**Small Scale Industries**

Small scale industries (SSI) are those industries in which manufacturing, providing services, productions are done on small scale or micro scale. For example, these are the ideas of Small scale industries: Napkins, tissues, chocolates, toothpick, water bottles, small toys, papers, pens. Small scale industries play an important role in social and economic development of India. These industries do a one-time investment in machinery, plants, and industries which could be on an ownership basis, hire purchase or lease basis. But it does not exceed Rs. 1 Crore. Let us discuss in detail about it.

## Small Scale Industries

Essentially small scale industries comprise of small enterprises who manufacture goods or services with the help of relatively smaller machines and a few workers and employees. Basically, the enterprise must fall under the guidelines set by the Government of India. At the time being such limits are as follows,

* For Manufacturing Units for Goods: Investment in plant and machinery must be between 25 lakhs and five crores.
* For Service Providers: Investment in machinery must be between 10 lakhs and two crores.

In developing countries like India, these small scale industries are the lifeline of the economy. These are generally labour-intensive industries, so they create much employment. They also help with per capita income and resource utilization in the economy. They are a very important sector of the economy from a financial and social point of view.

### **Examples and Ideas of Small Scale Industries**

Bakeries, Candles, [School stationeries](https://dir.indiamart.com/impcat/school-stationery.html), Water bottles, Leather belt, Small toys, Paper Bags, Xerox and printing, T-shirt Printin Photography, Beauty parlors, etc.

### **Characteristics of Small Scale Industries**

* Ownership: Such units are generally under single ownership. So it is a sole proprietorship or sometimes a partnership.
* Management: Both the management and the control generally is with the owner/owners. So the owner is actively involved with the daily running of the business.
* Limited Reach: Small scale industries have a restricted area of operations. So they meet local and regional demand.
* Labor Intensive: These small scale industries tend to use labor and manpower for their production activities. So their dependence on technology is pretty limited.
* Flexibility: These units are more adaptable to their changing business environment. So in case of sudden changes or unexpected developments, they are flexible enough to adapt and keep carrying on. Large industries do not have this advantage.
* Resources: They use local and readily available resources. This also helps the economy with better utilization of natural resources and less wastage.

#### Objectives of Small Scale Industries:

The objectives of small scale industries are:

1. To create more employment opportunities with less investment.

2. To remove economic backwardness of rural and less developed regions of the economy.

3. To reduce regional imbalances.

4. To mobilise and ensure optimum utilisation of unexploited resources of the country.

5. To improve standard of living of people.

6. To ensure equitable distribution of income and wealth.

7. To solve unemployment problem.

8. To attain self-reliance.

9. To adopt latest technology aimed at producing better quality products at lower costs.

## Role of Small Scale Industries in the Indian Economy

### **Total Production**

These enterprises account for almost 40% of the total goods and services produced in the Indian economy. They are one of the main reasons for the growth and strengthening of the economy.

### **Employment**

These small scale industries are a major source of employment in the country. The whole labor force cannot find work in the formal sector of the economy. So these labor-intensive industries provide a livelihood to a large portion of the workforce.

### **Contribution to Export**

Nearly half of the goods (45-55%) of the goods that are exported from India are produced by these small enterprises. About 35% of direct exports and 15% of the indirect exports are from the small scale industries. So India’s export industry majorly relies on these small industries for their growth and development.

### **Welfare of the Public**

Other than economic reasons, these industries are also important for the social growth and development of our country. These industries are usually started by the lower or middle-class public. They have an opportunity to earn wealth and employee other people. It helps with income distribution and contributes to social progress.

### **Open New Opportunities**

Small-scale industries offer several advantages and opportunities for investments.

For example, they receive many tax benefits and rebates from the government. The opportunity to earn profits from SSIs are big due to many reasons.

Firstly, SSIs are less capital intensive. They even receive financial support and funding easily.

Secondly, procuring manpower and raw materials is also relatively easier for them. Even the government’s export policies favor them heavily.