

Issue vs Opportunities in North Karnataka's Small-scale Industries

Sudhir Kumar Katiyar and Mohan Gupta***

ABSTRACT

One of the most important elements of a mixed economy is that small enterprises play a prominent role, which the government actively pushed. It was a smart idea to foster new job opportunities outside of normal industrial clusters as a means of preventing or, at the very least, mitigating the effects of the economic downturn. In many countries around the world, small enterprises are the driving force behind economic expansion. 'New millennium national growth, particularly in India, has been greatly aided by it. Because of their ability to create jobs, foster entrepreneurship, utilize local resources, and strengthen the industrial backbone of the economy, they are a popular choice with politicians and the general public. More than five decades of industrial growth in India have been attributed to the small-scale sector, particularly through (SSIs), which have been regarded as essential to the country's economic well-being.

Keywords: *Small-scale industries; Economy; Entrepreneurship.*

1.0 Introduction

The central and state governments of India provide a wide range of advantages and incentives to their citizens. Additionally, the incentives not only motivate entrepreneurs in the SSI sector to create enterprises, but they also contribute to the economy's entrepreneurial foundation. New entrepreneurs face numerous difficulties as a result of a lack of adequate support services and infrastructure. Entrepreneurs can take advantage of a variety of government-sponsored resources and resources provided by specialized institutions to launch successful firms. Included in this bundle are resources such as financial support along with other services such as business planning assistance as well as marketing assistance. Institutional support is expected to play a crucial role in promoting small firms and guaranteeing their self-sustained growth in the long term.

2.0 Definitions of SSI in India

Size, resources, and workforce make SSI units distinct from large- and medium-sized firms. A few years ago, enterprises in India were classified into two categories: those that used electricity but employed fewer than 50 people, and those that didn't use electricity but employed less than 100 people. Investing in machinery and equipment by units is a crucial component in dividing large and small businesses. ‘

*Assistant Professor, Department of Mechanical Engineering, Shri Ramswaroop College Of Engineering and Management, India (E-mail: sudhirkatiyar99@gmail.com)

**Corresponding author, Assistant Professor, Department of Mechanical Engineering, United College of Engineering and Research, Naini, Prayagraj, Uttar Pradesh, India (E-mail: mohanguptaucer@gmail.com)

Expansion in the country’s economy is closely related to the quantity of industrial growth. Production increases as a result of expanding the industrial department. Natural resources can be used for a variety of purposes, including the production of goods and services and the creation of new jobs. Indians have worked tirelessly since their freedom to create the country’s industrial infrastructure. Policies have been put in place to help both public and private sector industries grow. There has been a lot of focus on small businesses. Small-scale manufacturing is an important part of our plan to expand. In part, this is due to the industry’s modest investment requirements, high job creation potential, and dispersion of businesses to rural areas. The SSI sector has been given a significant role in our planned economy, notably in promoting equitable growth. Small-scale firm is one of the most ideal techniques for industrial expansion in under-populated and unstable countries, according to the authors of “The Importance of Micro Company in Asian Economic Growth.”

India’s definition of small business has been widened to include all commercial organizations in the service sector that provide services to the industrial sector. Consider the following, as well: With an investment in plant and machinery under Rs. 5 crore, the Reserve Bank of India (RBI) utilizes an expanded notion of (SSI), which encompasses all industrial activities. This includes mining and quarrying facilities, as well as machinery service and maintenance.

An economic unit must meet the investment standards of the Ministry of India in order to be designated as an SSI unit. There has been a steady rise in these restrictions over the years. A small business in India has evolved throughout the years. Retrospective comments on these definitional shifts are provided here.

Table 1: Industry - Wise Definition of Small Business

Manufactures	Number of Employees
Petroleum refining	Less than 1,500
Electronic computers	Less than 1,000
Macaroni and spaghetti	Less than 500
Sporting goods	Less than 500
Furniture	Less than 500
Paints and varnishes	Less than 500
Retailers	Earning Sales per year
Groceries	Less than \$ 13.5 million
Automobile dealerships	Less than \$ 11.5 million
Restaurants	Less than \$ 10.0 million
Services	Earning Sales per year
Computer	Less than \$ 12.5 million
Accounting	Less than \$ 4.0 million
Television repair	Less than \$ 3.5million

India’s definition of small business is vague; the only concept that exists is that of a small ancillary or micro industry, which is tied to the purchase of machinery and plant. In certain countries, microbusinesses are referred to as SME’s (SME). The number of employees, annual revenue, and fixed investment all play a role in defining a small or medium-sized business (SMB). While this may not always be a reliable indicator of a company’s size, it does appear to be a common practice.

From Rs.62 L to Rs.3 Cr. in 1997, the investment restrictions for small-scale industries (SSDs) were enhanced. Afterwards, the amount was reduced to Rs.1 crore in 1999. For 41 goods comprising two primary categories of hosiery and hand tools, the investment cap has been raised to Rs.5 crores. Ancillary to large-scale activities, small production units sell at least half of their manufactured goods to one or more industrial units. Despite this, there is a significant distinction between the modern small industry and the older ones. Other historic minor industries, such as sericulture, Khadi and handloom textiles (coir), and handicrafts, are still in existence. Today's small businesses manufacture a wide range of goods, from simple to complex ones, such as television sets and electronic control systems. They are typically utilized as ancillaries to larger enterprises. Modern small enterprises rely on high-tech machinery and equipment rather than traditional small firms' heavy reliance on labor. Many of today's smaller enterprises are referred to as "SSIs." Scattered among the company's operations are a few business-related activities as well. To name a few of the commodities made by the SSIs: rubber-plastic-chemical-ceramics-glass objects of mechanical engineering hardware electrical-electronic-components-and-equipment car parts bicycle parts instruments sports goods stationery items and watches The services industry includes rice mills, engineering, maintenance, and well drilling.

In 1991 (the year economic reforms began), the maximum investment for SSIs was Rs. 62 L, Rs. 75 L for ancillary units, and Rs. 51 lakhs for small enterprises. For SSI (Small-scale industry), the investment ceiling was Rs. 1 crore in 2000; Rs. 1 crore for ancillary units; and Rs. 25 lakhs for exporting firms. With the passage of the Micro, Small and Medium Enterprises Development Act of 2006 (MSMED), the terminology of the medium and small sector was changed from MSMB to MSMED, effective October 2, 2006. For the first time, medium-sized businesses (MEs) were given the authority to regulate the media. Software development is a multi-stage process that relies on a variety of components to get the best possible results. Many technical and non-technical factors have an effect on software quality, and this article examines them all. Factors influencing their use in small businesses were also examined. Cost estimation and risk parameter are two important non-technical components, while SDLC model and its concepts comprise three vital technical parts. Non-technical variables are more important than technical ones [1].

Identification and rectification of errors are an integral part of the module. Default categorisation is based on the appearance of the object. As part of a collaborative effort with the industry, flaw treatment and categorization in casting processes are also used to validate quality and value. [2]

External and internal obstacles are the primary classifications used to describe trivial challenges in numerous fields. An unreliable power supply is an example of an issue that is out of the hands of industrialists. An additional issue to take into consideration is how products are distributed, as well as how they are learned and how they are used. In addition, he outlined the steps that may be taken to ensure the long-term viability of small-scale businesses. [3] More than a source of employment, the small-scale sector serves as a vehicle for regional dispersion and diffusion of ownership and entrepreneurialism. To learn more about the financial difficulties faced by SSIs and their place in the country's second five-year plan. SFC's financing of SSI was a focus of his research [4].

An analysis of capital and debit requirements of low-class industries by the SBI was used to determine how many people could be employed, based on that analysis. If Ramakrishna's attempts to gauge SSI's capital requirements are anything to go by, they were pioneering in their scope. Financial issues at SSI were the focus of this investigation. In his thesis, he discussed the financial issues that face industries, and he advocated for the establishment of a business growth bank at the state level. [5]

Economic policymakers in emerging countries have significant challenges as a result of the capital-intensive nature of industrialization. An enormous amount of resources must be mobilized in these economies to build a strong hi-tech sector base. Some countries in the developing world attempted to take on massive public debt in order to finance industrial growth. In some situations, they were unable to meet their goals because of a lack of resources and income from these investments. Latin American countries' debt traps have made planners wary of using this strategy of industrialization in their countries. The second major challenge of fast industrialization is to find ways to employ their rapidly expanding workforce. Unemployed and underemployed persons don't have a lot of interest in farming and prefer to work in the industrial and service industries. A growing number of countries in the developing world are beginning to appreciate the importance of agriculture and industry in constructing a nation.

In nations that are less developed, a large volume of unutilized labor is maintained by those countries, which had the potential for production, creating a capital, and increasing production. A labor-intensive approach should be adopted. Marketing frenziedness of Ghaziabad Sheriff's Office He uncovered marketing blunders such excessive rivalry between large firms, inefficiency in consumption, and pricing competition, and he developed a strong brand rivalry as a result of these findings.. Large-scale plants have been a serious problem. They were able to sell their products at lower prices because of their larger size. Competition on a greater scale and sloppy demand are likely to increase competition on a wider scale, which implies that commodities can be sold at reduced prices. on the basis of characteristics like as job creation, investment, and power consumption, it is possible to distinguish between the greatest industries and the smallest factories. When he examined the formal framework of Indian planning, he underlined the need to give more importance to small-scale companies [7].

Small-scale industries in Uttar Pradesh are examined in depth in terms of institutional finance issues. Raw materials are seen to have less export potential than processed products. The decline in crop growth in many less developed countries is a direct outcome of poor trading terms in global commerce. As a result of lower labor costs in developing countries, packaged foods are more affordable for consumers. As a result of his research, he called for increased coordination between financial institutions and non-financial organizations involved in the development of Small and Medium-Sized Enterprises (SMEs). Because of the lack of strong inter-industry links in the economy, indirect effects are not very significant. Income multipliers are not the same as wage, man-hours-of-work multipliers, which are ranked by sector. According to this study, cotton ginning and grain milling are the highest ranked industries regardless of income or employment [8]. Dairying; sugar; animal husbandry; edible oils; furniture and fixtures; and paper and paper products also make it into the top ten.

That rural industrialisation is a powerful weapon for reducing economic gaps between different populations and regions. Rural-urban development balance and agro-industrial development balance are the best ways to create balanced economic growth. It has been stated that village industries and khadi have not been successful in creating jobs in the industrialization of the countryside. Compound rates of job growth in compared to output growth are quite low, according to their research. There was a study that stated that various incentives, such as the administration's resources subsidy schemes, which are based on capital costs for permanent assistance, are adverse to labor-intensive units. In his research, he concluded that the units away from industrial estates may increase at a higher rate. There are no established marketing facilities in the sectors due to their small size and inadequate financial resources. They lack a thorough understanding of both domestic and

foreign markets for their products. As a result, the small business owner's horizons are constrained to the district or state in which he or she operates. Traditional products have received little attention from researchers and manufacturers in the past few decades.

Capital, costing, investment and budgetary control training is desperately needed. The outcomes of the collaboration between state-based SSI corporations and their national counterparts, as well as the National Small Industries Council, Directorate of Industries and Small Industry Extension Training Institutes are examples of institutions or organizations. Jammu and Kashmir's economic growth necessitates the extension of bank credit. The task of expanding credit should be viewed as a challenge, and the ability to do so should be developed through creating small-scale personal connections with industrialists. As a general rule, small business owners do not seek outside funding. It all comes down to how management responsibilities are shared. Out of the total capital financed by small-scale companies, the majority is financed through bank loans, followed by borrowing from family and friends. Small-scale industries are suffering from a lack of marketing constraints, adequate financing, difficulties obtaining raw materials, and defective management, which is why financial institutions and the government corporation limited have backed the proportion sponsored by these institutions as well as secured loans from lenders. Another major difficulty faced by growing economies is the huge migration of workers from rural areas to metropolitan areas. This is largely due to a difference in the pay structure between urban and rural areas. There is a natural trend for farmers to migrate to the metropolis in quest of better work opportunities when the agricultural sector becomes overcrowded [9]. As a result of this, it is difficult to provide basic services and require a large amount of investment in metropolitan regions. Increasing agricultural output and creating agro-industries in rural areas is the way to go, as this will make the countryside more economically viable.

3.0 Methodology

Research is exploratory and exploratory. Fill-in questionnaires were revised and a master table produced to contain information derived from the completed surveys following data collection. It is possible to create master tables and classification tables with the aid of SPSS version 1.0.0.1406.

Table 2: Sample Size

S. No.	Areas	No. of SSI units	% of SSI units to be selected	Sample size
1	Engineering Industries and Allied	215	16%	38
2	Rubber and Plastic industries	185	16%	28
3	Cotton textile	523	16%	79
4	Food and Agro based industries	1450	16%	221
	Total	2373	16%	366

The status of SSI units in the study area has been cross-tabulated. There has been cross-tabulation of industrial units, as well as analysis using the same methods. Using a random sampling method, a study of the challenges and opportunities facing SSI units in Gadag district was conducted. This survey uses stratified random sampling procedures. For example, in Gadag district there are 2373 SSI units, 215, Rubber and plastics industries 185, cotton textiles 523, food and agro-based industries

1450, and engineering and related industries 215. A sample size of 16 percent was chosen from this group. As a result, the study’s sample was selected using the criteria listed in the Table 2.

4.0 Results and Discussion

The parameters such as, production, sales values, operating profits, working capital values from the primary data were used for analysing the prospects of small scale industrial units in Gadag district with the help of trend analysis, ratio analysis and analysis of correlation.

5.0 Analysis of Trend

5.1 Production and its trend

Production , Production trend value, average Production for the period 2011-12 to 2019-20 and average trend and trend from the period 2011-12 to 2019-20 of SSI units is given in Table 3.

Table 3: Production and its Trend

Year	Production (Rs.in Lakhs)	Total Production trend value (Rs.in lakhs)	Average (Rs. in lakhs)	Average (Trend value)
2011-12	3467.4	4285.351	9.474	11.709
2012-13	6859.8	4859.666	18.742	13.277
2013-14	3820.7	5356.681	10.439	14.636
2014-15	7922.7	6441.696	21.646	17.600
2015-16	5339.1	7149.711	14.587	19.532
2016-17	6343.4	7741.726	17.330	21.152
2017-18	8364.4	8656.741	22.853	23.652
2018-19	8902.9	9208.756	24.325	25.160
2019-20	9345.8	9814.236	25.534	26.815

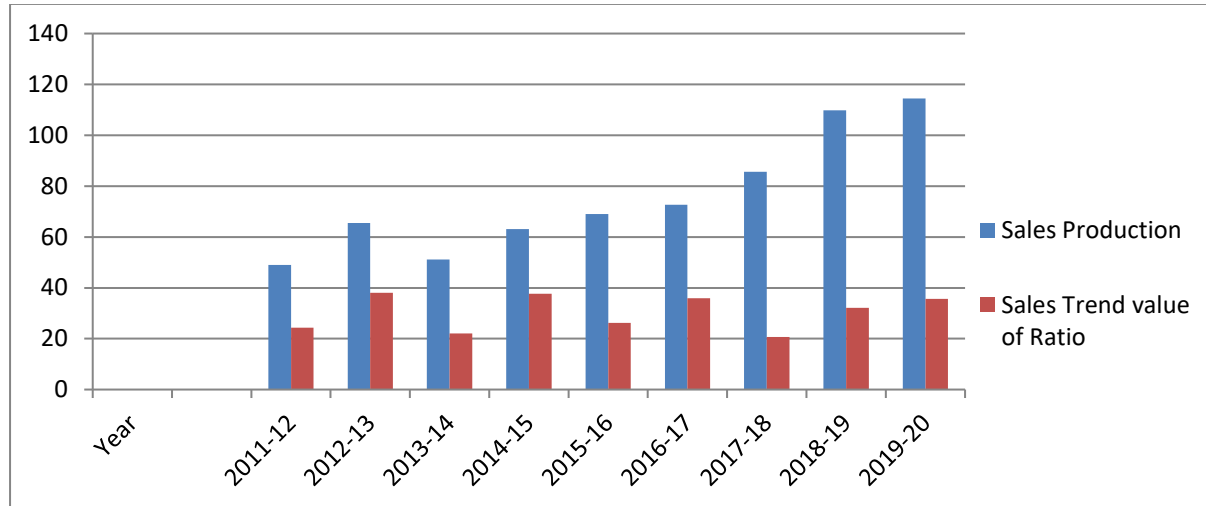
5.2 Sales and its trend

Sales , sales trend value, average sales for the period 2011-12 to 2019-20 and average trend and trend from the period 2011-12 to 2019-20 of SSI units is given in the Table 4.

Table 4: Sales and its Trend

Year	Sales (Rupees in lakhs)	Sales (Trend Value)	Average	Average (Trend value)
2011-12	15587.1	14380.373	42.587	39.291
2012-13	18020.8	15462.993	49.237	42.286
2013-14	15787.8	17931.613	43.134	48.993
2014-15	16268.6	18567.233	44.448	50.730
2015-16	21232.2	22103.853	58.011	60.393
2016-17	21351.8	21580.473	58.336	58.963
2017-18	23967.5	23531.093	65.484	64.293
2018-19	32371.1	25953.713	88.445	70.912
2019-20	33517.4	30134.614	91.577	82.335

It shows that there is highest sale of Rs. 33517.4 lakhs in the year 2019-20, and highest average is Rs. 91.577 lakhs. It finds that the increasing of sales trend and average trend value of the SSI units.



6.0 Conclusion

Due to their proximity to raw supplies and labor, some of the smaller SSI units were chosen over others. Small and medium-sized SSI facilities are possible due to their easy access to the workplace, adequate logistics, and proximity to the raw materials they need. The location of SSI units is determined by the convenience of access to the workers, which is the most important factor. Most of the influencing reasons for starting SSI units in Engineering sectors and related are the vast scope, known business, and the implementation business idea. Factors influencing the establishment of SSI units in the rubber and plastic industry include known business and self-employment. Wide scope, financial aid, and self-employment are three of the most important criteria in starting SSI units in cotton textiles. More than any other element, SSI units are driven by the desire for self-employment, an established business and an abundance of opportunity.

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