other hand employs less trained manpower also.

Analysis of district level industrial units in Uttar Pradesh and analysis of investment and employment status in it. In Uttar Pradesh, there is a total of 302002 small scale industries sector in which 3180.02 million rupees have been invested and in these units 12, 91535 people are employed. Similarly, the number of large and medium scale industries is 1312. In which 24592.56 million rupees has been invested and 473910 people are employed in this area. It is clear on the division wise situation that the largest number of small and large industries is in Meerut division which is 48361 and 440 respectively. In which about 3.5 lakh people are employed in a consolidated manner Uttar Pradesh is progressively progressing in the field of various industries..

- Uttar Pradesh Government should set up social security network in collaboration with entrepreneurs for the workers working in small scale industries. To increase the technical skills of the workers and to provide

benefits to insurance, social security etc.

- There is a need to improve the quality of infrastructure in industrial area and specific economic zones. Through the participation of Public and private sector, infrastructure can be developed and promoted through industrial development.
- State Technical Development Fund should be established in the state. In order to ensure proper technical appropriation in the development and promotion of industries. SIDBI can play an important role in this direction. State Technical Mission or State Technical Development Fund will promote proper capital investment for the traditional industries in different industrial complexes.
- There is a need to change the mindset of people associated with small industries with the entrepreneur taking into account the changing economic environment, market demand, consumer trends etc. Consequently, sales of goods produced do not cause any kind of problem.

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