

IMPORTANCE OF LARGE AND SMALL SCALE INDUSTRIES IN INDIA

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Abstract

The industrial sector is an important part of India's economic development and progress. Both large and small sectors have a substantial impact on the country's gross domestic product (GDP), job creation, and technical progress. Infrastructure development, export growth, and capital-intensive manufacturing all depend on major industries such as steel, automotive, and heavy machinery. These businesses help modernize the economy, create jobs that pay well, and contribute to the integration of the Indian economy into the global economy. Small-scale industries (SSIs) are important for encouraging entrepreneurship, reducing poverty, and supporting fair development. They include a variety of sectors, such as food processing, handicrafts, and textiles. SSIs provide a platform for grassroots innovation and present large job prospects in rural and semi-urban locations. These industries are essential for India's development because they work together to generate economic growth, improve local economies, and reduce regional inequalities.

Keywords: *Industrial Development, Large Scale Industries, Small Scale Industries*

Introduction

Every country needs exploring of coal, iron and steel, exploring of oil and its purification, heavy machineries, heavy electrical equipments, heavy chemicals, ships and aero planes, industries of heavy and basic industries for its development. All these industries help to develop agriculture, transport, communication facilities and other industries. It means development of large scale industries is almost essential for the development of heavy and basic industries.

Improvement in Productivity:

In large scale industries work is distributed among the labourers according to their efficiency which improves the productivity. These industries also use huge modern capital which raises productivity and reduces cost per head. It enables the consumer to get commodities at a cheaper rate.

Import Substitution:

Capital goods and consumer goods which are imported from the foreign countries can be produced inside the country through large scale industries. Our country will depend upon foreign countries on heavy chemicals, heavy electricity, chemical fertilizers and other consumer goods, unless we develop large scale industries. Due to the development of large scale industries, all these commodities are produced inside the country and there is no need of import which is known as import substitution.

Export Promotion:

Large scale industries change the pattern of export. In the old days, we exported skin, tea, jute, jute products, spices of different types, and cotton clothes to foreign countries. Due to the development of large scale industries, we are now able to export engineering products, heavy electric products and other industrial products. It means large scale industries have changed the pattern of export and increased the quantity of exports, In a developing country like India, the role and importance of small-scale industries is very significant towards poverty eradication, employment generation, rural development and creating regional balance in promotion and growth of various development activities.

It is estimated that this sector has been contributing about 40% of the gross value of output produced in the manufacturing sector and the generation of employment by the small-scale sector is more than five times to that of the large-scale sector.

This clearly shows the importance of small-scale industries in the economic development of the country. The small-scale industry have been playing an important role in the growth process of Indian economy since independence in spite of stiff competition from the large sector and not very encouraging support from the government.

The following are some of the important role played by small- scale industries in India.

1. Employment generation:

The basic problem that is confronting the Indian economy is increasing pressure of population on the land and the need to create massive employment opportunities. This problem is solved to larger extent by small-scale industries because small-scale industries are labour intensive in character. They generate huge number of employment opportunities. Employment generation by this sector has shown a phenomenal growth. It is a powerful tool of job creation.

2. Mobilisation of resources and entrepreneurial skill:

Small-scale industries can mobilize a good amount of savings and entrepreneurial skill from rural and semi-urban areas remain untouched from the clutches of large industries and put them into productive use by investing in small-scale units. Small

Entrepreneurs also improve social welfare of a country by harnessing dormant, previously overlooked talent.

Thus, a huge amount of latent resources are being mobilised by the small-scale sector for the development of the economy.

3. Equitable distribution of income:

Small entrepreneurs stimulate a redistribution of wealth, income and political power within societies in ways that are economically positive and without being politically disruptive.

Thus small-scale industries ensures equitable distribution of income and wealth in the Indian society which is largely characterised by more concentration of income and wealth in the organised section keeping unorganised sector undeveloped. This is mainly due to the fact that small industries are widespread as compared to the large scale industries.

Small-scale industries make better use of indigenous organisational and management capabilities by drawing on a pool of entrepreneurial talent that is limited in the early stages of economic development. They provide productive outlets for the enterprising independent people. They also provide a seed bed for entrepreneurial talent and a testing round for new ventures.

7. Promotes exports:

Small-scale industries have registered a phenomenal growth in export over the years. The value of exports of products of small-scale industries has increased to Rs. 393 crores in 1973-74 to Rs. 71, 244 crores in 2002-03. This contributes about 35% India's total export. Thus they help in increasing the country's foreign exchange reserves thereby reduces the pressure on country's balance of payment.

8. Supports the growth of large industries:

The small-scale industries play an important role in assisting bigger industries and projects so that the planned activity of development work is timely attended. They support the growth of large industries by providing, components, accessories and semi finished goods required by them. In fact, small industries can breath vitality into the life of large industries.

9. Better industrial relations:

Better industrial relations between the employer and employees helps in increasing the efficiency of employees and reducing the frequency of industrial disputes. The loss of production and man-days are comparatively less in small scale industries. There is hardly any strikes and lock out in these industries due to good employee-employer relationship.

Conclusion

Of course, increase in number of units, production, employment and exports of small- scale industries over the years are considered essential for the economic growth and development of the country. It is encouraging to mention that the small-scale enterprises accounts for 35% of the gross value of the output in the manufacturing sector, about 80% of the total industrial employment and about 40% of total export of the country.

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