



Suggestions to Improve SSIs to Meet Global Pressures

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The world is changing into a global village. The change is visible in multiple forms and from multiple directions. Starting from reforms with emphasis on liberalization, privatization and globalization, the world has witnessed emergence of World Trade Organization (WTO) which has altered the basic principles of trade, regional groupings, barrier free movements, mergers and acquisitions, foreign direct investments, bilateral and multilateral agreements etc¹.

Amid so many changes around us, the Indian Small Scale Industries have been playing very important role in terms of providing large scale employment opportunities at lower capital cost than large scale industries, and help in industrialization of rural and backward areas, thereby reducing regional imbalance and assuring more equitable distribution of national income and wealth. In 2005, the Small Scale Industry (SSI) sector accounted for over 90% of industrial units in the country, 8 percent in the GDP and approximately 40 percent of India's exports.

From the employment point of view the SSIs have special significance because of its low investment requirements. As per the census report of the year 2001-02, employment generated by SSI per Rs.1 Lakh investment was 1.39, while employment generated by large scale industry was 0.20 implying that large scale industry requires an investment of Rs. 5 lakh to generate employment for one person whereas the SSI generates employment for 7 persons with same investment. Thus, the SSI provides 7 times more employment with the same level of investment in large scale industry.²

Further, the SSI sector is a major source of raw material for some large scale industries. The spread of the SSI will prevent the concentration of economic power in a section of society. Moreover, most of these industries were characterized as being environmentally friendly. The possibility of establishing these industries in different regions is favorable because they do not need special infrastructure. Once these industries are well established then the encouragement of their spread in the rural regions will help to achieve many of the social and economic goals, such as increasing income in rural areas, controlling the migration from rural areas to cities and controlling demographic growth.

The SSIs include the traditional as well as modern industries. The traditional SSIs include Khadi and Handloom, Handicrafts, Sericulture, Coir etc. Modern SSIs produce wide range of goods from comparatively simple items to sophisticated products such as television sets, electronics control system, various engineering products, particularly as ancillaries to the large industries. The traditional SSIs are highly labour intensive, while the modern SSIs may make use of highly sophisticated machinery and equipments.³

In Haryana, the number of Small Scale Industries have grown from 4,519 in 1966-1967 to 75,505 industries by 2009-2010. They are in prominent numbers in sectors like Textile products, scientific instruments, auto parts and components, home appliances etc. The export basket of Haryana is quite diversified with traditional and modern industries equally contributing to the total exports. Handloom, Scientific Instruments, Electronic and Electrical Goods, Readymade Garments, Motor Cars and Parts and Leather etc. are main products exported from Haryana. Small Scale Industries are widely spread in the

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¹ Dr. C.S. Prasad (2005), "Small and Medium Enterprises in Global perspective", New Century Publications, New Delhi, India, Pp 57-58.

² Kumar Satinder, "Productivity Growth and Production structure in Small Scale Industrial Sector : A Comparison of Punjab and Haryana", International Journal of Research in Commerce, Economics & Management, Vol-1, No 6, pp. 25-31.

³ Desai, Vasant (2004), "Small-Scale Industries and Entrepreneurship", Himalaya Publishing House, New Delhi.