

Project Report On
**(STRATEGY FOR IMPROVING SMALL SCALE ENTERPRISE AND
SOLVING UNEMPLOYMENT PROBLEMS)**

Submitted by
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Certificate

This is to certify that **(ANJALI PRATAP BHANUSHALI)** has worked and duly completed his/her Project Work for the degree of Master in Commerce under the Faculty of Commerce in the subject of **(ENTERPRENEURIAL MANAGEMENT)** and his/her project is entitled, **(STRATEGY FOR IMPROVING SMALL SCALE ENTERPRISE AND SOLVING UNEMPLOYMENT PROBLEMS)** under my supervision.

I further certify that the entire work has been done by the learner under my guidance and that no part of it has been submitted previously for any Degree or Diploma of any University.

It is his/her own work and facts reported by her/his personal findings and investigations.

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Declaration by learner

I, the undersigned (**ANJALI PRATAP BHANUSHALI**) declare that the work embodied in this project work hereby, titled (**STRATEGY FOR IMPROVING SMALL SCALE ENTERPRISE AND SOLVING UNEMPLOYMENT PROBLEMS**), forms my own contribution to the research work carried out under the guidance of (**DIPIKA GUPTA**) is a result of my own research work and has not been previously submitted to any other University for any other Degree to this or any other University.

Wherever reference has been made to previous works of others, it has been clearly indicated as such and included in the bibliography.

I, here by further declare that all information of this document has been obtained and presented in accordance with academic rules and ethical conduct.

Name of the learner: ANJALI PRATAP BHANUSHALI



Signature:

Certified by

Name of the Guiding Teacher: **DIPIKA GUPTA**

Signature:

Acknowledgment

To list who all have helped me is difficult because they are so numerous and the depth is so enormous.

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I take this opportunity to thank the **University of Mumbai** for giving me chance to do this project.

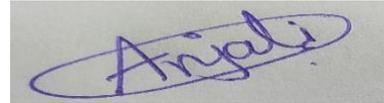
I would like to thank my **Principal, Dr. Ajay M. Bhamare** for providing the necessary facilities required for completion of this project.

I take this opportunity to thank our **Coordinator (DIPIKA GUPTA)**, for her moral support and guidance.

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Lastly, I would like to thank each and every person who directly or indirectly helped me in the completion of the project especially **my Parents and Peers** who supported me throughout my project.



**Signature of the Student
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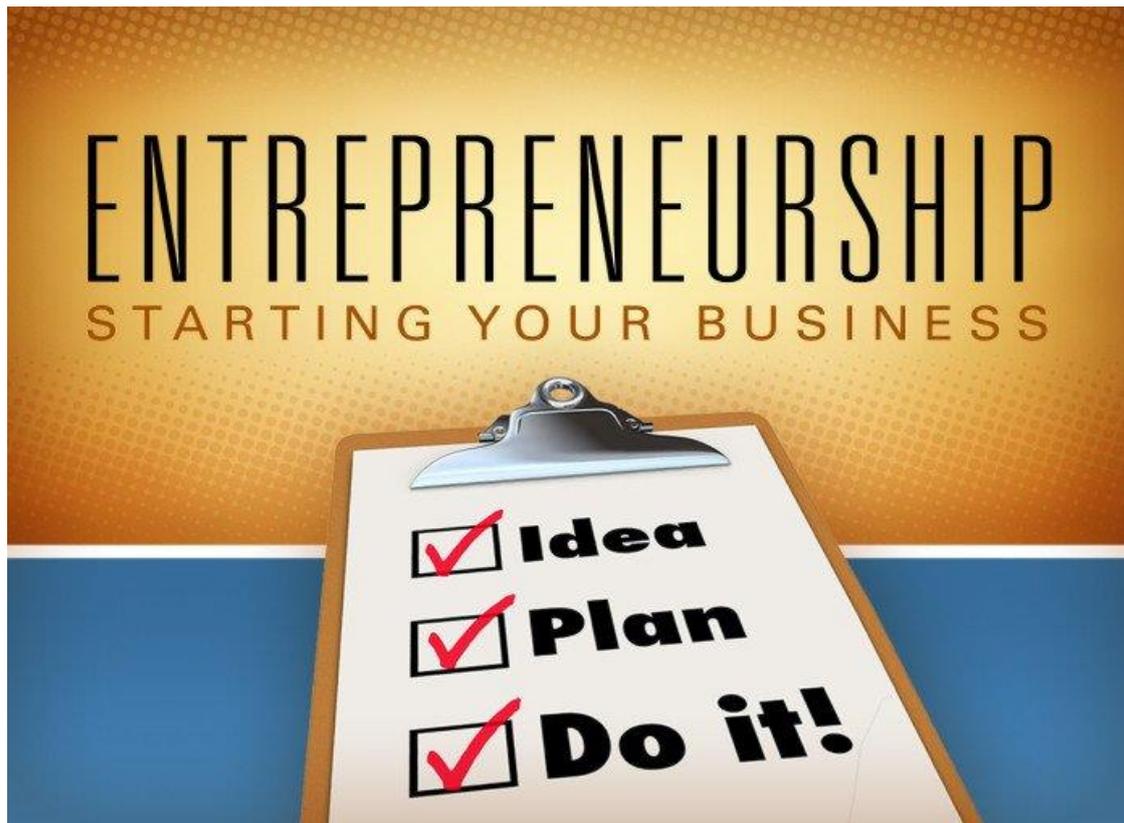
CHAPTER 1: PREAMBLE

1.1 Introduction

ENTREPRENEUR

- The term 'entrepreneur' is derived from a French word 'entreprenre' which means 'go between' or 'to undertake'
- An entrepreneur is any person
- Who undertakes the risk of
- Establishing and running of a new enterprise
- Entrepreneurs are people who have a passion for creating change in the world
- They need a certain set of skills to be effective leaders and innovators
- Since, there are so many kinds of business, there are also many kinds of entrepreneur

ENTREPRENEURSHIP



Robert Hisrich states ‘Entrepreneurship is the process of creating something new and assuming the risks and rewards’

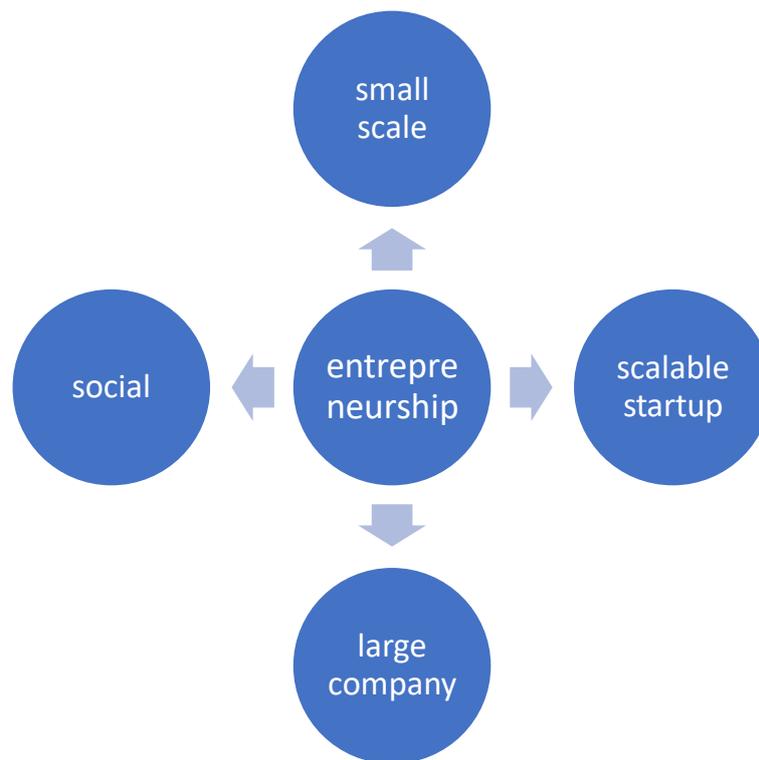
Arthur Cole states “Entrepreneurship is the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain and aggrandize profit by production and distribution of economic goods and service”

Though entrepreneurship is the overall process of developing, launching and running a business, there are many different types of entrepreneurship. Everyone operates their business based on their own personality, skills and characteristics. Some people think that with hardwork they can find success, while others may use capital to help them get there. For some entrepreneurs. Profits are less important than providing a social good

Though every type of entrepreneur experiences similar challenges, they may choose to address them differently. Each type of entrepreneur sees challenges in a unique way and has different resources to overcome them.

There are different types of entrepreneurs on the modes or objectives or ventures. These classifications are not mutually exclusive,

THERE ARE FOUR TYPES OF ENTREPRENEURSHIP:



Types of entrepreneurship

1. SMALL SCALE ENTREPRENEURSHIP:

- a. Small scale industries are the backbone of our industrial structure as they provide a variety of non traditional, low technology products.
- b. The primary object of developing small scale industries in rural areas is to generate better employment opportunities, raise income levels and standards of living of people.
- c. A majority of businesses are small businesses. People interested in small business entrepreneurship are most likely to make a profit that supports their family and a modest lifestyle.
- d. Small business entrepreneurship is often when a person owns and runs their own business.
- e. They typically hire local employees and family members.
- f. Local grocery stores, hairdressers, small boutiques, consultants and plumbers are a part of this category of entrepreneurship.

2. SCALABLE STARTUP ENTREPRENEURSHIP:

- a. This kind of entrepreneurship is when entrepreneurs believe that their company can change the world.
- b. Scalable startups look for things that are missing in the market and create solution for them.
- c. Many of these types of businesses start in silicon valley and are technology focused. They seek rapid expansion and big profit returns.
- d. Examples of scalable startups are facebook, Instagram and uber

3. LARGE COMPANY ENTREPRENEURSHIP:

- a. Large company entrepreneurship is when a company has a finite amount of lifecycles.
- b. This type of entrepreneurship is for an advanced professional's who knows how to sustain innovation. They are often a part of a large team of C-level executives.
- c. Large companies often create new services and products based on consumer preferences to meet market demand.
- d. Companies such as Microsoft, google and Disney are examples of this type of entrepreneurship.

4. SOCIAL ENTREPRENEURSHIP:

- a. An entrepreneur who wants to solve social problems with their products and services in this category of entrepreneurship.
- b. Their main goal is to make the world a better place. They don't work to make big profits or wealth.
- c. Instead, this kinds of entrepreneurs tend to start non profits or companies that dedicate themselves to working towards social goods

Characteristics of Small Scale Industries

A business which functions on a small scale level involves less capital investment, less number of labour and fewer machines to operate is known as a small business.

Small scale Industries or small business are the type of industries that produces goods and services on a small scale. These industries play an important role in the economic development of a country. The owner invests once on machinery, industries, and plants, or take is a lease or hire purchase. These industries do not invest more than one crore. Few examples of small-scale industries are paper, toothpick, pen, bakeries, candles, local chocolate, etc., industries and are mostly settled in an urban area as a separate unit.

- **Ownership:** They have a single owner. So it is also called as a sole proprietorship.
- **Management:** All the management works are managed by the owner.
- **Limited Reach:** They have restricted area of operation. So they may be a local shop or an industry located in one area.
- **Labour Intensive:** Their dependency on technology is very less because they are dependent on labours and manpower.
- **Flexibility:** As they are small, they are open and flexible to sudden changes, unlike large scale industries.
- **Resources:** They use local and immediate available resources. They do better utilization of natural resources and limited wastage.

Some of the salient features of small business enterprises are stated below:

(i) Limited Investment:

- In a small business enterprise, capital is supplied by an individual or a small group of individuals. As per a census of small scale units in India, mostly small business enterprises are run as sole- proprietorship and partnership.

(ii) Personal Character/Owner-Management:

- A small business is identified with its owners; who themselves act as managers. Managers as such have maximum motivation to work; as they themselves happen to be the owners also, at the same time.

(iii) Labour-Intensive:

- Small business enterprises are mostly labour-intensive. The machinery and equipment used are not very sophisticated and are operated manually.

(iv) Unorganised Labour:

- Small business enterprises employ less number of workers as compared with big business enterprises. Workers of these units do not form labour unions and remain unprotected.

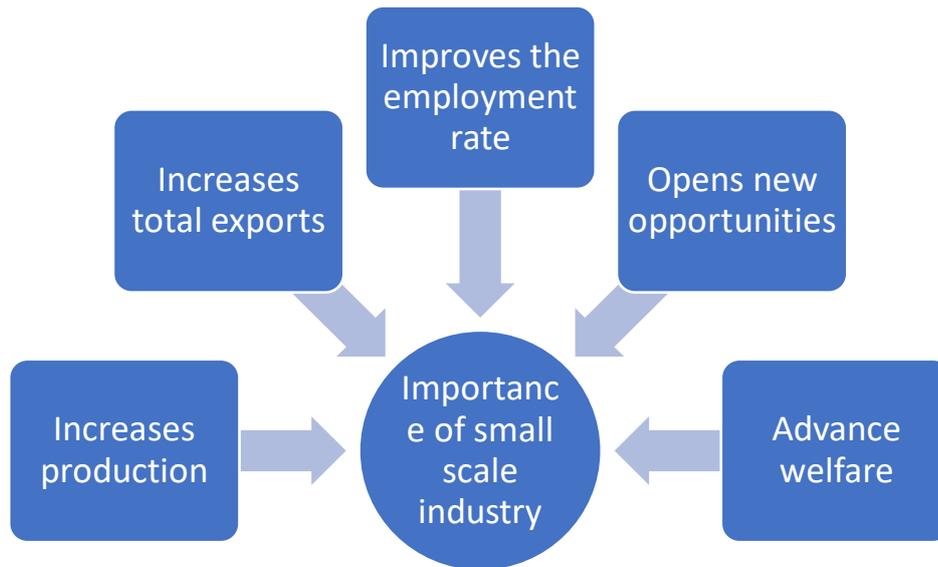
(v) Local Area of Operations:

- The area of operations of small units is generally local as they have less capital and less marketing facilities at their disposal. There is a local touch between employer and employees; and between employer and customers though products of some small scale enterprises are exported to many countries of the world.

The objectives of the small scale industries are:

- To create more employment opportunities.
- To help develop the rural and less developed regions of the economy.
- To reduce regional imbalances.
- To ensure optimum utilisation of unexploited resources of the country.
- To improve the standard of living of people.
- To ensure equal distribution of income and wealth.
- To solve the unemployment problem.
- To attain self-reliance.
- To adopt the latest technology aimed at producing better quality products at lower costs.

Importance of Small Scale Industries



Every small-scale industry plays a big role in the Indian economy. Apart from providing employment to crores of people, it has the added benefit of minimum capital requirements. The government also offers several tax benefits to SSI for this purpose.

Furthermore, they can exist in urban as well as rural areas. Small Scale Industries have been able to compete with large-scale industries and multinational corporations because of this. Due to reasons like these, they are of great importance.

1. SSI Increases Production

India is one of the world's fastest growing economies in the world. Consequently, its production output is massive. It is pertinent to note that SSIs contribute almost 40% of India's gross industrial value.

These industries produce goods and services worth over Rs. 40 lakhs for every investment of Rs. 10 lakhs. Furthermore, the value addition in this output increases by over 10%.

Here is another interesting statistic about Small scale industries. The number of Small Scale Industries in India increased from around 8 lakhs in 1980 to over 30 lakhs in 2000.

This figure has grown even more in recent years owing to the government's 'Ease of Doing Business' policies.

As a result of this, the total industrial production output rose tremendously in the last few years. SSIs are, therefore, strongly responsible for the growth of India's economy.

2. SSI Increases Export

Apart from producing more goods and services, SSIs have been able to export them in large numbers as well.

Almost half of India's total exports these days come from small-scale businesses.

35% of the total exports account for direct exports by SSIs, while indirect exports amount to 15%.

Even trading houses and merchants help SSIs export their goods and services to foreign countries.

3. SSI Improves Employment Rate

It is important to note firstly that Small Scale Industries employs more people than all industries after agriculture.

Almost four persons can get full employment if Rs. 10 lakhs are invested in fixed assets of small-scale sectors.

Furthermore, SSIs employ people in urban as well as rural areas.

Consequently, this distributes employment patterns in all parts of the country and prevents unemployment crisis.

4. SSI 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 favour them heavily.

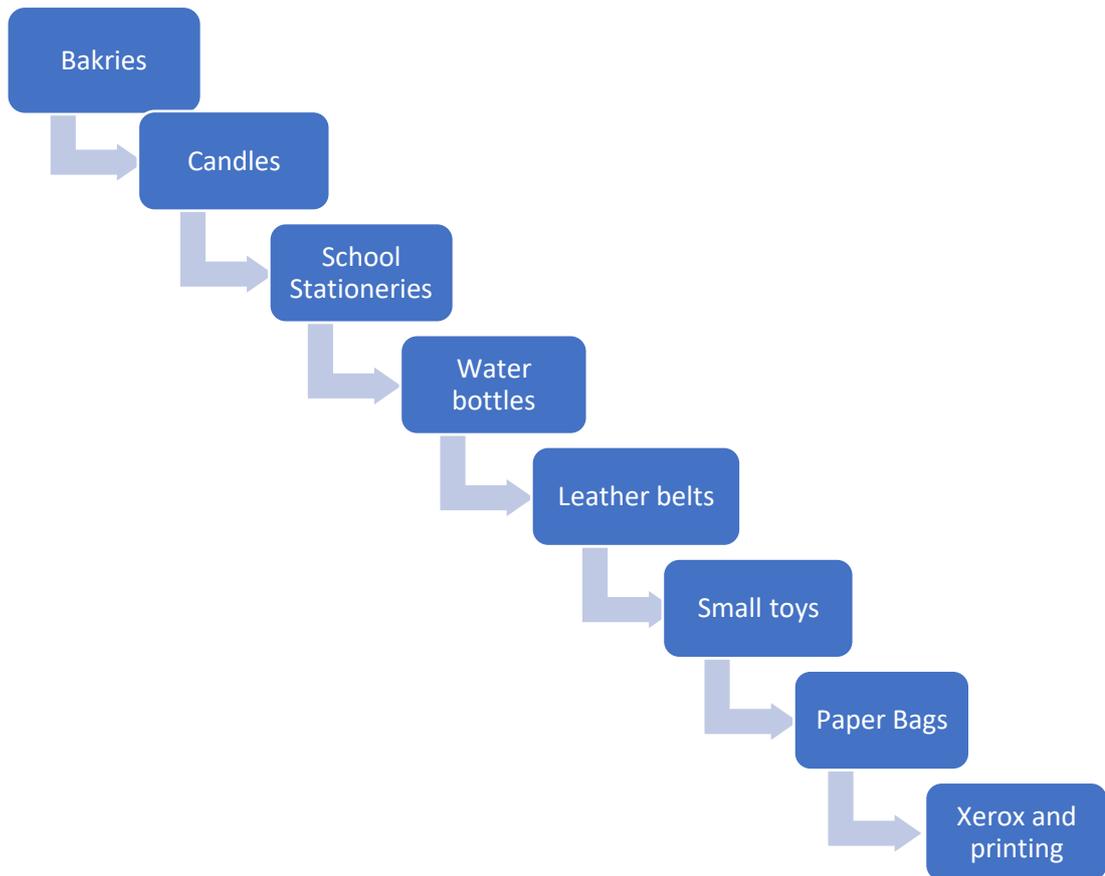
5. SSI Advances Welfare

Apart from providing profitable opportunities, Small Scale Industries play a large role in advancing welfare measures in the Indian economy as well.

A large number of poor and marginalized sections of the population depend on them for their sustenance.

These industries not only reduce poverty and income inequality but they also raise standards of living of poor people. Furthermore, they enable people to make a living with dignity.

Examples of Small Scale Industries:



Small scale industries (SSI) are those industries in which manufacturing, providing services, productions are done on a 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 exceed Rs. 1 Crore.

Role of Small Scale Industries:

Small Scale Industries (SSI) play an important role for the development of Indian economy in many ways. About 60 to 70 percent of the total innovations in India comes from the SSIs. Many of the big businesses today were all started small and then nurtured into big businesses.

Essentially small scale industries comprise of small enterprises who manufacture goods and 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.

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 labour force cannot find work in the formal sector of the economy. So these labour-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 employ other people. It helps with income distribution and contributes to social progress

1. Small Scale Industries Provides Employment

- a. SSI uses labour intensive techniques. Hence, it provides employment opportunities to a large number of people. Thus, it reduces the unemployment problem to a great extent.
- b. SSI provides employment to artisans, technically qualified persons and professionals. It also provides employment opportunities to people engaged in traditional arts in India.
- c. SSI accounts for employment of people in rural sector and unorganized sector.
- d. It provides employment to skilled and unskilled people in India.
- e. The employment capital ratio is high for the SSI.

2. SSI Facilitates Women Growth

- a. It provides employment opportunities to women in India.
- b. It promotes entrepreneurial skills among women as special incentives are given to women entrepreneurs.

3. SSI Brings Balanced Regional Development

- a. SSI promotes decentralized development of industries as most of the small scale industries are set up in backward and rural areas.
- b. It removes regional disparities by industrializing rural and backward areas and brings balanced regional development.
- c. It promotes urban and rural growth in India.
- d. It helps to reduce the problems of congestion, slums, sanitation and pollution in cities by providing employment and income to people living in rural areas. It plays an important role by initiating the government to build the infrastructural facilities in rural areas.

e. It helps in improving the standard of living of people residing in suburban and rural areas in India.

f. The entrepreneurial talent is tapped in different regions and the income is also distributed instead of being concentrated in the hands of a few individuals or business families.

4. SSI Helps in Mobilization of Local Resources

a. It helps to mobilize and utilize local resources like small savings, entrepreneurial talent, etc., of the entrepreneurs, which might otherwise remain idle and unutilized. Thus it helps in effective utilization of resources.

b. It paves way for promoting traditional family skills and handicrafts. There is a great demand for handicraft goods in foreign countries.

c. It helps to improve the growth of local entrepreneurs and self-employed professionals in small towns and villages in India.

5. SSI Paves for Optimisation of Capital

a. SSI requires less capital per unit of output. It provides quick return on investment due to shorter gestation period. The pay back period is quite short in small scale industries.

b. SSI functions as a stabilizing force by providing high output capital ratio as well as high employment capital ratio.

c. It encourages the people living in rural areas and small towns to mobilize savings and channelize them into industrial activities.

6. SSI Promotes Exports

a. SSI does not require sophisticated machinery. Hence, it is not necessary to import the machines from abroad. On the other hand, there is a great demand for goods produced by small scale sector. Thus it reduces the pressure on the country's balance of payments.

b. SSI earns valuable foreign exchange through exports from India.

7. SSI Complements Large Scale Industries

- a. SSI plays a complementary role to large scale sector and supports the large scale industries.
- b. SSI provides parts, components, accessories to large scale industries and meets the requirements of large scale industries through setting up units near the large scale units.
- c. It serves as ancillaries to large Scale units.

8. SSI Meets Consumer Demands

- a. SSI produces wide range of products required by consumers in India.
- b. SSI meets the demand of the consumers without creating a shortage for goods. Hence, it serves as an anti-inflationary force by providing goods of daily use.

9. SSI Ensures Social Advantage

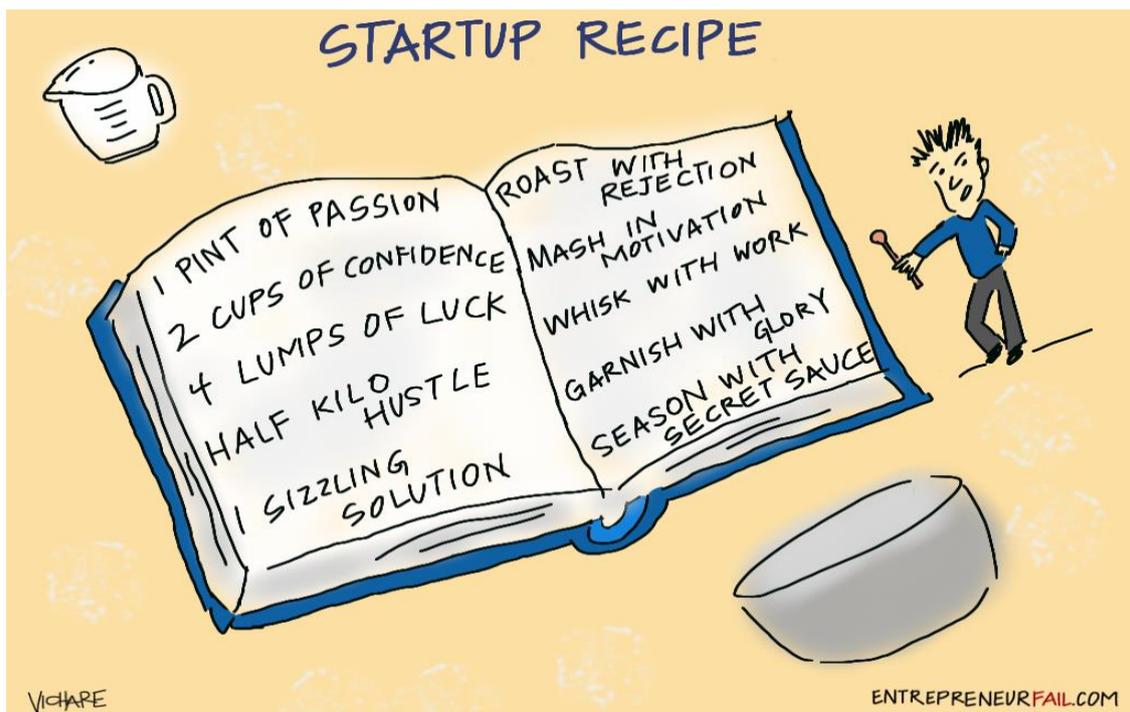
- a. SSI helps in the development of the society by reducing concentration of income and wealth in few hands.
- b. SSI provides employment to people and pave for independent living.
- c. SSI helps the people living in rural and backward sector to participate in the process of development.
- d. It encourages democracy and self-governance.

10. Develops Entrepreneurship

- a. It helps to develop a class of entrepreneurs in the society. It helps the job seekers to turn out as job givers.
- b. It promotes self-employment and spirit of self-reliance in the society.
- c. Development of small scale industries helps to increase the per capita income of India in various ways.
- d. It facilitates development of backward areas and weaker sections of the society.

e. Small Scale Industries are adept in distributing national income in more efficient and equitable manner among the various participants of the society.

Scope of Small Scale Enterprises:



The scope for small business is vast covering a wide variety of activities starting from retailing to manufacturing. There are some specific areas of economic activity which can be effectively and successfully managed by forming small business enterprise, they are:

- Trading which involves buying and selling of goods and services require less capital and time to start. This area of economic activity is dominated by small scale entrepreneur.

- The activities which require personalise service like motor repairing, tailoring, carpentry, beauty parlour etc. are run by establishing small business.
- It is the best option for those who do not like to be an employee but become self employed. People can work independently by running a small enterprises of their own.
- For products and services, which are of less demand or their demand is to any specific area, the small scale business is more suitable for them.
- A large industrial unit cannot run smoothly without the support of small unit. This industrial units often depend upon small units to get some parts of spares, which cannot be profitable produced by them.
- In the era of business process outsourcing (BPO) , many new area have open up for small business enterprises.
- The business enterprises, which require constant touch of the owner with customer as well as the employee, can only be successfully run in the form of small enterprise.

Advantages or Merits of Small Scale Industries

Small Scale Industries have always played an important role in the economic development of the country. The following are the merits of Small Scale Industries:

1. Potential for large employment

Small Scale Industries have potential to create employment opportunities on a massive scale. They are labour intensive in character. They use more labor than other factors of production. They can be set up in short time and can provide employment opportunities to more number of people. This is important for a labour abundant country like India.

2. Requirement of less capital

Small Scale Industries require less capital when compared to large scale industries. India is a capital scarce country and therefore Small Scale Industries are more suitable in the Indian context. They can be started and run by small entrepreneurs who have limited capital resources

3. Contribution to industrial output

Products manufactured by Small Scale Industries form a significant portion of the industrial output of the country. They produce a number of consumer goods as well as industrial components in large quantities and satisfy the needs of consumers. The consumer goods produced by Small Scale Industries are cheaper and satisfy the requirements of the poorer sections.

4. Contribution to exports

Small Scale Industries contribute nearly 40 per cent to the industrial exports of the country. Products such as hosiery, knitwear, hand loom, gems and jewellery, handicrafts, coir products, textiles, sports goods, finished leather, leather products, woollen garments, processed food, chemicals and allied products and a large number of engineering goods produced by the SSI sector contribute substantially to India's exports. Further products produced by Small Scale Industries are used in the manufacture of products manufactured and exported by large scale industries. Therefore they contribute both directly and indirectly to exports and earn valuable foreign exchange.

5. Earning foreign exchange

Small Scale Industries earn valuable foreign exchange for the country by exporting products to different countries of the world. At the same time, their imports are very little and so there is less foreign exchange outgo. Therefore Small Scale Industries are net foreign exchange earners. For e.g. Small Scale Industries in Tiruppur contribute to a substantial portion of India's textile exports and earn valuable foreign exchange for the country.

6. Equitable distribution

Large scale industries lead to inequalities in income distribution and concentration of economic power. But small scale industries distribute resources and wealth more equitably. It is because income is distributed among more number of workers since it is labour intensive. This results in both economic and social welfare.

7. Use of domestic resources

Small Scale Industries use locally available resources in a productive manner which would have otherwise gone waste. Small amounts of savings which would have remained idle is

channelized into setting up of small enterprises. This increases capital formation and investment in the economy.

8. Opportunities for entrepreneurship

Small Scale Industries provide opportunities for entrepreneurs with limited capital. Setting up of an SSI requires less capital and lower investment in technology and machines when compared to large scale enterprises. Therefore small entrepreneurs can start Small Scale Industries easily and succeed. Japan which was devastated by the Second World War became a major economic power because of many small entrepreneurs, who contributed greatly to the nation's development.

9. Cost efficiency

Small scale units can adopt lean production method, which offer better quality and more variety at a lower cost. They can be more cost efficient when compared to large scale units because their expenses are lower.

10. Reducing migration

Migration happens when people living in rural areas are not able to find employment and therefore migrate to urban areas seeking employment. Large scale migration puts tremendous pressure on land, water and other resources in urban areas leading to poor quality of life. Small Scale Industries use the skills and talents of rural craftsmen, artisans etc. They provide gainful employment to those with inherited skills resulting in their economic upliftment. Thus Small Scale Industries help in reducing migration.

11. Suitable for non-standardized products

Large scale enterprises are suitable for manufacturing standardized products on a large scale whereas Small Scale Industries are more suitable for manufacturing non-standardized products.

12. Flexibility in operation

Small scale enterprises are more flexible. They can adapt themselves to changing market requirements very fast and benefit from new opportunities.

13. Quick decisions

Since the enterprise is small and there is not much hierarchy, quick decisions can be taken. Quick decisions are helpful in solving problems in the initial stages and also to exploit market opportunities.

14. Adaptability to change

Small Scale Industries can understand the changing requirements of the customers and adapt themselves much quickly. They can change their procedures, methods and techniques faster and cater to new requirements of their customers.

15. Small market size

In case the market size is small, producing products on a large scale would not be feasible. In such cases, Small Scale Industries are more suitable since they produce limited quantities.

16. Customization

Today customers prefer products tailored to their specific needs. They demand unique products. In such cases where products have to be customized to individual customer needs large scale production would not be suitable. Small Scale Industries are better suited in case products have to be customized.

17. Low social costs

In the case of large scale enterprises, society has to incur high social costs in terms of air and water pollution and environmental degradation. But in the case of small enterprises, such social costs are less.

18. Opportunity for talent

Small Scale Industries provide opportunity for talented individuals who do not have huge funds, to start enterprises on a small scale. Dhirubhai Ambani of Reliance, Karsanbhai Patel of Nirma, Brij Mohan Munjal of Hero Honda, Venugopal Dhoot of Videocon, Sunil Mittal of Bharti Enterprises (Airtel), Narayanamurthy and his co-promoters of Infosys, Ramalinga Raju of Satyam are all examples of entrepreneurs who started their business on a small scale, and through intelligence, determination and commitment have transformed their small companies into large world class players.

19. Lesser industrial disputes

In large scale enterprises workers are more organized and in many large scale enterprises there are strong trade unions. The trade unions fight for the workers rights. If the management fails to accept the demands of the trade unions, the trade unions gherao the management, adopt go slow tactics and strike work. But in small scale enterprises, workers are not well organized and union activity is less. So there is very little possibility of industrial disputes to occur.

20. Personal contact with employees

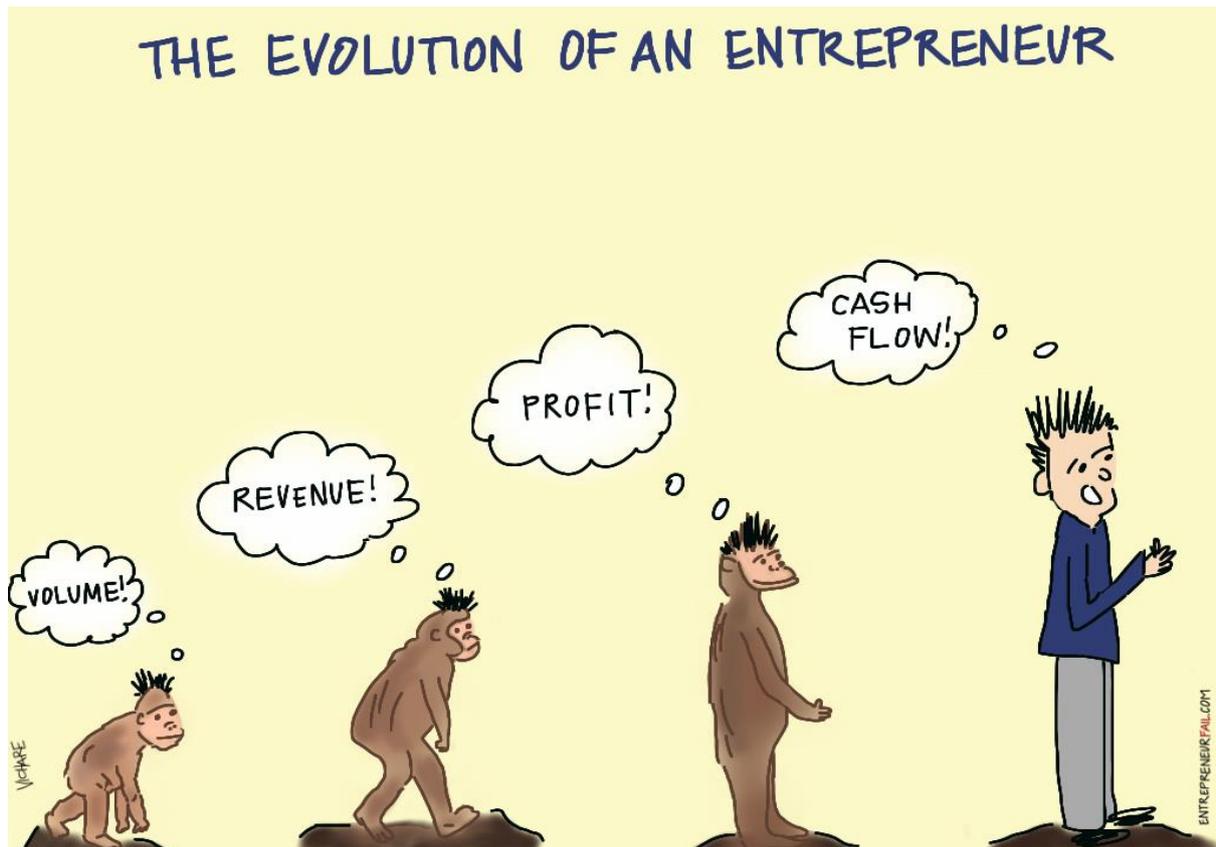
Businesses engaged in small scale production have less number of employees. It is easy to maintain personal contact with employees. Grievances and problems would be known immediately and solved. Therefore there is very little possibility of any industrial dispute.

21. Personal contact with customers

The number of customers is limited and the small scale entrepreneur would be directly involved in the business. Personal contact can be maintained with customers. Their needs and requirements can be understood and satisfied. This results in satisfied customers leading to stable demand.

22. Self interest

Small business is generally run by the sole proprietor of the business. He earns all and risks all. Self interest act as a strong motivator. Therefore he would put in his best efforts to make the business a success.



Problems Faced by Small Business Enterprises:

- Small business enterprises in India face many problems, which come in the way of their growth and prosperity.

These problems could be put into two categories:

- (I) Financial problem – the central problem
- (II) Other problems

Let us have a brief account of the problems of the small sector, comprised in both these categories.

(I) Financial Problem – The Central Problem:

- Small scale industries usually do not have sufficient funds to meet their fixed capital and working capital requirements.

- Institutional lenders are generally reluctant to advance money to small industries since:

1. They are not in a position to offer the guarantee required by financial institutions and:

2. Their capacity to repay the loan is little.

- In fact, inadequate finances are the central problem faced by small-scale enterprises. It is the mother of all other problems of the small scale business sector. For example, problems like outdated technology, lack of professional management, problem of advertising etc. all arise for small scale enterprises; because they do not command requisite funds for meeting these purposes.
- Many small scale enterprises, as a matter of fact, in the past have closed down due to financial crisis.

(II) Other Problems:

- **Other problems, of course, of a serious nature faced by small business enterprises are as follows:**

(i) Faulty Planning:

- Faulty planning is a major problem of the small business. No proper viability studies-technical or economic-are carried out by the small firms; before they are sponsored. Small firms cannot afford the preparation of a project report for which a large unit can pay fat fee to a consultant.

(ii) Shortage of Raw-Material and Other Infrastructural Facilities:

- Small business industries suffer from accurate shortage of basic raw materials. In most of the cases, when raw materials are in short supply, large scale business enterprises grab the entire supply, because of their stronger bargaining position. Small scale enterprises also face lack of other infrastructural facilities like water and power connections. Shortage of power leads to under utilisation of plant capacity.

(iii) Lack of Latest Technology:

- Most of the small firms use old or outdated techniques of production. They cannot afford new machines and equipment based on latest technology; mainly because of financial crunch. As such, the cost of production of small firms is higher and the quality of production is rather inferior.

(iv) Marketing Problems:

- Small firms face severe problems in the sphere of marketing of their products.

Some major marketing problems of the small business are:

1. Lack of funds and facilities for advertising
2. Competition from the big business counterparts on grounds of higher cost and inferior quality (characteristic of small business).
3. Unwillingness of distribution channels to deal in products of small manufacturing units.
4. Lack of providing after sales services, on the part of the small firms.
5. Problem of recoveries or collection, in case goods is sold on credit etc.

(v) Lack of Professional Management and Trained Personnel:

- Small business enterprises have owner based management i.e. owners themselves act as managers. They cannot afford the services of professionalized expert managers; because they cannot pay the required handsome remuneration to them. Alongside professional managers, small business cannot employ qualified and trained manpower, again due to financial crunch.
- In fact, professional managers and other trained personnel get attracted towards multinational corporations and other big industrial and commercial companies; which can afford to provide high salaries and attractive perks to these people.

Growth Strategies For Small Business

Every small business needs a growth strategy to take them from being a small business to becoming a big business. It is important to review your business and then see in what ways you can grow. It is also important to move quickly on a growth strategy as the variables which you choose for a certain growth strategy can change.

Before we look at the various growth strategy options, we need to define what a growth strategy is. A growth strategy is, simply, a plan of how you get from where you are today to where you want to be in the future. It may seem similar to a business plan but this plan is only for you and only focuses on how you will grow. Some of the questions you will consider when coming up with your growth strategy are:

Where will you get new customers from?

How will you expand into new markets?

What new products could you offer?

The answers to these questions will affect the growth strategy which you choose. Here are seven growth strategies to consider:

Market penetration

This is the first growth strategy that most small business look to first. In this strategy we look at the current product and the current market and how we can increase our market share. It is a very competitive strategy as you going head to head with your competition. One way you can increase your market share is by lowering your selling price. The second option is to offer promotions. You can offer trade and sales discounts. This will not only attract current customers but it may encourage new customers to try your product.

Market development

By looking at the different uses for your product or service you could find that there are other markets which you should target. If you sell a health soap and are mainly focused on the healthy lifestyle industry you could also look to breaking into the beauty market. You could also think about selling your product overseas.

Alternative channels

What other channels could you use to sell your product? Maybe you are selling your product only online but you could open up a pop-up shop to sell your products. You could think of a subscription or membership programme to expose and find new clients. With everything going mobile, you could create a mobile app to sell your products on.

Product development

In this strategy, a new product is developed to sell to an existing marketing. It is usual used in markets where the technological development is quick like in electronics and cell phones. For a small business you could use product expansion by adding a new product to your product line, or you could add a new feature to an existing product or you could change a feature of a product which has become obsolete.

Diversification

Diversification is used by small business to enter a new market with a new product. This strategy is seen as a high risk, high returns strategy. The reason for this is that you will need to develop the product and marketing strategy for the new product from scratch. You can do diversification in two ways. You could start a whole new product which is completely unrelated to what you are currently doing or you could look at a product which is different to what you do but still services the same market which you are involved in.

Aquisition

Many big businesses have used this method to buy up the competition or to buy up companies which have the technology they need for their business. A small business may shy away from this but if you have the capital and can purchase a company which can add benefits to your company then you should consider it.

Market segmentation

You may be part of a market and struggling to find your place. This is when you need to divide the market in to smaller segments and focus on a specific market. You need to appeal to that specific market and stake your claim in that part of the market. Red Bull did it when it focused on extreme sports and people who enjoy danger to advertise its brand to extraordinary sportsmen.

If you look at these strategies and choose the one which is beneficial for growth in your small business. You could be the next Rockefeller in the making.

Initiative taken by Indian Government for Development of Small Scale Industries

The support system for SSI in India is quite comprehensive. Many of these agencies belong to the Central Government, while the rest belong to the state governments.

The small scale industry sector output contributes almost 40% of the gross industrial value-added, 45% of the total exports from India (direct as well as indirect exports) and is the second largest employer of human resources after agriculture. The development of small scale sector has therefore been assigned an important role in India's national plans.

In order to protect, support, and promote small enterprises as also to help them become self-supporting, a number of protective and promotional measures have been undertaken by the government.

The promotional measures cover the following:

- i. Industrial extension services,
- ii. Institutional support in respect of credit facilities,
- iii. Provision of developed sites for construction of sheds,
- iv. Provision of training facilities,
- v. Supply of machinery on hire-purchase terms,
- vi. Assistance for domestic marketing as well as exports,
- vii. Special incentive for setting up enterprises in backward areas, etc.
- viii. Technical consultancy and financial assistance for technological up gradation.

While most of the institutional support services and some incentives are provided by the Central Government, others are offered by the state governments in varying degrees to attract investments and promote small industries in varying degrees to attract investments and promote small industries with a view to enhance industrial-production and to generate employment in their respective states.

1. Central Government Agencies:

i. MSME Board:

Micro, Small, and Medium Enterprises Board (MSME Board, formerly known as Small Scale Industries Board, SSI Board) is reconstituted every two years and is headed by the minister-in-charge of Ministry of Micro, Small, and Medium Enterprises in the Government of India.

The Board comprises industry ministers of state governments, secretaries of various departments of Government of India, the heads/senior representatives of financial institutions, public sector undertakings, industry associations and eminent experts in the field.

Objectives:

To facilitate coordination and inter-institutional linkages among various ministries, state governments, banks, financial institutions, MSME associations, etc., the MSME Board has been constituted as the apex advisory body to advise the government on all issues pertaining to the small scale sector.

Functions:

Though a non-statutory body, the MSME Board provides an effective platform for informed debate and facilitates coordination and inter-institutional linkages.

ii. MSME Development Organization (MSMEDO):

Objective:

Established in 1954, the MSME Development Organization (formerly known as the Small Industries Development Organization, SIDO) headed by the Additional Secretary and Development Commissioner (MSME), is one of the apex bodies of the Government of India, Ministry of MSME, to assist the government in formulation of policies and programmes, projects schemes, etc., for the promotion and development of MSME in the country and also coordinating and monitoring the implementation of these policies and programmes, etc.

Promotion and development of MSME is primarily the responsibility of the States and Union Territories (UTs) and the role of the Central Government (including the MSME Development Organization) in this field is to aid and assist the States/UTs in this endeavour.

Functions:

MSME Development Organization functions through a network of MSME development institutes (formerly known as Small Industries Service Institutes), Branch MSME development institutes, regional testing centres (RTCs), field testing Stations (FTSs), and autonomous bodies.

The major functions of MSMEDO include:

- a. Advising the government in policy formulation for the promotion and development of MSME and small scale service and business entities (collectively referred to as small enterprises) and for their graduation to medium enterprises.
- b. Providing techno-economic and managerial consultancy, common facilities, and extension services to small enterprises.
- c. Providing facilities for technology up gradation, modernization, quality improvement and infrastructure of/for small enterprises.
- d. Developing human resources through training and skill up gradation of small entrepreneurs as well as its own manpower.
- e. Providing economic information services to the government and small enterprises.

f. Maintaining liaison with other central ministries, planning commission, state governments, and other organizations concerned with development of small enterprises

iii. MSME Development Institutes:

There are 30 MSME development institutes (formerly Small Industries Service Institutes, SISI) and 28 branch MSME development institutes set up in state capitals and other industrial cities all over the country.

Functions:

The main functions of these institutions are as follows:

- a. Assistance/consultancy to prospective entrepreneurs
- b. Assistance/consultancy rendered to existing units
- c. Preparation of state industrial profiles
- d. Preparation/up gradation of district industrial potential surveys
- e. Project profiles
- f. Entrepreneurship development programmers
- g. Motivational campaigns
- h. Production index
- i. Management development programmes
- j. Energy conservation
- k. Pollution control
- l. Quality control and up gradation
- m. Export promotion
- n. Ancillary development
- o. Common facility workshop/labs
- p. Preparation of directory of specific industry
- q. Intensive technical assistance
- r. Coordination with district industries centres
- s. Linkage with state government functionaries
- t. Market surveys

MSME development institutes and their branches have common facility workshops in various trades. There is at present 42 such common facility workshops attached to MSME development institutes.

iv. MSME Technology Development Centres:

There are six MSME technology development centres (formerly known as Product-cum-Process Development Centres, PPDCs) at Kannauj (U.P.), Firozabad (U.P.), Meerut (U.P.), Agra (U.P.), Ramnagar (Uttaranchal), Mumbai (Maharashtra).

Functions:

The functions of these technology development centres are:

- a. Research and development in areas of dense industry clusters
- b. Product design and innovation
- c. Product and process improvement and development of improved packaging techniques
- d. Common facility centre
- e. Manpower development/training

MSME technology development centres – Footwear (formerly central footwear training institutes, CFTIs) at Agra and Chennai serve the primary objective of human resources development in the footwear sector.

Both the institutes at Agra and Chennai are modernized with UNDP assistance under national leather department programme and fully equipped with state-of-the-art machinery to impart training in the modern methods of footwear manufacturing. The functions of these institutes are to develop footwear designing to promote exports and to provide training for manpower in footwear industry.

v. MSME Testing Centres and MSME Testing Stations:

MSME testing centres (formerly known as regional testing centres) provide testing and calibration facilities to industries in general and small scale industries in particular for raw materials, semi-finished and finished products manufactured by them. At present, there are four MSME testing centres located at Delhi, Mumbai, Chennai, and Kolkata. Besides, there are seven MSME testing stations located at Jaipur, Bhopal, Kolhapur, Bangalore, Hyderabad, and Chenganacherry.

These MSME testing stations provide testing facilities, in the area of cluster of industries and some strategic industrial locations. These centres as well as stations are equipped with the state-of-the-art indigenous and important equipments in the disciplines of chemical, mechanical, metallurgical, and electrical engineering to undertake performance test, type test, and acceptance test of semi-finished, finished products, etc.

The centres also undertake calibration works for measuring instruments and equipments conforming to international standards. The MSME testing centres are accredited by internationally recognized national accreditation board of testing and calibration laboratories (NABL) certification as per ISO17025.

Functions:**Major functions of MSME testing centres and MSME testing stations are:**

- a. Provide testing facilities for quality upgradation
- b. Training/consultancy in testing, quality control and quality management
- c. Process quality control systems, etc.
- d. Product specific testing facilities are provided by MSME testing stations

vi. Coir Board:

Coir is the fibre obtained from the husk of coconut, used chiefly in making rope and matting. Coir Board is a statutory body established by the Government of India under a legislation enacted by the Parliament namely, Coir Industry Act 1953 (45 of 1953) for the promotion and development of Coir Industry in India as a whole.

Functions:**Major functions of the Coir Board are:**

- a. Promoting exports of coir yarn and coir products and carrying on propaganda for that purpose;
- b. Regulating, under the supervision of the Central Government, the production of husks, coir yarn, and coir products by registering coir spindles and looms for manufacturing coir products as also manufacturers of coir products, licensing exporters of coir yarn and coir products, and taking such other appropriate steps as may be prescribed;
- c. Undertaking, assisting or encouraging scientific, technological and economic research and assisting the maintenance of one or more research institutes;
- d. Collecting statistics from manufacturers of, and dealers in, coir products and from such other persons as may be prescribed, on any matter relating to the coir industry, the publication of statistics so collected or portions thereof or extracts thereof;
- e. Fixing grade standards, and arranging when necessary, for inspection of coir fibre, coir yarn and coir products;
- f. Improving the marketing of coconut husk, coir fiber, coir yarn, and coir products in India and elsewhere and preventing unfair competition;
- g. Setting up or assisting in the setting up of factories for the producers of coir products with the aid of power;
- h. Promoting cooperative organization among producers of husks, coir fibre and coir yarn and manufacturers of coir products;
- i. Ensuring remunerative returns to producers of husks, coir fibre, and coir yarn and manufacturers of coir products;

- j. Licensing of retting places and warehouses and otherwise regulating the stocking and sale of coir fibre, coir yarn, and coir products, both for the internal market and for exports;
- k. Advising on all matters relating to the development of the coir industry;
- l. Such other matters as may be prescribed.

vii. MSME Tool Rooms/Tool Design Institutes:

MSME Tool Rooms/Tool Design Institutes are autonomous bodies under the Ministry of MSME. There are 10 tool rooms in the country to assist SSI units in their technical up gradation by providing good quality tooling's to meet the growing need and to assist SSI units with the assistance of countries such as Denmark and Federal Republic of Germany who have provided the sophisticated machines with latest technology.

Some of the tool rooms have also been set up with the assistance of UNIDO/ ILO. These tool rooms are located at Indore, Ahmedabad, Ludhiana, Hyderabad, Bhubaneswar, Jamshedpur, Calcutta, Jalandhar, and Nagpur.

State Government run tool rooms are at Lucknow, Delhi, Bangalore, Mysore, and Goa. These tool rooms are equipped with latest imported equipments like CAD/CAM and specialized CNC machines like CNC milling, CNC copy milling, CNC EDM- sparkerosion, CNC wire cut, profile grinding, jig boring, jig grinding, vacuum heat treatment, etc. to provide tooling of international standards at competitive rates.

Functions:

These tool rooms serve the industries in areas indicated below:

a. Tool Design and Production:

- (a) Design and manufacture of dies and tools, mould, jigs and fixtures, gauges and tool components, etc. (up to 1 micron accuracy).
- (b) Computer aided design and computer aided manufacturing (CAD/ CAM).
- (c) Heat treatment of all types of steels.
- (d) Quality control and testing.

b. Training and Consultancy:

- (a) Industry-based long-term training for tool and die makers.
- (b) Short-term training for managers and supervisors, to upgrade their knowledge and skill.
- (c) Need-based technical training for skilled workers/tool-makers/machinists, etc.
- (d) Training in CNC technology, inspection, quality control, testing, etc. Entrepreneurship development institutes (EDIs)

viii. Entrepreneurship Development Institutes (EDIs): There are three national level Entrepreneurship Development Institutes:

a. National Institute of Micro, Small and Medium Industry Extension Training (NIMSMIET), Hyderabad.

b. National Institute for Entrepreneurship and Small Business Development (NIESBUD), New Delhi, which conducts national and international level training programmes in different fields and disciplines.

c. Indian Institute of Entrepreneurship (IIE), Guwahati. The main objective of the institute is to act as a catalyst for entrepreneurship development with its focus on the North East.

ix. National Small Industries Corporation:

Since its establishment in 1955, the National Small Industries Corporation Ltd (NSIC), has been working to fulfill its mission of promoting, aiding and, fostering the growth of small scale industries in the country. Over a period of five decades of transition, growth and development, NSIC has proved its strength within the country and abroad by promoting modernization, up gradation of technology, quality consciousness, strengthening linkages with large and medium enterprises and enhancing exports—projects and products from small industries.

NSIC operates through 9 zonal offices, 33 branch offices, 14 sub-offices, 10 NSIC business development extension offices, 5 technical services centres, 3 extension centres, and 2 software technology parks supported by a team of over 500 professionals spread across the country. To manage operations in African countries, NSIC operates from its office in Johannesburg.

Functions:

NSIC carries forward its mission to assist small enterprises with a set of specially tailored schemes designed to put them in a competitive and advantageous position. The schemes comprise of facilitating marketing support, credit support, technology support, and other support services.

x. Small Industries Development Bank of India:

Established on 2 April 1990, the Small Industries Development Bank of India (SIDBI) is the principal development financial institution for promotion, financing and development of industries in the small scale sector and for coordinating the functions of other institutions engaged in similar activities. SIDBI has the mission to empower the MSME sector with a view to contribute to the process of economic growth, employment generation, and balanced regional development.

Functions:

SIDBI performs the following major functions:

a. Indirect Finance:

Refinance scheme is used for catering to the need of funds of eligible primary lending institutions (PLIs) like state financial corporations, state industrial development corporations, scheduled commercial banks both in the public and private sector, etc. for financing small scale industries. Under the scheme, SIDBI grants refinance against term loans granted by the

eligible PLIs to industrial concerns for setting up industrial projects in the small scale sector as also for their expansion/ modernisation/diversification.

b. Direct Finance:

Through 38 of SIDBI's own offices by means of several tailor-made schemes to provide financial assistance to specific SSI target groups.

c. Promotional and Developmental Activities:

Like human resource development in SSI sector, technology up gradation, programmes on environment and quality management, market promotion, information dissemination, etc. by involving accredited non-governmental organizations, voluntary organizations, scientific and research institutions, technology institutions, management institutions, etc.

Contribution of Small Scale Industries in Socio – Economic Development of India:

Small Scale industries play an important role in ensuring the progress of developing countries such as India. The following points highlight their contribution:

(a) Market share: SSIs make up 95% of the industrial units in India. They contribute about 40% of the 'gross industrial value added' and 45% of India's total exports.

(b) Regional Balance: SSUs produce simple products and use their basic technology. In addition, these industries do not require heavy capital investment, and therefore, they can be set up by anyone anywhere across the country. Small units not only benefit the particular region where it is established but also help reduce the regional disparities in industrial development among different regions of a country.

(c) Employment Generation: As SSIs use labour – intensive production techniques, they have a greater employment generation potential than large industry. More over, the skill required to perform jobs in SSIs are usually not very specific, which further increase their scope for generating employment

(d) Wide Range of Production: Small Scale units produce a large variety of consumer products, such as stationery items, safety latches, handicrafts, vegetables and processed food. Besides SSIs also produce a few item by using technology, such as calculators, TV and engineering goods.

(e) Customised Goods: Small industrial units adopt perfectly to specific needs of consumer, as SSIs use simple and highly flexible production techniques, they can provide their customer with goods best suited to the customers tastes and preferences.

What is Unemployment?

Unemployment is a term referring to individuals who are employable and seeking a job but are unable to find a job. Furthermore, it is those people in the workforce or pool of people who are available for work that does not have an appropriate job. Usually measured by the unemployment rate, which is dividing the number of unemployed people by the total number of people in the workforce, unemployment serves as one of the of an economy's status.



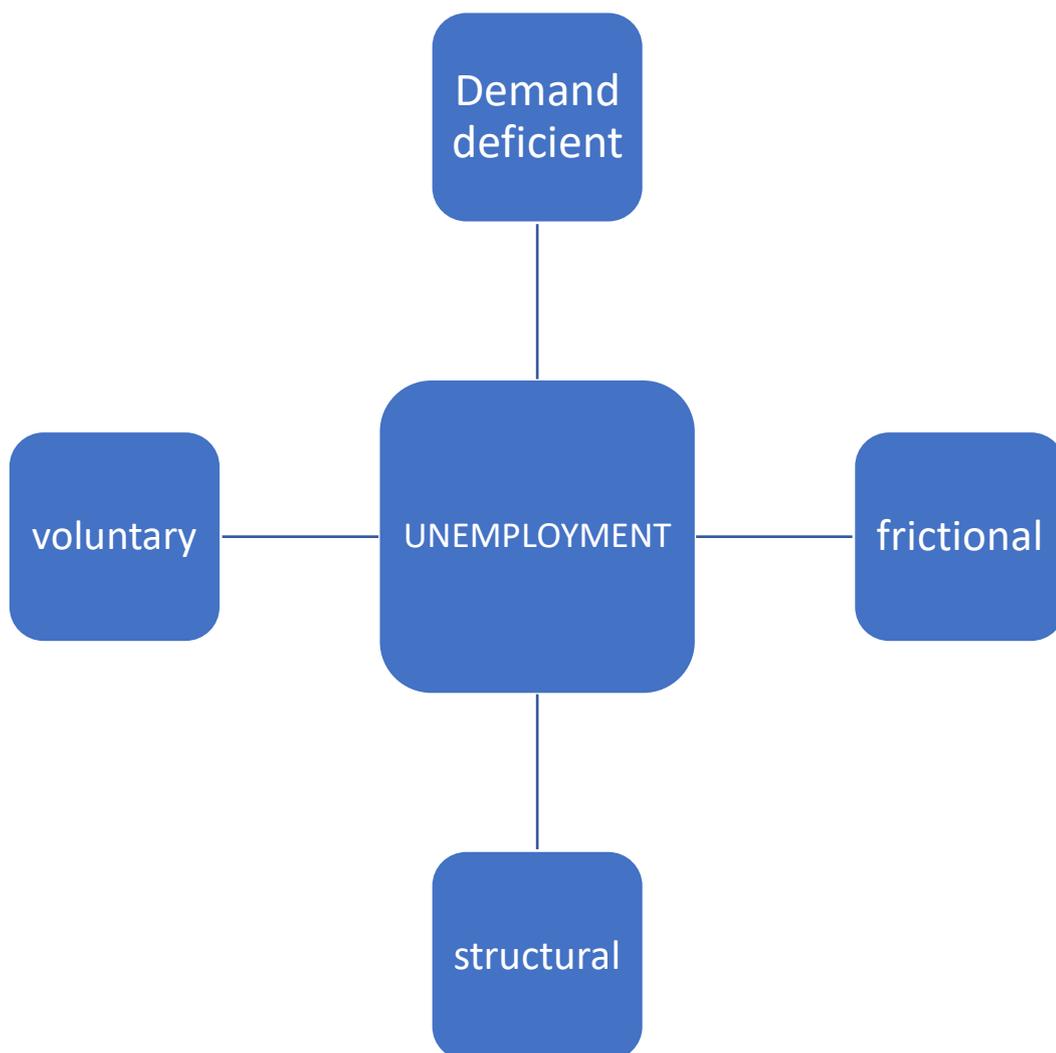
Looking deeper into unemployment

The term “unemployment” can be tricky and often confusing, but it certainly includes people who are waiting to return to a job after being discharged. However, it does not anymore

encompass individuals who have stopped looking for a job in the past four weeks due to various reasons such as leaving work to pursue higher education, disability, and personal issues. Even people who are not actively seeking a job anywhere but actually want to find one are not considered unemployed.

Interestingly, people who have not looked for a job in the past four weeks but have been actively seeking one in the last 12 months are put into a category called the “marginally attached to the labor force.” Within this category is another category called “discouraged workers,” which refers to people who have lost all their hope of finding a job.

TYPES OF UNEMPLOYMENT



1 Demand deficient unemployment

This is the biggest reason of unemployment that happens especially during a recession. When there is decrease in the demand for the company's products or services, they'll most likely cut back on their production, making it unnecessary to retain a wide workforce within the organization. In effect, workers are laid off.

2 Frictional unemployment

Frictional unemployment refers to workers who are in between jobs. An example is a worker who recently quit or was fired and is looking for a job in an economy that is not experiencing a recession. It is not an unhealthy thing because it is usually caused by workers looking for a job that is most suitable to their skills.

3 Structural unemployment

Structural unemployment happens when the skills set of a worker does not match the skills demands of the jobs available or if the worker cannot reach the geographical location of a job. An example is a teaching job that requires relocation to China, but the worker cannot secure a work visa due to certain visa restrictions. It can also happen when there is a technological change in the organization, such as workflow automation.

4 Voluntary unemployment

Voluntary unemployment happens when a worker leaves a job because it is no longer financially fulfilling. An example is a worker whose take-home pay is less than his or her cost of living.

Causes of unemployment

Unemployment is caused by various reasons that come from both the demand side, or employer, and the supply side, or the worker.

From the demand side, it may be caused by high interest rates, global recession, and financial crisis. From the supply side, frictional unemployment and structural employment play a great role.



The following are the main causes of unemployment:

(i) Caste System:

In India caste system is prevalent. The work is prohibited for specific castes in some areas.

In many cases, the work is not given to the deserving candidates but given to the person belonging to a particular community. So this gives rise to unemployment.

(ii) Slow Economic Growth:

Indian economy is underdeveloped and role of economic growth is very slow. This slow growth fails to provide enough unemployment opportunities to the increasing population.

(iii) Increase in Population:

Constant increase in population has been a big problem in India. It is one of the main causes of unemployment. The rate of unemployment is 11.1% in 10th Plan.

(iv) Agriculture is a Seasonal Occupation:

Agriculture is underdeveloped in India. It provides seasonal employment. Large part of population is dependent on agriculture. But agriculture being seasonal provides work for a few months. So this gives rise to unemployment.

(v) Joint Family System:

In big families having big business, many such persons will be available who do not do any work and depend on the joint income of the family.

Many of them seem to be working but they do not add anything to production. So they encourage disguised unemployment.

(vi) Fall of Cottage and Small industries:

The industrial development had adverse effect on cottage and small industries. The production of cottage industries began to fall and many artisans became unemployed.

(vii) Slow Growth of Industrialisation:

The rate of industrial growth is slow. Though emphasis is laid on industrialisation yet the avenues of employment created by industrialisation are very few.

(viii) Less Savings and Investment:

There is inadequate capital in India. Above all, this capital has been judiciously invested. Investment depends on savings. Savings are inadequate. Due to shortage of savings and investment, opportunities of employment have not been created.

(ix) Causes of Under Employment:

Inadequate availability of means of production is the main cause of under employment. People do not get employment for the whole year due to shortage of electricity, coal and raw materials.

(x) Defective Planning:

Defective planning is the one of the cause of unemployment. There is wide gap between supply and demand for labour. No Plan had formulated any long term scheme for removal of unemployment.

(xi) Expansion of Universities:

The number of universities has increased manifold. There are 385 universities. As a result of this educated unemployment or white collar unemployment has increased.

(xii) Inadequate Irrigation Facilities:

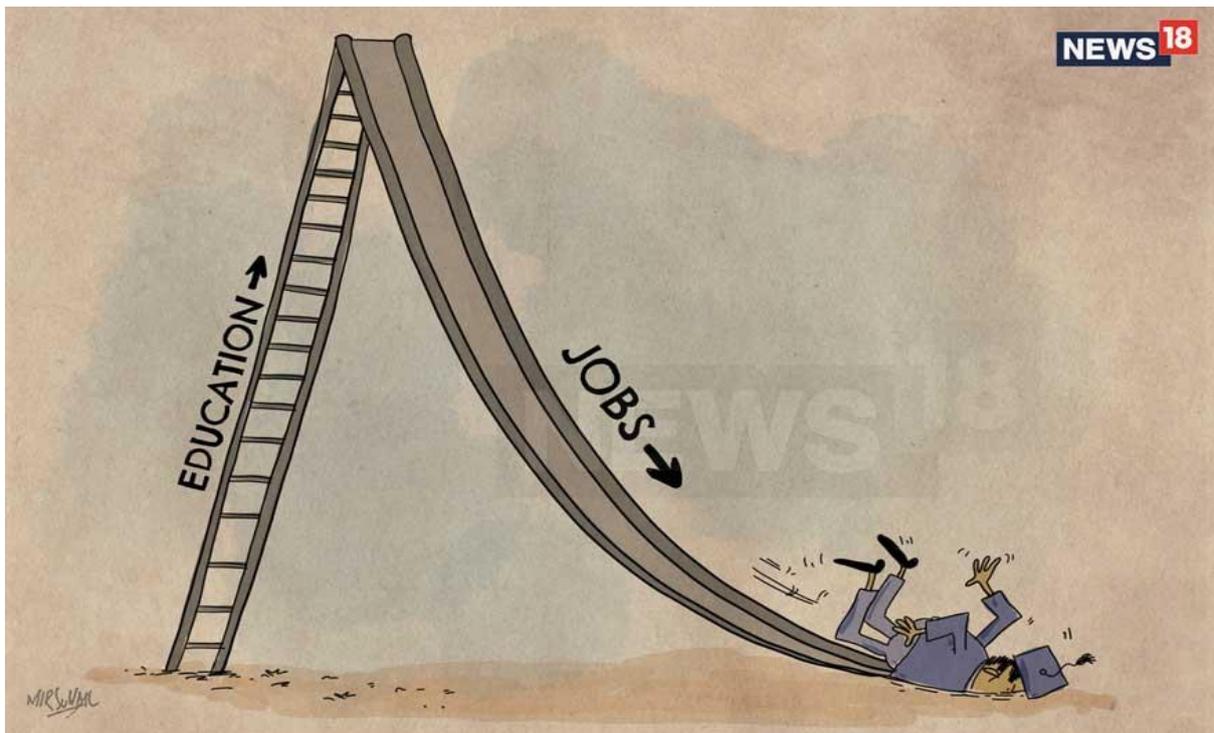
Even after the completion of 9th five plans, 39% of total cultivable area could get irrigation facilities.

Due to lack of irrigation, large area of land can grow only one crop in a year. Farmers remain unemployed for most time of the year.

(xiii) Immobility of labour:

Mobility of labour in India is low. Due to attachment to the family, people do not go to far off areas for jobs. Factors like language, religion, and climate are also responsible for low mobility. Immobility of labour adds to unemployment.

All these factors add to unemployment.



Effects

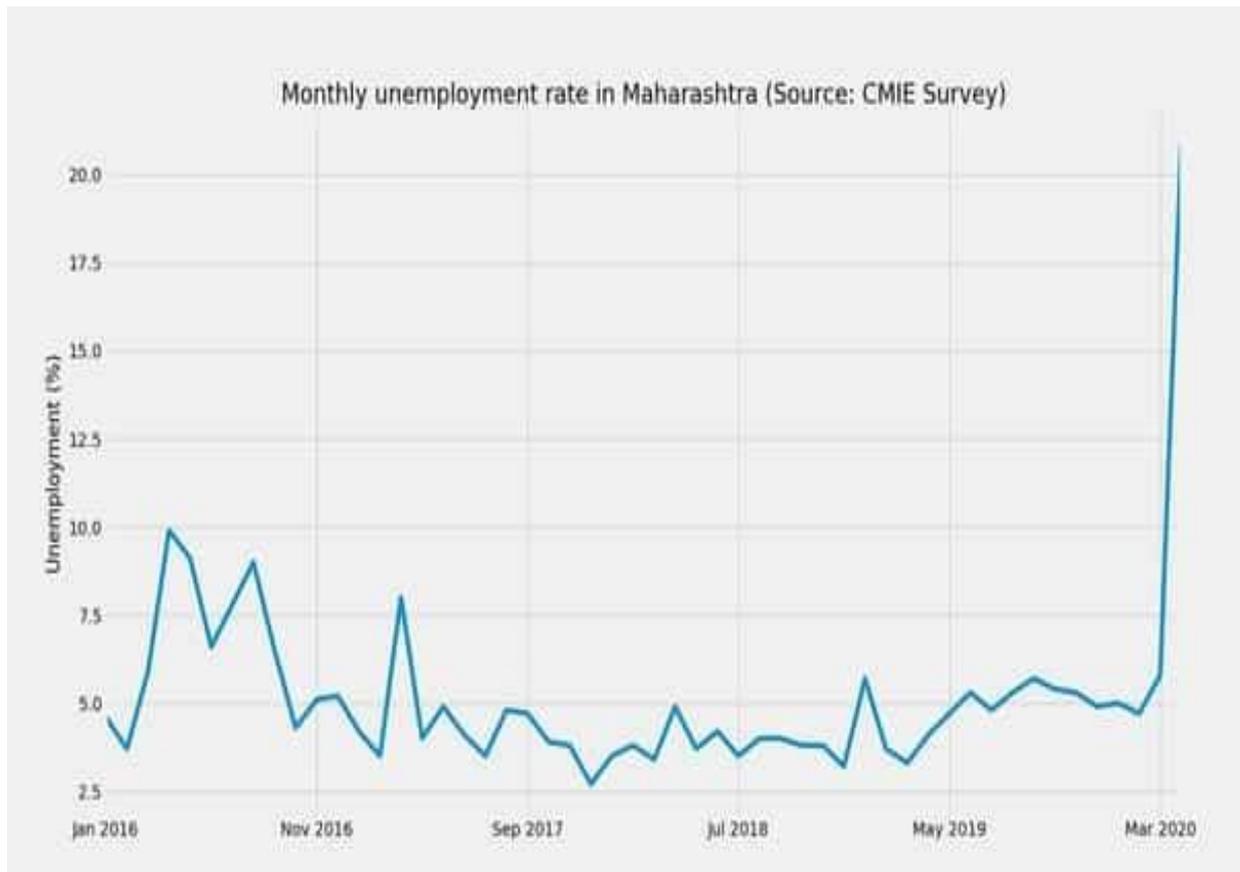
The impact of unemployment can be felt by both the workers and the national economy and can create a ripple effect.

Unemployment causes workers to suffer financial difficulties that may lead to emotional destruction. When it happens, consumer spending, which is one of an economy's key drivers of growth, goes down, leading to a recession or even a depression when left unaddressed.

Unemployment results in lowered purchasing power, which, in turn, causes lowered profits for businesses and leads to budget cuts and workforce reductions. It creates a cycle that goes on and on and on. Everyone loses in the end.

Rate of Unemployment in Maharashtra:

Unemployment in Maharashtra was less than the national rate of 23.5%. Nationwide, unemployment was highest in Jharkhand, Bihar, and Delhi at 59.2%, 46.2%, and 44.9% respectively. It was lowest in Uttarakhand, Assam, and Odisha at 8.0%, 9.6%, and 9.6% respectively. Tap or mouseover on a state in the map below to see unemployment numbers for it.



Suggestions:

Following are the suggestions to solve unemployment problem:

(i) Change in industrial technique:

Production technique should suit the needs and means of the country. It is essential that labour intensive technology should be encouraged in place of capital intensive technology.

(ii) Policy regarding seasonal unemployment:

Seasonal unemployment is found in agriculture sector and agro based industries.

To remove it:

- (a) Agriculture should have multiple cropping,
- (b) Plantations, horticulture, dairying and animal husbandry should be encouraged,
- (c) Cottage industries should be encouraged.

(iii) Change in education system:

Educational pattern should be completely changed. Students who have liking for higher studies should be admitted in colleges and universities. Emphasis should be given on vocational education. Qualified engineers should start their own small units.

(iv) Expansion of Employment exchanges:

More employment exchanges should be opened. Information regarding employment opportunities should be given to people.

(v) More assistance to self employed people:

Most people in India are self employed. They are engaged in agriculture, trade, cottage and small scale industries etc. These persons should be helped financially, providing raw materials and technical training.

(vi) Full and more productive employment:

The main objective of country's employment policy should be to increase employment opportunities and productivity of labour. Govt. should adopt a policy that provides employment to all people.

(vii) Increase in Production:

To increase employment, it is essential to increase production in agriculture and industrial sectors. Development of small and cottage industries should be encouraged.

(viii) More importance to employment programmes:

In five year plans more importance should be given to employment. The programmes like irrigation, roads, flood control, power, agriculture, rural electrification can provide better employment to people.

(ix) High rate of capital formation:

Rate of capital formation in the country should be accelerated. Capital formation should be particularly encouraged in such activities which generate greater employment opportunities. Capital output ratio should be kept low.

(x) Industries in co-operative sector:

Industries in co-operative sector should be encouraged. Kerala Govt.' set up a textile mill covering 600 unemployed persons on co-operative basis. This is a novel approach to fight against unemployment. Different State Govt. should take necessary steps in this direction.

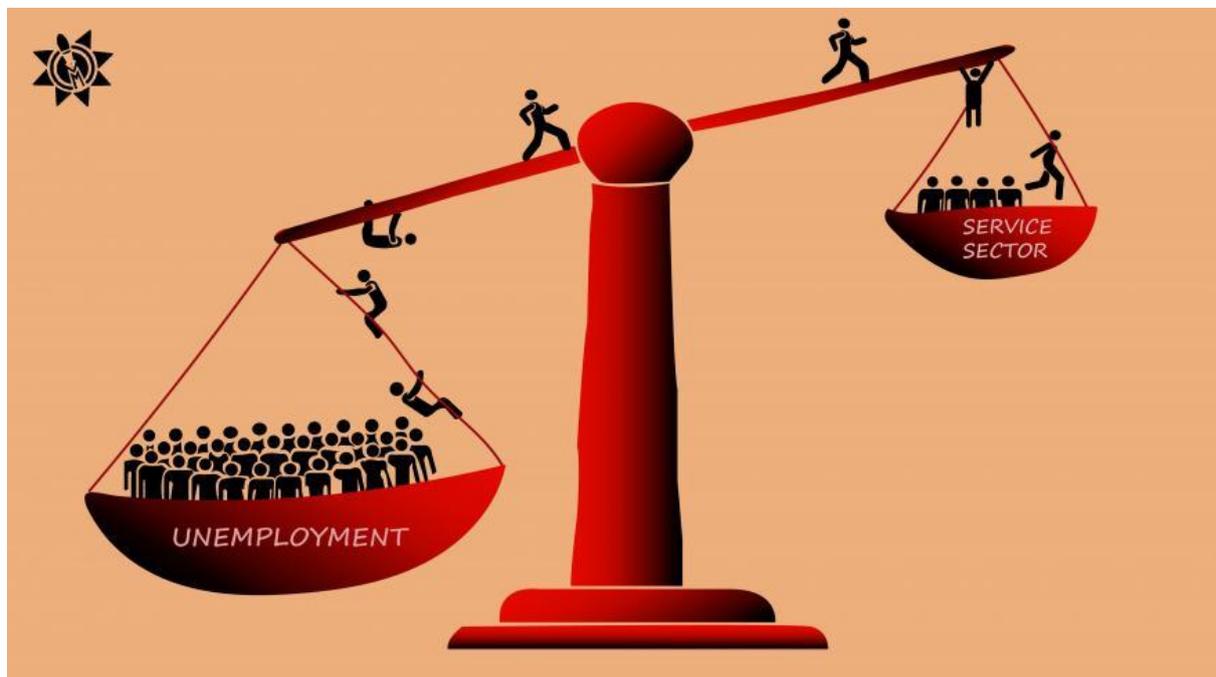
(xi) Decentralisation of industrial activity:

Decentralisation of Industrial activity is necessary to reduce unemployment. If industrial activities are centralised at one place, there will be less employment opportunities in the under developed areas. So Govt. should adopt such policies which encourage decentralisation of industrial activity.

(xii) Population control:

The growth of population should be checked in order to solve unemployment, problem. Family planning programme should be implemented widely and effectively.

Strategies for reduction in Unemployment



1. Use of Labour-intensive Technology:

Both the organised and un-organised sectors must adopt labour-intensive technology if sufficient employment opportunities are to be generated in both the rural and urban sectors of the economy.

The decline in employment elasticity of output growth is primarily due to the increasing trend in capital intensity in the organised industrial sector as well as in agriculture.

Increasing mechanization of agriculture in various states has lowered the employment elasticity of growth of agricultural output. Therefore, for raising labour intensity, suitable monetary and fiscal measures need to be adopted to discourage the use of capital-intensive techniques.

Of course, the use of labour-intensive techniques with lower productivity of workers in the industry and agriculture may lower the growth of output. Thus, there might be some trade off between employment and growth of output. In our view due to the seriousness of unemployment problem some output growth should be sacrificed for the sake of more employment.

2. Accelerating Investment in Agriculture:

Second, an important reason for slow growth of employment in agriculture and rural sector has also been a shortfall in investment or capital formation in agriculture. Both the public and private sector investment in agriculture has declined since the early nineties. Of special importance from the viewpoint of employment generation is investment in irrigation, rural roads, flood control projects, power generation and other infrastructure.

It is worth noting that investment not only generates employment directly but also has a multiplier effect which operates through backward and forward linkages. Therefore, UPA government's Common Minimum Programme (CMP) which provides for stepping up of investment in agriculture and rural infrastructures is a greatly welcome step for employment generation.

The announcement by the government to furnish more credit to farmers at lower than market rates of interest from commercial banks will also ensure that the small and medium farmers will be able to buy fertilizers, other high-yielding inputs, and arrange for their irrigation.

This will raise their productivity and tend to reduce underemployment and disguised unemployment. Despite more than five decades of planned industrial development, agriculture continues to be principal source of employment in the Indian economy. Though the share of GDP from agriculture has come down to around 22 per cent, still about 58 per cent of labour force continues to be employed in agriculture. In fact, agriculture continues to be the parking lot of the unemployed in the country.

But a good number of persons engaged in agriculture and related activities are not productively employed. In fact there is widespread under-employment and disguised unemployed. Economic reforms initiated in 1991 have by and large neglected agriculture which even now does not get enough credit from commercial banks.

No wonder that there has been a fall in investment or capital formation in agriculture both by the private and public sectors. This is an important reason why employment opportunities in agriculture have not risen much causing increase in rural unemployment. Now, UPI (United

Progressive Alliance) government with Dr. Manmohan Singh as Prime Minister, has set before itself the task of making substantial investment in agriculture so as to generate enough employment opportunities in this sector.

3. Diversification of Agriculture:

Besides there is urgent need for diversification of agriculture. For example, there is an urgent need for a relative shift from growing of crops to horticulture, vegetable production, floriculture, animal husbandry, fisheries etc. which are more labour absorbing and higher income-yielding. In addition to this, promotion of agro-processing industries for export purposes has a large employment potential.

For the rapid growth of employment opportunities in agriculture and related sectors and agro-processing industries, investment in infrastructure including irrigation, rural roads, power supply, and development of agricultural markets are required.

4. Labour-Intensive Industrial Growth:

For solving unemployment problem in the urban areas, the organised industrial sector must also absorb a sufficient number of workers. The failure of the organised industrial sector to generate enough employment opportunities is due to the use of capital-intensive technologies imported from abroad.

The tendency to use the higher capital-intensive technology by the Indian industries in the post reform period has been intensified because they are trying to improve competitiveness to face competition from imported commodities.

The other factor responsible for the use of higher capital intensive technologies is the factor-price distortions such as cheap capital and relatively higher wages of workers who have strong labour unions. Capital has become relatively cheap due to various fiscal concessions such as liberal depreciation and investment allowance and low interest rates on borrowed funds for investment. Consequent to the use of high capital-intensive technologies in our industries the labour productivity has been increasing while employment has been growing at a snail pace.

Therefore, to encourage the use of relatively more labour-intensive technologies and thereby to generate more employment opportunities, fiscal and monetary concessions mentioned above on use of capital must be withdrawn. In this case there is bound to be some loss of workers' productivity. Therefore, this will involve some trade-off between employment and output. In our view, because unemployment problem is very serious and greatly hurts people's welfare, some growth of output is worth sacrificing for more employment opportunities.

5. Services and Employment Growth:

The growth of services in India has a large employment potential. In 1993-94 to 1999-2000, next to the construction sector the employment elasticity of output growth in services was higher and was estimated at about 0.50. Of special mention are software services and BPO (Business Processing Outsourcing) which have a lot of employment potential, especially for the educated youth of the country.

The other services such as finance, insurance, trade, hotels, and restaurants have also a lot of employment potential. But an important thing to note is that growth of these services is dependent on industrial and agricultural growth in the economy.

6. Education, Health and Employment Generation:

Lastly, the expansion of education and health care not only promotes accumulation of human capital and thereby contributes to growth of output, it will also generate a good deal of employment opportunities. More schools, hospitals, health care clinics in the rural and urban areas will not only create employment during their construction but also, and more important, when they start working to provide education and health services. Their working provides employment to both the educated and unskilled persons. Therefore, a higher allocation of resources is required to be made for them in government budgets and in our future plans.

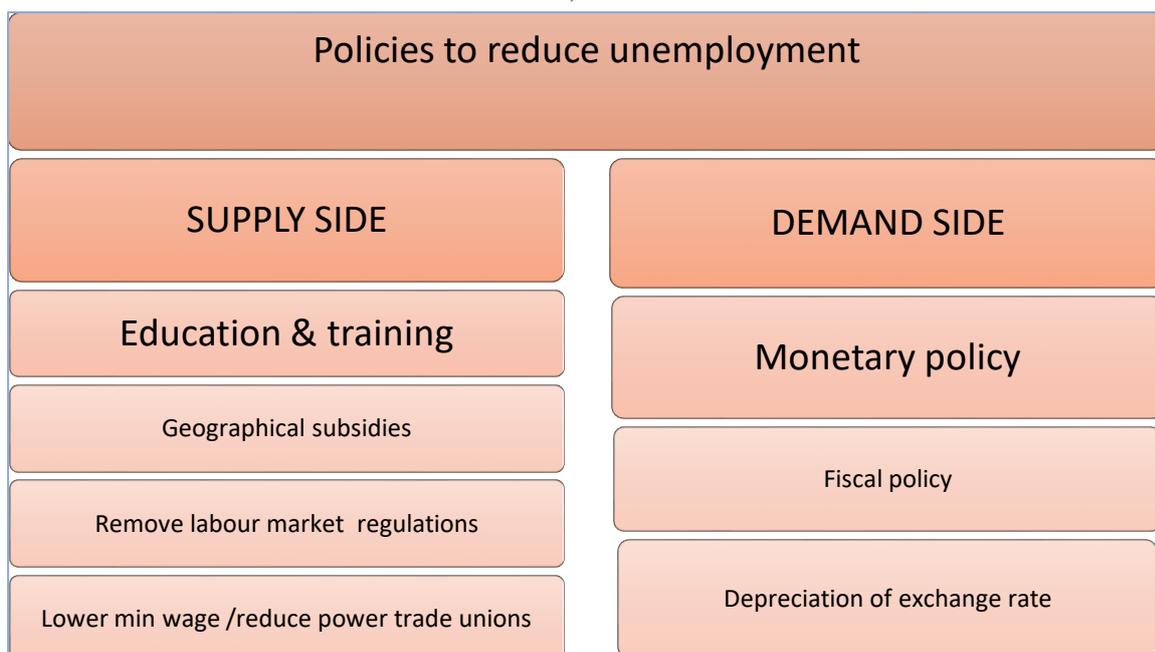
Policies for reducing Unemployment:

There are two main strategies for reducing unemployment –

- Demand side policies to reduce demand-deficient unemployment (unemployment caused by recession)
- Supply side policies to reduce Structural Unemployment / (the natural rate of unemployment)

A quick list of policies to reduce unemployment

1. Monetary policy – cutting interest rates to boost aggregate demand (AD)
2. Fiscal policy – cutting taxes to boost AD.
3. Education and training to help reduce structural unemployment.
4. Geographical subsidies to encourage firms to invest in depressed areas.
5. Lower minimum wage to reduce real wage unemployment.
6. More flexible labour markets, to make it easier to hire and fire workers.



1. Fiscal Policy

Fiscal policy can decrease unemployment by helping to increase aggregate demand and the rate of economic growth. The government will need to pursue expansionary fiscal policy; this involves cutting taxes and increasing government spending. Lower taxes increase disposable income (e.g. VAT cut to 15% in 2008) and therefore help to increase consumption, leading to higher aggregate demand (AD).

With an increase in AD, there will be an increase in Real GDP (as long as there is spare capacity in the economy.) If firms produce more, there will be an increase in demand for workers and therefore lower demand-deficient unemployment. Also, with higher aggregate demand and strong economic growth, fewer firms will go bankrupt meaning fewer job losses.

Keynes was an active advocate of expansionary fiscal policy during a prolonged recession. He argues that in a recession, resources (both capital and labour) are idle. Therefore the government should intervene and create additional demand to reduce unemployment.

Impact of Higher AD on Economy

This shows an increase in AD causing higher real GDP. The increase in output leads to firms needing more workers.

However,

1. It depends on other components of AD. e.g. if confidence is low, cutting taxes may not increase consumer spending because people prefer to save. Also, people may not spend tax cuts, if they will soon be reversed.
2. Fiscal policy may have time lags. E.g., a decision to increase government spending may take a long time to affect aggregated demand (AD).
3. If the economy is close to full capacity, an increase in AD will only cause inflation. Expansionary fiscal policy will only reduce unemployment if there is an output gap.
4. Expansionary fiscal policy will require higher government borrowing – this may not be possible for countries with high levels of debt, and rising bond yields.
5. In the long run, expansionary fiscal policy may cause crowding out, i.e. the government increase spending but because they borrow from the private sector, they have less to spend, and therefore AD doesn't increase. However, Keynesians argue crowding out will not occur in a liquidity trap.

2. Monetary policy

Monetary policy would involve cutting interest rates. Lower rates decrease the cost of borrowing and encourage people to spend and invest. This increases AD and should also help to increase GDP and reduce demand deficient unemployment.

Also, lower interest rates will reduce exchange rate and make exports more competitive.

In some cases, lower interest rates may be ineffective in boosting demand. In this case, Central Banks may resort to Quantitative easing. This is an attempt to increase the money supply and boost aggregate demand. See: Quantitative easing.

Evaluation

- Similar problems to fiscal policy. e.g. it depends on other components of AD.
- Lower interest rates may not help boost spending if banks are still reluctant to lend.
- Demand side policies can contribute to reducing demand deficient unemployment e.g. in a recession. However, they cannot reduce supply side unemployment. Therefore, their effectiveness depends on the type of unemployment that occurs.

Supply side policies for reducing Unemployment

Supply side policies deal with more micro-economic issues. They don't aim to boost overall aggregate demand but seek to overcome imperfections in the labour market and reduce unemployment caused by supply side factors. Supply side unemployment includes:

- Frictional
- Structural
- Classical (real wage)

Policies to reduce supply-side unemployment

1. Education and training. The aim is to give the long-term unemployed new skills which enable them to find jobs in developing industries, e.g. retrain unemployed steel workers to have basic I.T. skills which help them find work in the service sector. – However, despite providing education and training schemes, the unemployed may be unable or unwilling to learn new skills. At best it will take several years to reduce unemployment.

2. Reduce the power of trades unions. If unions can bargain for wages above the market clearing level, they will cause real wage unemployment. In this case reducing the influence of trades unions (or reducing Minimum wages) will help solve this real wage unemployment.

3. Employment subsidies. Firms could be given tax breaks or subsidies for taking on long-term unemployed. This helps give them new confidence and on the job training. However, it will be quite expensive, and it may encourage firms to just replace current workers with the long-term unemployment to benefit from the tax breaks.

4. Improve labour market flexibility. It is argued that higher structural rates of unemployment in Europe is due to restrictive labour markets which discourage firms from employing workers in the first place. For example, abolishing maximum working weeks and making it easier to hire and fire workers may encourage more job creation. However,

increased labour market flexibility could cause a rise in temporary employment and greater job insecurity.

5. Stricter benefit requirements. Governments could take a more pro-active role in making the unemployed accept a job or risk losing benefits. After a certain period, the government could guarantee a public sector job (e.g. cleaning streets). This could significantly reduce unemployment. However, it may mean the government end up employing thousands of people in unproductive tasks which is very expensive. Also, if you make it difficult to claim benefits, you may reduce the claimant count, but not the International Labour force survey.

6. Improved geographical mobility. Often unemployed is more concentrated in certain regions. To overcome this geographical unemployment, the government could give tax breaks to firms who set up in depressed areas. Alternatively, they can provide financial assistance to unemployed workers who move to areas with high employment. (e.g. help with renting in London)

7. Maximum working week. It has been suggested a maximum working week of (for example 35 hours) would lead to firms needing to hire more workers and reduce unemployment.

- However, a maximum working week may increase a firms costs and therefore they are not willing to hire more. Also, there is no certainty a firm will respond to a cut in hours by employing more – they may try to increase productivity. Those with wrong skills will still face same problem.

1.2 Objectives:

OBJECTIVES OF THE STUDY:

1. To study and understand about various small scale Industries (SSI's).
2. To study and analysed the role of small scale Industries (SSI's) in generation of employment.
3. To study and understand the scope of small scale industries.
4. To study and analyse the problems faced by small scale industries.
5. To understand the effect and cause of unemployment.
6. To know the reason behind unemployment.
7. To study the initiative taken by small scale industries to reduce the unemployment.

1.3 Importance and Scope of the study

Owing to the problems that unemployment has caused to the life of the people and the nation, this study will be of great importance, in the sense that it:

1. Will be an eye opener to the government to recognize their failures in contributing their own quota in the aspect of improving and encouraging small – scale industries within the nation.

2. It also provide possible solution to the problem of unemployment and the creation of small scale industries.
3. It will act as a reference work for future researchers who in one way or the other will be propelled to investigate into the concept of small scale industries and its relation to
4. It is the best opportunity for the one who do not like to be an employee but want to be self employed. People can work independently by running a small enterprises of their own.

Chapter 2: The problem

In these Covid situation we have seen many ups downs in the economy of small scale business which had ultimately resulted in the losses of jobs of many people which had lead to increase in the rate of unemployment. These is the reason which made me select this topic.

Chapter 3: Literature Review

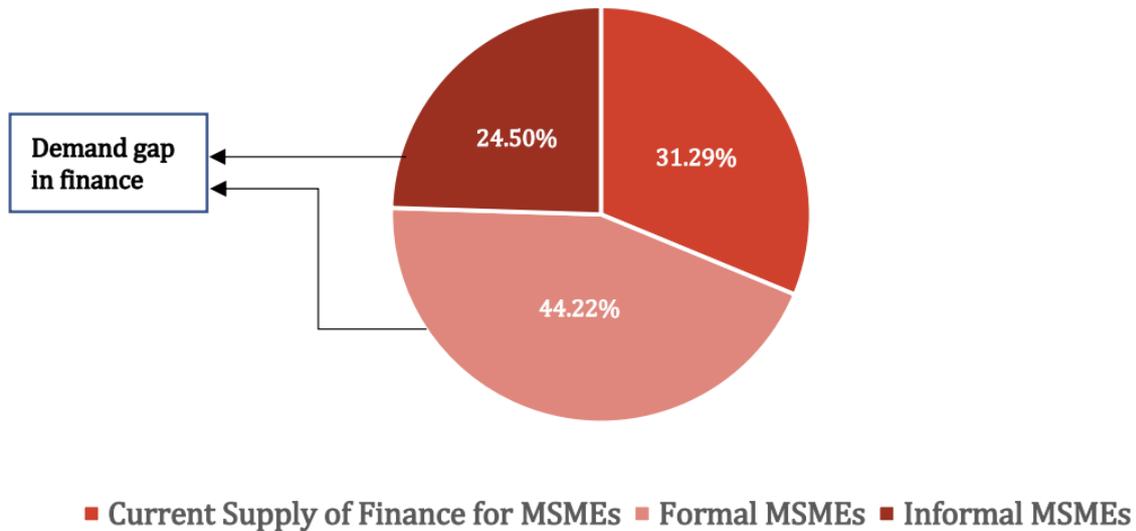
According to research 78% of business failed within the first 12 months, only 22% make it to 10 years. The chief executive officer, adept interactive, Mr. Aluko Muyiwa says in order to prevent failure; one must know what makes business fail. Small and medium enterprise develop agency (SMEDAN) BOSS, Alhaji Muhammad Umar said most of the reasons why business fail in Nigeria are not understood by owners and this prevent them from guiding against it. He attributed most of the reasons to the following ;

- Lack of clear cut concept of business is the leading factor for the failure'
- Pure information about the business and business environment is also identified as a major killer. He said successful entrepreneur must identify and prioritize 3 major necessities in business development which are: Concept, Capacity and Fund. He stressed that many believe fund is the most requirement but said it is the least.

Chapter 4: Data collection and Analysis

MSMEs are the backbone of every economy and contribute heavily towards employment in a nation. According to the World Bank, MSMEs play a major role in most economies, particularly in developing countries. [2] Formal MSMEs contribute up to 60% of total employment and up to 40% of national income (GDP) in emerging economies. [2] However, across both emerging markets as well as developed nations, many MSMEs are excluded from the credit ecosystem due to various challenges – the primary one being lack of easy access to reliable credit information to justify credit disbursal.

MSME Finance Need (~USD 8 Trillion)



Source: S3IDF Report “Chipping away at the MSME Financing Gap” October 2018

Chapter 5: Conclusion (Result) and discussion

The Small-Scale Industries has acquired an important place in the socio-economic development of the country. The number of Small-Scale Industries stood at 28.03 lakhs in 1996-97 and increased to 34.64 lakhs in 2001-02. After the policy of liberalization and establishment of the WTO several challenges and new opportunities have grown for the Small-Scale Industries.

Chapter 6: Suggestion (Recommendation)

6.1 Summary of suggestions

However, if all such suggestions referred in the said separate chapter are adopted and implemented then the present researcher firmly believes that

There would be favourable impact of globalization on the overall SSI units. Hence,

Taking into consideration the contents mentioned here m above, it m ay be humbly

Stated here that the objective o f making suggestions to successfully facing

Globalization environment in SSI units is fulfilled.

6.2 Limitations:

There were a lot of constraints in gathering information for this research work but the major constraints are as follows:

TIME: In respect of the theoretical and practical work, the time allowed for this project was short. Besides, this was carried out with other academic assignments.

FINANCE AND HIGH COST OF TRANSPORTATION

Due to problems posed by limited finance and increase in transport fare, it was not possible for me to visit many libraries to carry out the needed library research.

6.3 Scope for further work

The SSI-related scale varies with the type of business and the level of competition redefined by the physical location and after-sales of the attachment.

To date, no goal has been made for Corona. Now it can be built SSI or LSI. If SSI produces it, it is a much-needed product at the global level. Where in a few days SSI gains popularity and then develops into an MSI or LSI product extension. The fame gained will have an amount of unexpected goodwill.

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