

Problems and Prospects of Small Scale Industries in Rajasthan

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Abstract

Eugene Staley's functional description of tiny industries is more accurate and to the point than others. The Indian program's adoption of a precise operational definition to separate small-scale businesses from macro-industrial and conventional factories is another key component. Small-scale businesses in India operate at a sluggish technological speed, but face issues such as lack of funding, outmoded technology, and an inadequate marketing infrastructure. The best defences against inflammatory forces are small-scale industries, such as cement, fertilisers, penicillin, locomotives, and other heavy gear. The study is based on both primary and secondary sources of information, with primary data collected from field surveys and personal interviews and secondary data gathered from published and unpublished works, Census reports, economic surveys, journals, news papers, government and non government organizations (NGOs) associated with the industrial sector. Rajasthan has no woollen yarn manufacturing facilities, but has access to the necessary raw resources for silica sand and glass manufacturing. Small scale industries are being planned in Alsisar and Nawalgarh due to the availability of raw materials, the quantity of weavers, and the strong market demand. However, there are many factors that contribute to the underdevelopment of small scale industries, such as insufficient power supply, inadequate raw material supply, a lack of other infrastructure, and lack of innovations and entrepreneurship.

Keyword:- Employment, Business, Small Scale Industry etc.

Introduction

The most notable aspect of India's progressing status is its industrial development. The manufacturing sector places emphasis on three major kinds of industries: the rural or agrarian industries, the micro and macroscale industries, and the greatest scale of industries. In a developed nation like India, where the infrastructure is poor and the populace lacks expertise with the operation of large enterprises, small scale companies have played a significant role in contributing to national growth. However, these nations often lack investable cash, advanced technology, and cutting-edge manufacturing and equipment. Millions of individuals who are underemployed and without jobs are best served by small-scale industries, which may provide them employment chances.

Since larger and average-sized industries in Rajasthan are completely out of control and those that are progressive are vitally connected to numerous interconnected karyakaram or schemes sized to end poverty, unemployment, and the vulgarity of the rural populace, the present study is intended to examine the mistakes and profits of these small and cottage factories.

A poor size of factory

Several academics and government representatives who deal with the advisory services for tiny units have approved Eugene Staley's functional description as being more accurate and to the point than others. Staley asserts that a tiny industry will typically possess the attributes listed below, albeit not always.

Little to greater managerial specialisation The manager (sometimes a manager owner) is responsible for overseeing all parts of the firm, including production, purchasing, marketing, finances, staff, and many other areas.

A tiny industry in one nation could not be small in another, and vice versa. For the purposes of a comparative research, these industries could be categorised as small industries depending on historical circumstances and economic growth.

Small scale industries

“Small scale industries are referred to as those industries in which the process of manufacturing, production and servicing are done on a small scale”. “The investment on such industries is one time and these investments are mostly done on plant and machinery, the total investment on such industries do not exceed 1 crore”.

The fact that we should develop a precise, yet practical functioning definition to separate small scale companies from macro industrial side and traditional factories on the SECO is another crucial aspect of this Indian programme. The definition's primary goal was to pinpoint a group of industries in need of aid with growth.

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Type of Small Scale Industries

Little industries are usually classified according to the quantity of capital invested, the number of employees, and the usage or non-use of electricity. Small businesses in India can be categorised into one of two groups: the non-private sector and the sector governed by authority legislation. The Fiscal Commission separated SSI from cottage industries in the realm of family labour in 1949–50, while the Planning Committee of the Indian Congress attempted to define an SSI unit on the basis of mechanical power and hired labour. The Planning Commission has made an effort to differentiate between the traditional and contemporary SSI sectors based on their rural and urban features.

- 1) Traditional industries includes Cottage industries and Artisan industries
 - a) Cottage Industries
 - b) Artisan Workshop
- 2) Modern industries includes Tiny industries and Small scale industries
 - a) Tiny Industry
 - b) Small Industry
- 3) Ancillary Industry

Factors influencing Development of Small Scale Industries and Current Status of Small Scale Industries:

Small-scale businesses in India operate at a sluggish technological speed by necessity, which results in items with poor technology and bad quality. And this has impacted this sector's ability to compete against big business and multinational corporations. In India, SSIs differ in terms of the maximum investment amount. SSSI is a manufacturing facility with a Rs. 1 crore investment minimum. The enormous contribution that SSIs make to the GDP, exports, and employment has led to favourable treatment for them, including tax and credit reductions. Despite this, the Indian SSIs have faced several issues over the years, including a lack of funding, outmoded technology, and an inadequate marketing infrastructure. While banks are reluctant to get SSIs, financing a small-scale operation is a different issue. Moreover, their capacity to adopt current technology is restricted by lower investment limits, and their inability to compete with major businesses and MNCs that have access to resources is exacerbated by the lack of an effective distribution network for marketing, among other things.

- Often changing government policies, such as those affecting excise taxes, customs tariffs, and other taxes, etc.
- Banks issue credit using a security-based method rather than a need-based one.
- Administrative obstacles from inspection authorities and the sales tax.

Importance of Small Scale Industries

"If we think of industries as being of two sorts, it will be easier to understand the long-term roles that tiny industries will play in the nation's economy. Production needs to be concentrated in one kind. Cement, fertilisers, penicillin, locomotives, and other heavy gear, for instance, must be manufactured in huge facilities that need a lot of cash. Direct employment would be quite minimal, and we should favour the most cutting-edge equipment. Also, we ought to promote the employment of as many automatic machines as we can, which incidentally would lessen the need for highly qualified technical employees."

The best defences against inflammatory forces are small-scale industries. Small-scale manufacturing takes place over relatively brief periods of time, or what is sometimes referred to as a brief gestation period. Unlike, instance, irrigation or power plants, store capital must be locked up for a long period before it starts to create a profit or, if it ever gets finished, pays off the whole investment. Tiny businesses are capable of making rapid profits since their manufacturing processes aren't too convoluted. This duality is a great asset in the fight against inflation because, over a given period of time, the same capital is turned over more frequently and produces goods that are collectively greater than what it can buy. As a result, the ratio of goods to money in circulation rises, which lowers prices.

Small businesses are the nurseries that prepare entrepreneurs to take on more ambitious projects and workers with higher levels of industrial skill, greater industrial discipline, and better industrial aptitude. Small businesses have immense nucleus value in an environment of great industrial tradition. They announce an archaic industrial culture in locales chosen based on the history of the old economy. They started the first waves of change in an economy that had been stagnant for millennia. An atmosphere of industrial initiative, skill, and investment starts to rule.

Review of Litirature

The issues that fledgling type factories in Mirzapur encountered were explored by Shriwastav N.D. in 1936. He distinguished between internal and external difficulties in the minor types of enterprises. External issues are those that industrialists cannot control, such the availability of power and other infrastructure facilities needed to run the units. Interior flaws are those that were not caused by external influences, such as issues with production process, distribution channel, technology, know-how, training, labour relations, and inadequate management. He also proposed corrective actions for the sustainable development of small-scale industries.

For policymakers in emerging nations, the capital-intensity of an economy's industrialisation poses a significant issue (Meir, 2007). It is difficult in these countries to mobilise a sizable quantity of resources for the development of the hi-tech sector base. Some emerging nations attempted to finance industrial expansion by taking on significant amounts of public debt. Due to insufficient resource flow and revenue production from these investments, they occasionally failed to achieve the desired outcome. The possibility of becoming caught in a debt trap, as has happened in South American nations, warned the planners against using this approach to industrialising an economy. Managing the issue of hiring their expanding labour force is the second significant issue brought on by fast industrialisation.

The extent, nature, and impact of the most recent subcontracting relationships in Sri Lanka's small- and large-scale sectors were imitated in Dias Syrian (2015). He discovered that there is a poor link between small and large firms. He identified the SSIs' immaturity as the cause of this. The SSI's were unable to satisfy the demands of major industries in terms of technology, manufacturing costs, product quality, and delivery services.

According to Binks and Ennew (2017), the conduct of banks and flaws in the capital markets are the main causes of the funding issue facing SMEs. The views and management styles of small business owners are another factor. These traits may be seen in the overestimation of their company's financial issues and the misappropriation of cash as a result of underestimating the more crucial strategic issues affecting their operations.

Tambumam Tulus (2018) investigated the role of their (S.S.I) on Indonesia's economic growth. As compared to major industries, the macro-level survey paints a negative picture of their (SSI units') performance in Indonesia. As a critical thinker, this prompts me to consider suitable policies to promote this industry.

Objectives

1. To study the level of steps of these elements in giving jobs and development opportunities

2. To examine errors of petty size scale factories related to economic, and so on so far in the research areas.

Methodology and data base

The study is based on both primary and secondary sources of information, with primary data collected from field surveys and personal interviews. Secondary data is gathered from published and unpublished works, Census reports, economic surveys, journals, news papers, government and non government organizations (NGOs) associated with the industrial sector, DICs, SIDBI, SISI (Now MSME Development Institute), ZIDCO, MIFCO, ZENICS, MKVIB, ZOHANDCO etc. Additionally, personal interviews and informal discussions are conducted with government officials, policy makers and NGOs to know their reactions and suggestions.

Limitation

The personal interview approach was used in the current investigation. Many challenges have to be overcome throughout the gathering of pertinent data. First of all, the business owners were extremely wary and reticent to reveal information since they were being investigated for things like income tax and sales tax, thus they had every right to withhold it. Once more, business owners believed that the government was looking into the possibility of enacting additional taxes. Second, they had no desire to provide any information for fear that it might reach other businesspeople. As a result, there were numerous questions to be answered during unit visits with previous obligations or without them. After having their doubts dispelled by identity and introduction letters, the entrepreneurs only reluctantly agreed to provide the pertinent data with the caveat that their identities would not be revealed anywhere in the study. They also only provided the data that matched what was listed in their accounts and what they had already given to government agencies. Nowhere in the current study have their identities been revealed, in keeping with the commitment given to them prior to the material being gathered. Due to the entrepreneurs' reluctance and mistrust, data on sales tax and octroi tax could not be obtained.

Possibilities of Industries in Rajasthan

Following sorts of industries can be established in Rajasthan, according to analysis based on our fieldwork. 1748 people will be employed by these companies, and 170 new units would need to be established in Rajasthan, which will cost Rs. 120.26 lakhs. The information is provided below.

Food and agro Industries

Food and agro industries are the cornerstone of developing countries' economy like India, and have well established roots in the indigenous environment and it would not be rational to consider them merely a hangover of traditional ideology. The widespread unemployment and under-employment associated with the problem of migratory labour in developing economics can be met by creation or extension of agro industries. These industries could create new productive enterprise and could help both in developing substitutes and augment of the export. These industries also serve as a means for providing better employment opportunities to labour during the off-season. It has rightly been said that these industries have strong plea for the development because of its labour extensive character, low capital, output ratio and as an institution and instrument for providing a sense of participation of the sector that constitutes 73 percent of the population and contributes half of the total national income

Woollen Yarn Units

According to the report, Rajasthan has no woollen yarn manufacturing facilities. The Rajasthan has easy access to the necessary raw resources for these units. There are high-quality sheep that produce a lot of wool each year accessible in the area. Thus, it is strongly advised that one unit be established in the Rajasthan.

Plant for Beneficiating Silica Sand As silica sand of high grade is widely accessible in the Khetri tehsil, glass manufacturing is advised there.

Mosaic & Cement Tiles and A.C. Pipe

Mosaic and cement tile businesses, as well as A.C. pipe, have a lot of potential because raw materials are readily available in the area. A.C. pipe is in high demand both inside and outside the Rajasthan; hence it was proposed that these units be installed there.

Granite and Marble Slabs

According to estimates, Rajasthan has room for new facilities producing marble and granite slabs. It is advised that more units be constructed in Rajasthan in order to attract international investment.

Oil Mill

Fuel Mill On the basis of local raw material availability, these units are also recommended.

Woollen Carpet

These plants are being planned in Alsisar and Nawalgarh in light of the availability of raw materials, the quantity of weavers in the area, and the strong market demand.

Mineral Grinding

The locations of the proposed mineral grinding plants are Khetri and Udaipurwati tehsil. Both the tehsil and Khetri tehsil have abundant supplies of soap stone, dolomite, and calcite. Thus, based on the available raw materials, grinding plants in Khetri and Udaipurwati might be suggested.

Electronic Goods

Due to the location of the Central Electronics Engineering Research Institute (CEERI) Pilani, this region has excellent potential for the growth of the electronic products industry. This institute equips business owners with the technical know-how they need to work in the electronics industry.

Hypothesis various kinds of problems appear in small scale industries in Rajasthan states and there is a lack of innovations and entrepreneurship in the Rajasthan states.

Problems of small scale industries

Small scale industries are of vital importance for Rajasthan, its economy being predominantly agrarian in character. To highlight the role of small industries, a Rajasthan state has been selected due to its better infra-structure facilities. The findings of this thesis underline that such industries can be healthy means of economic development, provided their obstacles are removed.

Every industrial facility aspires to operate at maximum capacity, which depends on a number of variables that vary from industry to industry, location to location, and occasionally even within the same sector. However, in general, the factors that have a significant impact on achieving productive capacity are the presence of a good market, the availability of skilled labour, the availability of working capital, the presence of a good transportation and communication network, and the technical and managerial efficiency of the entrepreneurs; still, in some cases, it is greatly influenced by the climatic conditions of the locality and Governmental policies relating to taxation and other legislation. New product lines can be inspired by and increase the production efficiency of small scale units thanks to improved technology.

According to the survey study, there are many factors that contribute to the underdevelopment of small scale industries in Rajasthan states. These factors include insufficient power supply, inadequate raw material supply, a lack of other infrastructure facilities, a lack of capital, a shortage of skilled labour, and ineffective government policies.

Problem of finance and credit

On the course of research work while discussing with entrepreneurs I found the following most common financial problems cited by them:

- | | |
|----------------------|-----------------------|
| 1) Long-term capital | 4) Taxation |
| 2) Working capital | 5) Inadequate finance |
| 3) Recovery | 6) Delayed payments |

Problems of raw materials

On the course of research work while discussing with entrepreneurs I found the following most common raw material problems cited by them:

- | | |
|-----------------------------|--|
| 1) General scarcity | 4) Short supply |
| 2) Delay in getting supply | 5) High material cost to the total cost of the SSI units using absolutely local materials, |
| 3) Rapid price fluctuations | |

Problems of marketing

Marketing problems in small scale industries include following features:

- | | |
|---------------------------|--------------------------------|
| Lack of Standardization | Poor Finish |
| Poor Designing | Lack of after sale service |
| Poor Quality | Distribution Contracts |
| Lack of Quality Control | Lack of funds |
| Lack of Precision | Lack of knowledge of marketing |
| Poor Bargaining Knowledge | |

Problems of export marketing

On the course of research work while discussing with entrepreneurs I found the following most common marketing problems cited by them:

- | | |
|--|---|
| 1) Lack of knowledge of markets | 5) Distribution and logistics problems |
| 2) Competition with medium and large size industries | 6) Advertising and sales promotion problems |
| 3) Branding problems | 7) Poor bargaining power |
| 4) Lack of after sales services | 8) Unfamiliarity with export activities |

Production problems

On the course of research work while discussing with entrepreneurs I found the following product related problems cited by them:

- | | |
|----------------------------|----------------------------------|
| 1) Poor quality | 4) Poor branding |
| 2) Poor designing | 5) Poor finish |
| 3) Lack of quality control | 6) Lack of quality raw materials |

7) Technological problems

High cost of production:

On the course of research work while discussing with entrepreneurs I found the following most common production problems cited by them:

- | | |
|----------------------------------|---|
| 1) Lack of quality raw materials | 6) Scale of production |
| 2) Capacity utilization | 7) Lack of standardization |
| 3) Poor quality control | 8) Lack of awareness about the new developments |
| 4) Inadequate utility services | 9) Costly equipments for production and quality maintenance |
| 5) Technological problems | |

Technical problems

On the course of research work while discussing with entrepreneurs I found the following most common technological up-gradation problems cited by them:

- | | |
|--|--------------------------------------|
| 1) Lack of technical expertise | 3) Lack of fund |
| 2) Entrepreneurs don't appoint technical officer because of higher wages paid to technical officer | 4) Licence problems |
| | 5) Problem of underutilized capacity |
| | 6) Outdated technology |

Suggestions

There should be more cooperative societies formed. The certificate and degree holders will receive assistance from these cooperative organisations to launch their businesses. There should be more of these industrial cooperatives because they are now low in number. The craftspeople should be provided with entrepreneurial training facilities. The entrepreneurs should also receive managerial training, so that the business owners may effectively manage the sector. Units that are focused on exporting should have access to more export facilities so that exports may expand and the nation can make foreign currency. The goal of industrialisation may be accomplished if the industrial strategy is supportive of the small sector. An organisation or organisations should exist to advise small business owners about the markets they can enter with a fair likelihood of success. In order for the State to become self-sufficient in the provision of electricity, the State Government should be more ambitious in planning for power development and thermal power stations should be built. Units that are focused on exporting should have access to more export facilities so that exports may expand and the nation can make foreign currency. The goal of industrialisation may be accomplished if the industrial strategy is supportive of the small sector.

Conclusion:

The role of small scale industries (SSI) in the Indian economy is significant due to their dominance over the gross domestic industrial production and industrial employment. They have made the decentralization of industrial sector possible, which is essential for balanced regional development. Despite 55 years of planned development, nearly one-fourth of population is below poverty line, so the development strategy of the country has been focused on eradicating these basic problems. SSI have provided their best in the direction of eradication of these basic problems by utilizing the resources lying unutilized in the rural, remote, and backward areas and that would otherwise remain unutilized. Small scale industries can provide 10-15 times more employment than large scale industries, and are better organized to counter inflation and recession.

They are skill-light and import-light, and can be manufactured indigenously. They are also useful for achieving balanced regional development, as they facilitate decentralization of industry and reduce concentration of economic power. Small scale industries are also helpful in mobilizing capital, as they are located close to the areas where people stay, making them easy to mobilize.

The Indian economy is characterized by the migration of labour from rural areas to urban areas, leading to seasonal unemployment and disguised unemployment. To combat this, the Government has been focusing on the development of small scale industries, which are capital sparing and labour intensive in nature. In Rajasthan, the present volume of unemployment is 15.96 lakhs, of which educated unemployment is 9.18 lakhs. A study of the problems confronting this sector has acquired added importance.

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