CHAPTER 3

SMALL SCALE INDUSTRIES (INDIA GOVERNMENT POLICIES)

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3.1 India Government Policies.

Government putting their best to grow the economy faster and reliable way. As we understand small scale industries are backbone of any economy, government make sure the policy and various investment limits and condition appropriate meet the government criteria and influence. So government keep on changing the criteria keep changing as per global requirement. Small Scale Industrial policy definition is based on Indian government policy of SSI are keep on changing as per SSI and economic requirement. Below table shows various changes for SSI capital requirement

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment Limits</th>
<th>Conditions applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>Upto Rs.5.0 lakh in fixed assets</td>
<td>Less than 50/100 pers</td>
</tr>
<tr>
<td>1960</td>
<td>Upto Rs.5.0 lakh in fixed assets</td>
<td>Not applicable</td>
</tr>
<tr>
<td>1966</td>
<td>Upto Rs.7.5 lakh in Plant &amp; Machinery</td>
<td>Not applicable</td>
</tr>
<tr>
<td>1975</td>
<td>Upto Rs.10 lakh in Plant &amp; Machinery</td>
<td>Not applicable</td>
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<td>1980</td>
<td>Upto Rs.20 lakh in Plant &amp; Machinery</td>
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<td>1985</td>
<td>Upto Rs.35 lakh in Plant &amp; Machinery</td>
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<tr>
<td>1991</td>
<td>Upto Rs.60 lakh in Plant &amp; Machinery</td>
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<tr>
<td>1999</td>
<td>Upto Rs.100 lakh in Plant &amp; Machinery</td>
<td>Not applicable</td>
</tr>
<tr>
<td>2013</td>
<td>Minimum 25 lakh Upto Rs 500 lakh in Plant &amp; Machinery</td>
<td>Not applicable</td>
</tr>
<tr>
<td>2016</td>
<td>Min. 50 lakh Upto Rs 1000lakh in Plant &amp; Machinery</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

Source: MSME Annual Reports 2015-16 (1)

Table 1 shows the changes in small scale industries as per industry global norms. We can observed that after 1991, LPG policy declared by Dr.M.Singh the definition and standard norms of small scale industry has gone under drastically change. That means Small scale industries contributing major share in India Economic development.
In today’s era SSI are known as modern SSI. Modulations as widely accepted by SSI with heavy range of product by this industries .The product which are modernly manufacture in SSI are includes product like plastic , chemicals , glass, ceramic , mechanical items hardware, electronic items, automobile parts , bicycle parts, sports goods , stationery items, watches agriculture product, fishery product, infrastructure products, cotton and handloom, railway support product, technology support product, research and development instrument etc. Government of India has always been supportive to SSI to raise number of SSI .Its comparatively easier to set up and start up SSI unit than any large scale industries. As SSI required very less investment in fixed capital assets as well as flexible capital requirements. The SSI having plenty of potential to develop or fulfil required employment and generate desire export. Government of India develop the ministry of micro, small, and medium enterprises as their apex body to administrate and formulate the regulation , low and rule related to SSI in India . The president of India amended

The business allocation rules of government of India 1961. Which describe that ministry of agro and rural industries as well as small industries work together one head which would be known as the ministry of micro small and medium enterprises. Both units from origination known as small industries development organization (SIDO). Which control by ministries of public sector undertaking organization known as national small industries corporation industries .SSI growing very fastly and achieve 40 present of total export for the country. It is providing good number of opportunities which is the prime object of SSI. Government already announce investment limit increment of investment limit in plant and machinery of SSI to cope up with desire market compilations and requirement. Separate package to promote to SSI as already be announce to fulfil SSI thrust.

India government has announced various development and promotion policy for small scale industries like Industrial policy resolution (IPR) 1948, 1956, 1977, 1980 & 1990. These policy draft and announced looking at part of boost to the development of small scale sector.
3.1.1 Policy Statement–Resolution review

Post-Independence in year of 1947 India decided and adopted mixed economy structural planning method as part of strategic economy development achievement. Economy realized small scale industries are contributing major part of development and employment in economy development. And SSI are easy source to fulfill employment gaps as well as domestic customer requirement with reducing prices. SSI are contributing major part of GDP growth compare to large scale industries. Developing and promoting small scale industries are only way to reach technology and development more ownership businessmen. Its easiest way to reach out every part and corner of rural area with good number of employment and economy growth.

India Government announced various policy resolution looking at Small scale industry growth which can be study as below (2)

**Industrial Policy Resolution 1948:** For the balanced industrial growth Indian government initiated proactive step like various industrial policy. Government looking these policy resolution as employment development and utilization of local resources as well as natural resources. Very prime motive and responsibility is to create infrastructure and facilitate small scale industries. National government released the broad view policies and it continuous effort to communicate and coordinate with state government for various aspect and development of Small Scale Industries. This policy made it clear that the government are welcoming foreign capital in India without any condition. This policy allow joint partnership with foreign investor with owners remains in India hands.

**Industrial Policy Resolution 1956:** This resolution policy define unconditional support to cottage, village and small industries by providing various. This program launch for economic development with first five year plan. The second five year plan gave very much high priority to industrial development with aiming to develop a number of heavy industries like heavy engineering, steel and cement with government involvement as partnership. During this period various private, public and state partnership program has
been developed to provide free hand towards industrial developments. This policy addressed and directed to state to develop more and more financial institute as well as cooperative enterprises which would be strength the various economic support factors like transportation, infrastructure, power support etc. Government come up with continuous supporting with various tax holidays and tax benefits. Development of various institute to developed training session for labours and managerial as well as technical skill staff which help to successfully management skill. Apart from listed 17 industries all other industries are kept open for private investment. Policy make sure that there won’t be any gap between private and public sector.

**Industrial policy resolution 1977:** This resolution majorly focus on cotton industries promotion towards rural area and small remote locations town. Number of reserved products for small scale industries increased from approx. 180 to 504 products. Government would encourage special legislation protection for small scale industries. District industries center to be set up at each district level to support single window support and other assistance as well as raw material, credit support and various other necessary input to grow these industries faster.

**Industrial policy resolution 1980:** This policy introduce with congress agenda of reenergizes public sector with raising public sector productivity and efficiency with proposal of economic federalism ie setting up nucleus plant to generate as most as possible of cottage and small scale industries. Redefine small scale units into three different categories tiny, small and ancillaries with different level of investment limits ie 1-2 lakhs, 10 to 20 lakhs and 15 to 20 lakhs respectively with removal of regional imbalance. Promotion of rural industries with identification of sick small scale industries and involved them into public sector unit to develop their efficiency. Tax concessional proposal for sick industrial unit which has high potential to success so that they can merge with successful industries or large scale industries. Agriculture base made very strong by providing basic infrastructure.
**Industrial policy resolution year 1990:** Industrial policy resolution is continues to give equal importance to small scale industries development. This resolution increase the capital investment limit with significance amount. Maximum number of reserved item listed for small scale industries ie 836 items. To develop rural employment and investment new subsidiaries scheme announced. Technology development center connected to small scale industries with is apex body of small industries development bank in India (SIDBI) was established during those time period. Ensuring timely flow of capital credit fund to small scale industries. Delicencing allowance policy for Export oriented unit has been announced. One of the major initiated is to train and motivated women and youth for participating more towards entrepreneurship.

**Policy package for year 2000:** By end of year 2000, around 32 lakh small scale industries contributed around 35 percentage of total export and nearly about 40 percentage of total gross production output in economy. These excellent results of SSIs make all expert and policy maker to think on various incentives and production boost. As part of Globalization, liberalization & Privatization small scale industries facing hug challenge along with necessary opportunity to match the global standards. But there are basic problem like technology, effective management, adoption of product life cycle strategy remain challenging one all the time. To provide more focus on Small Scale industries and help them government of India create Ministry of Small Scale industries and Agro & rural Industries. This policy continue same level of investment in small scale industries part. To support small scale industries new policy to encourage technology been announce as part of that policy technology up gradation export oriented units permitted to raise the capital upto 5 crores. To motivate and to get boost to small scale industries excise exemption limit raise upto 1 crore. Composite loan limit increased upto 25 lakhs Credit guarantee scheme has been revised upto 25 lakhs. Various infrastructure support scheme like the integrated infrastructure development (IID) to cover rural area infrastructure development. As part of financial support commercial bank are requested to develop encouraging investment schemes towards technology up gradation and sink with SIDBI. 50% of capital being grant as onetime payment for research and development units. Support initiative like marketing
support also introduce with help of this policy wherein exhibition support, buyer and seller meet support and various vendor development program. Policy focus on safety audit and entrepreneurship development. Identification of sick unit rehabilitated them as well as support them to come out of the situation. Fresh census of small scale industries are initiated to get clear idea on economy status and to understand sick ness unit and causes. This scheme help them financially to obtain ISO certification which is basic necessity to drive business with standardization across the globe.

**Policy Package for Small Scale Industries 2001-02:** This policy paid advance and high attention to small scale industries financial support and all kind of growth with is mandatory to raise economy. Policy package deal in corpus fund set up under credit guarantee fund scheme with high amount is 200 crores. 14 items withdraw from reserved related leather, shoes and toys. Market assistance program launch for SSI sector. Four United Nations Industrial Development Organization assisted project introduce and implemented during year as cluster SSIs development programmed.

**Policy Package for Small Scale Industries 2003-04:** Some of the product like chemical and leather product, laboratory reagent are few of the reserved out of 73 product with are specially manufacture in the SSI sector which were reserved in last policy packages. Banks directed to give credit or loan to small scale industries below prime lending rate. More than 400 bank branches made operationalized to cater small scale industries. Around 60 plus cluster were identified to develop under primary development. Small scale industries whos having good track of record for those credit limit increase under Laghu Udyami Credit Card. Small Scales developing bank raise small and medium enterprise funds of Rs. 10000 crore to support small scale industries.

**Policy Package for Small Scale Industries 2004-05:** No organized and non-formal sector need some directional and managerial support hence the national commission set up on
these enterprises. Policy made an effort to provide linkage between vendors, raw material supplier, credit agency, technology set up, various training to develop the human resources, desire infrastructure to grow small scale industries. Further 85 items were removed from reserved list in October 2004. Increment of composition loan from RBI to small scale industries.

**Policy Package for Small Scale Industries 2005-06:** Further various past amendment in product reservation 180 more item removed from reservation list; the arm of small scale industries to service sector area has increased. Corpus fund has gone up and increased almost double than existence. Insurance cover extended to around 30 k borrowers. Promoted cluster development model to build new township which help to develop small scale industries.

**Policy Package for Small Scale Industries 2013:** As part of LPG policy, most of the reserved item available as import part. Hence this policy more focuses on generating more employment with help of MNC product line. Looking at globalization part of government decide to prefer Small Scale industries while purchasing various required products like Railways equipment, Defense product, few basic material required for telecommunication, mine equipment etc. Further to extension government encourage and organized more meet between buyers and small scale industries so that knowledge sharing thing can happened easily and it help to develop friendly relations. Store policy has been draft to make sure certain product manufacture by small scale industries maintain in store room. Few of the handicraft product also kept at reserved to promote small scale industries agenda. Developing women enterpranuals women Development Corporation of small scale industries has been developed and certain item are reserved for purchase from women Development Corporation.
Reform India Small Scale industries major initiative 2016: Small scale industries position is prime in economy growth and Small scale industries are determine as growth engine for global economy hence to run this engine on fast track as well as to reach this engine to every part of state/country/ globe we need to have desire fuel and track availability. The unique and dynamic part of this industries is they are growing at the 10% rate every year in spite of various recession and crises in economy. Inspite small capital small scale industries are major stake holder to generate employment as well as to reach with product manufacturing at any part of the state specifically rural part of India. Small Scale industries is doing well in service industries, this industry working very hard in manufacturing sector by producing over 6000 products ranging from traditional to hi tech items. Small scale industries credited to provide basic minimum 10 components provide by these industries to one of the ambitious mission which is first inter planetary space mission Mangalyaan (Mar Orbiter Mission People) of Indian Space Research Organization. Apart from this small scale industries contribute to other successful mission like Chandrayan II which is satellite mission to moon which is set to launching in year of 2016&17 which will have robotic wheel vehicle to cover as much as moon surface area. India also working on various other mission like global sea movement system and earth observation satellite projects. SME play very significant role to develop these project by providing key factor tools. Many multinational companies are attracting towards SME as India is key market in various high end product. India total spending on military expenditure is one of the highest spend and as per one of the survey provided by Stockholm International Peace Research Institute India is 9th largest country which having highest budget for military. Which are expecting more demand for defense material and aerospace, and expected it would be third largest market after US and China by year of 2020. India is growing with passion, so Indian uses on technology are getting significance developed. As per survey it is expected that near future India would be more demanding market in air flights as more and more passengers are like to travel by flight so requirement of aircraft would go on higher pace. Advantage for India SSI to developed required material or part will with in time and budget. It’s very cost effective with quality, ability provide well in
India is one of the key automotive market like Japan, Korea and Europe and India is key exporter in automotive sector. SME are playing very importance role to provide desire on time support which help large player to save cost and time on manufacturing process. India is pool of high quality and dynamic qualified resource center, who can fulfill market condition or requirement as high skill labour requirement to business. Like vise many more industries like IT, service sector, railways, research and development, mining where SME can contribute major extend. India government has already realized this requirement and working on more and more proactive value added scheme which will attract SME and more entrepreneurial can enter into pool to double to economic growth. As a result of LPG policy most of the multinational organization are outsourcing job to India SMEs and that is bigger gain for Economy. The National Manufacturing Competitiveness Programme is one more major India Government project under Ministry of SME flagship which help to equipped with various Technology, latest engineering design, support workshop on resource development, productive management

**Confederation of Indian Industry initiative:** Almost 120 years more Confederation of India Industry are continuous busy on developing and nurturing India economy environment to make suitable to grow Small scale industries market. It support to generate major competition among the domestic industries on global platform. India and Germany working on various training program and the Indo German manager training program is part of the initiative to develop resource management and skill transformation among those countries with developing and various technology transfer. This help almost 3000 SME by taking advantage of skill and reaching to global portal. Confederation of Indian Industry operating various training and development program with venture with Global human resources development association (HIDA) Japan. This will help to make in India in Japanise style on how the increase production management in manufacturing sector with low cost and high management skill. This will help to develop leadership requirement in the industry as per desire demand. Confederation of Indian Industry is part of organizing various individual training program to SSI and to work on provide various network global market sources. Confederation of Indian Industry running various program to develop
woman entrepreneurship training and development program. Confederation of Indian Industry introduce online finance support to small scale industries which help small scale industries to reduce down some of the process hurdle.

India is emerging market in the world and the constant India GDP growth is attractive factor of Indian market. 2016 Make India Concept launch by keeping object to build India is bigger manufacture zone in the world and lots of attractive scheme has been introduce to increase FDI. MSME ministry making sure all possible effort to put in so that suitable stage or platform can be created to venture in global market. National Entrepreneurial ship development institute helps to developed skill desire for business. Ministry Finance programed which is revised scheme launch under SIDBI in year 2003-04, in this scheme Government of India to provide fund under Micro finance programed of SIDBI under a Portfolio Risk Fund (PRF) which is used for security deposit requirement of loan amount from various NGO,. In year of 2006 Government has released amounting 9 crore towards Portfolio Risk Fund and more than 80% has been utilized by SIDBI. Now PRF is extension almost every part of country. An individual World Trade Organization cell in the office of Development Commissioner of Small Scale Industries was set up to coordinate the latest development in terms of world trade organization with various objective as below to keep updated recent world industry updation, to assist Small Scale industries to draft new policy in line of World trade organization various agreement. To organized various training program and workshop or seminar global market expertise and technology enhancement.

3.2 Small Scale Industries Definition: Defining Small Scale Industries is difficult as it all parameter depend on country to country and state to state basis. It always depend upon the country specific economy status and other environment features. It also depend upon the country specific style on designing government policies and vision towards economy achievement. Generally small sector is defining on basis of limit of investment and ceilings on the capital expenditure, capital machinery investment etc. Few countries considering job opportunities and number of entrepreneurial for defining small scale industries. In the early 1950 Government of India fiscal commission define Small scale
industries first time as one of the prime operated with hire labored 10 to 50 hands and fixed
capital investment also consider in the definition which keeps on changing every five years
or as per economy requirements which was 5 lakh 50 years back and now its 10 crores as
its changing as per current economic condition and demand.

As per The Government of India Micro, Small and Medium Enterprises Development
(MSMED) act 2006 definition as follows

a. A unit which is occupied in manufacturing or production or preserving or
processing of goods with following conditions
Investment in plant and machinery does not exceed INR 25 lakh can define as mirco
enterprises.
Investment in plant and machinery does not exceed INR 5 crores but not less than
INR 25 lakh can be called as small scale industries.
Investment in plant and machinery more than INR 5 crores but does not exceed
INR 10 crores can be defined as Medium enterprises.
Given cost is original cost of plant and machinery mean the financial conclusion on
the basis of pure plant and machinery prices with is excluding the cost of
infrastructure or furniture or fittings or cost of land or cost of building etc. as per
MSME notification.

b. The enterprises which are providing or rendering pure services excluding original
cost capital machinery, building, land and other equipment with are not directly
related to services.
Investment of services apart from machinery and plant not more than INR 10 Lakh
Which can be treated or called as micro services enterprises
Investment of services apart from machinery and plant more than INR 10 lakh but
below INR 2 crores can be called as small scale industries
Medium enterprises can be those who ever investment in services not more than 5
crores but it should be less than INR 2 crores.
As describe the definition varies country to country so with this one of research it is identified there are nearly 50 different definition of small scale industries used in 75 various countries and all these definition either related to capital investment or number of employment of both criteria.

### 3.2.1 Ministry of Micro Small and Medium enterprises network.

Every countries are aware the significance of Small Scale enterprises. So drive this vital component government need to have vide as well as appropriate network in place so that all government policies can be implemented as per economy desire, as well as government incentive plane can be operationalized. Proper network help to reach out each and individual state or rural part of India. Good network must help to understand actual problem of Small Scale industries. Voice of the industries can be understand with help of good communication and to established better communication wide and effective network must be available. Given below high level network with various hierarchy level to understand MSME issue and support with policy implementation.

Source office of Ministry of Micro, Small & Medium Enterprises.

Above figure 3.1 shows MSME organization lead by Development Commissioner MSME. Various other functions like Testing Institute, Testing center and Development Institute.
A wide network of MSME institute is drafted such way to cater the MSME service across the country as per guideline and policy issued by development commissioner of MSME. Office of the Development Commissioner MSME is joint office of Ministry of MSME and its prime body to advice on various program. It also formulate the policy and coordinate with promotions with MSME. This office is manage and maintain by the ministry and other center and state government agencies.

The Development commissioner have a wide network with around 30 Medium, Small & Micro Development Institute with 28 Branch institute, they directly supported by 4 Micro, Small & Medium testing center, Seven testing stations, twenty one other autonomous individual body.

These testing network help small scale industries for quality upgradation by providing testing facilities. These center helping to learn various quality ie quality control and quality management and various process of quality controls. MSME testing stations are autonomous body and they provide product specified testing facilities by providing various tool rooms or tool designs.

Product cum process development centers now known as Micro, Small & Medium technology development center, these are product oriented centers like develop and upgrading product specific technology, guide product/ Industry specific issue with render technical services. It also help in developing manpower as well as providing various technology related training. Adopting and understanding various fast technological changes is very difficult in term of reach and monetary scheme. These institute help Small Scale Industries to come over such issues. Central footwear training institutes which is known as technology development center which help and support to design various technical and designing support as well as promoting export business. This institutes help to focus and provide various footwear technology export promotion so that export activity in footwear can be boost and help to increase economy.

Apart from above government has introduce and functionalized various training institutes as per industries demand and requirements. To accept globalization and liberalization
challenges India government has introduce major three national training institute’s i) National institute of Micro Small & Medium industry extension training which is located at Hyderabad in year of 1960. It was originally set up as Central Industrial Extension training Institute under to Ministry of Industry and commerce. Then government decide to keep this institute free from this ministry and let this institute keep focus on various developing and training activity and free from various administrative process and controls. This institute provide various training like program of area development, management development program, industrial estate program, young engineers and technocrats, production planning and controls as well as cluster development program. ii) The national institute of entrepreneurship and small business development is prime organization operates by Ministry of skill development and Entrepreneurship very much major focus on training, research, consultancy etc to promote entrepreneurship. This institute set up to grow Indian Small scale industries as well as Entrepreneur to match up global market requirement it may be skill development as train the trainer concepts etc. This institute already provided training around 9 lakh participate to match their skill upto global expectation iii) Indian Institute of Entrepreneurship (IIE) Guwahati is autonomous body under Ministry of skill development and entrepreneurship. The prime objective of this institute is to provide research, training and consultancy in small scale industries. Training activity like designing and organizing with different category of group and undertaking research in the relevant to entrepreneurship. Improving various factor like efficiency, effectiveness of product manufacturing as well as to provide consultancy to existing set up small scale industries. Apart from these three major national institution there are various other supportive associate agencies which are also playing major and equivalent support to grow small scale industries to perform on global industries platform.

To enhance the global competitiveness of Small Scale Industries National Small Industries Corporation (NSIC) set up under Ministry Micro, Small & Medium a government of India enterprise. NSIC has their office in Johannesburg, South Africa to manage operation in African country. NSIC provide support services like marketing, finance, Technology &
other required services. This is single point of registration for all government purchase. NSIC request the tender on behalf of Micro, Small & Medium enterprises and secure the order for Small Scale industries. Almost 358 items are reserved for NSIC behalf of MSME. As a part of marketing support NSIC is collect all market intelligent domestic as well as International maintain the desire data which help Small Scale Industries to make their business strategy. NSIC is single point of communication across the globe industries. Support various exhibition and buyer and seller meet. It’s supporting financing the procurement of Raw material short term. Performance and credit rating scheme introduce by NSIC, Credit rating will be approved basis on turnover of small scale industries, and they are operate credit rating scheme through various agencies like CARE, CRISIL, ICRA, SMERA etc. Various technology support to enhance small scale industries business like product design, new techniques etc. NSIC provide classroom practical training to enhance the skill.

Small Industries Development Bank of India (SIDBI) which is prime bank to communicate the functions of other institute or organization in similar activity. The prime mission of this bank is to facilitate and strengthen credit flow and solve both financial and development gap in small scale economy systems as single window provider. SIDBI helps to address non-financial gaps of Small Scale industries.

To reach out rural area as well as to promote India well know business of Khadi. Government of India form Khadi and Village Industrial Commission (KVIC) under parliament act and it took over the work from Khadi board. Prime object of this commission to create self-confidence among low economy cost people and developed strong rural community spirit. Major social object of KVIC generating more employment. KVIC is also undertaking directly or indirectly or thru various other agencies studies or any other concerning issue or problem of Khadi or village industries along with research and established various pilot projects. KVIC is encouraging to adopt more research on the production techniques in Khadi and village sector.

Apart from National level encouragement there are certain other state level institute and other agencies working hard on encouragement of small scale industries. Some of them are
District Industries Centre (DICs) which was initiated in year 1978 with vision of large and extensive set up for Small Scale Industries. Few of the basic function of DICs are to Identification of entrepreneurs and motivate them. DIC is responsible make provisional & permanent registration. Interest free sales tax loan, assist to import & export, fair and exhibition etc.

There are various other state Industrial Development & Financial institute and other financial big corporations also working very hard to provide Small Scale industry’s needs. Ministry and government authorities make sure there is not room for bureaucracy and do so sector has relatively delicensed. Sector make sure all policy, rules and regulation, procedure would review time to time and modified where it necessary. So that small scale industry and do their job with more focus and effectively.

3.3 Importance of Small Scale Industries.

Small Scale industries are playing significance role in India economy. Post Independent Government realized and given more focus on small scale industries. As per recent survey it is understand around 95 % of small scale industries unit are providing employment around 20 million people. Which is quite huge numbers. Around 35-40 percentage of export from the country is by small scale industries. So government is recognized and realized the significance of small scale industries in Indian economy and its intention its importance and show interest to promote small scale industries they come up with various industry policy resolutions in the year 1948. The primary vision during nineties was to grow the small scale industries so that the fulfil desire job opportunity and it support to reduce poverty level of Indian economy. Further to substantiate the growth of small scale industries various measure has been initiated, delicensing the Small scale industries which help and speed up Small Scale Industries establishment. Major focus was to remove all unwanted hurdle from economy and encourage more youth and entrepreneurs to start their business. This is part of Small scale industries growing factor and it’s attracting dynamic and young entrepreneurs with increasing faith and potential in Small scale industries. Government ensure to remove all fetters and review the policy time to make the economic and small scale industries demanding changes time to time.
In year 2009 The Prime minister of India announced to set up the Task force as per the Small Scale Industries representation on their issue and concerns. Principal Secretary to Prime Minister Shri T.K.A. Nair was constituted to reflect the issue and concern raised by the association and formulates action point agenda after concerning with all desire stake holder. The members of discussion board are planning commission members, secretaries of concerned government department, RBI Governor, RBI Chairman and MD, SIDBI and other representative of MSME associations. The preliminary help line support for MSME called an “Udyami Helpline” which is a call center for Small Scale Industries with toll free number to provide information sources, information, support, guidance and assistance support for startup entrepreneurs as well as existing entrepreneurs. The Udyami helpline provide value added support by providing various promotional and attractive promotion policies. Small Scale industries and entrepreneurs promote decentralized development of industries. SSI help to remove regional disparities by industrialization backward areas and rural areas. Some of the small scale industries helping urban area to reduce on traffic or congestion, slums and urban population by providing job opportunities as well as income source at rural area. Small entrepreneurs are serving as an anti-inflationary force by providing goods for daily use on a large scale. Small scale industries are playing complementary role to large scale industry acting as ancillaries unit by providing accessories, components and parts. Its providing independent living style with very less resources this is important aspect of society and social life. It help to improve the life style across rural area.

3.4 Employment generation:

Basic problem of Indian economy is increasing population and decreasing job opportunities. So government need to focus on mass job creation. The Mirco, Small and Medium Enterprises have witnessed the top growth rate in manufacture area in recent years. Small Sector unit have continuous higher growth rate. These MSME over 6000 products ranging from traditional to high end technology product with offering maximum opportunity for both urban as well as rural area. To encourage private participate and management, The India government has set up council know as National Skills
Development Council with overall target 500 million people in India by 2022. There are some hurdle in dealing with labour as there are around 45 central act and 16 various associate rule are in exist these are directly dealing with labour problem. Hence companies are restoring the outsource and contract model to provide job opportunities. The rigid labour law like there are about 200 state laws control and driving the relationship between labour and business owner. So such exhaustive system must be revised or wipe out from system. So it is mandatory to harmonize the labour law across the country so that business men can focus on their prime business activity rather that unionized issues. India has been increasing the productivity but it’s less than the China productivity. Small Scale industries are having capacity to absorb unemployment into their desire places.

If we see the data as per industry wise there are good job opportunities, as per survey food product industries has first ranking position in employment generation by providing 13% of total MSME employment. Next two places has been occupied by nonmetallic and metal related products which are 12% and 10% respectively. The group of eight industries like Chemical, machinery part except electrical product and parts, wood made product, base metal industries, paper & printing, hosiery & garment, repair services and plastic rubbers product almost 49% in small scale industries where as other large scale its almost 5%.

High potential of employment in beverage and tobacco products mainly found in Maharashtra, Rajasthan, Assam & Andhra Pradesh If we see per unit employment is high in tobacco and beverages industries followed by cotton textile, non-metallic mineral product. Urban area is highest employment per unit was in tobacco products around thirty one percentage. And Cotton textile products are in eighteen and basic metal are thirteen and non-metallic mineral products are twelve percentage. Non-urban /village nonmetallic products contributing around 23 percentage of job opportunities where as in rural area food products are accounted for 21 percentage. As per all India latest Fourth Micro, Small and Medium Enterprises census under registered sector there are total 15.64 lakh enterprises and almost 2 percentage women involvement can be seen. Which is really good number and almost 50 percentage of industries are belong to rural area. Its show Urban and rural area are running hand on hand to achieve economy growth.
### TABLE 2
MSME Registered sector Forth Census 2006-07

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</tr>
<tr>
<td></td>
<td>Manufacturing</td>
<td>10.49</td>
</tr>
<tr>
<td></td>
<td>Repairing &amp; Maintenance</td>
<td>2.52</td>
</tr>
<tr>
<td></td>
<td>Services</td>
<td>2.62</td>
</tr>
</tbody>
</table>

Source: The final report of the fourth all India Census of MSME 2006-07 (3).

Table 2. Shows total registered sector enterprises are 15.64 lakh and 7.07 lakhs units are pertaining to rural, 2.15 are women enterprises which are significant in number. Above table show India we have total 14.85 micro, .76 small and .03 medium units in lakhs. We can see majority of MSME are belongs to manufacturing sector are on top with 10.49 percentages. Repairing and maintenance as well as services enterprises are growing and walking hand on hand at almost same rate of 2.52 and 2.62 lakh respectively. Fourth census of Micro, Small and Medium enterprise show there are higher number units available of unregistered sector. This trend show still there are plenty of hurdles to face by Small Scale industries which are resisting them to get registered themselves. Rural area women entrepreneurs are performing well with major activities are manufacturing. So this figure help to understand we need to work on awareness as well as MSEM policy streamline and simple to understand, this will encourage more entrepreneur to register themselves to get more government subsidiaries training and facilities.
### TABLE 3
Micro, Small and Medium Enterprises Fourth Census Unregistered Sector.

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Characteristics</th>
<th>Number (Lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rural Units</td>
<td>110.69</td>
</tr>
<tr>
<td>2</td>
<td>Urban Units</td>
<td>79.05</td>
</tr>
<tr>
<td>3</td>
<td>Enterprises</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>198.39</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>0.35</td>
</tr>
<tr>
<td>4</td>
<td>Number of Women Enterprises</td>
<td>18.06</td>
</tr>
<tr>
<td>5</td>
<td>Nature of Activity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Manufacture</td>
<td>104.5</td>
</tr>
<tr>
<td></td>
<td>Repair and maintenance</td>
<td>12.31</td>
</tr>
<tr>
<td></td>
<td>Services</td>
<td>81.93</td>
</tr>
</tbody>
</table>

**Source:** Ministry of MSME, Government of India, The final report of the 4 all India Census of MSME 2006-07 \(^{(3)}\)

Table 3 shows total unregistered sector enterprises are 119.69 lakh and out of which small scale enterprises are 35 thousand. We can see majority of small scale are from manufacturing sector, and Repair and Maintenance, services are comparatively less. But on the other side Service sector are almost equivalent to manufacture industries and its one of the speediest growing sector in Un-registered sector.

#### 3.4.1. Small Scale Industries employment development;

With help fourth census of Micro, Small & Medium enterprises we understand small scale industries are really contributing well in India economy. With the span of 10 years rate of employment are almost 500 times bigger as well as rate of increasing Small scale industries are also growing almost 500 time than normal rate. All these are unregistered enterprises.
Figure 1
Fourth MSME census of number of Employment and working enterprises unregistered units.

Source: Ministry of MSME, Government of India, The final report of the 4 all India Census of MSME 2006-07 (3)

Figure 1 Represent continuous growth in micro, small & medium industries growth number of employment and number of small scales units. The graph is jumping in years 2006 and 2007 this may be result of various supportive policies and outcome of globalization and privation policies. As part of LPG policies other activities like transportation, warehousing, legal, wholesale, social services, educational activities and other social activities also included in census which is redefined part of Small scale industries. With this graph we can see as number of small scale are increasing number of employment are also increasing a lot. So with this data it is very clear and goes without saying that we need to have encourage and motivate Small Scale Industries which will help us to grow number of employment and bridge the economical gaps too.
3.5 MSME Production:

World has accepted Small Scale industries are growth engine to our economy system so we need to keep this engine active with various latest technology and norms. These sector are biggest sector to create job opportunities. MSME sector needed less financial to create job opportunity as per one of the survey to create one job in Small Scale industries it required INR 72 K where as in large scale industries it required INR 5.5 lakhs. This industries under gone various change from post independent to 1991 ie Liberalization, privatization and Globalization policy as various protection like reserved manufacturing items, financial incentive has been offered. Since post LPG lot of global players start collaboration with domestic small scale industries which really help small scale industries to boost their business and view toward economy. Small Scale industries always been introduce as typical model of socio- economic government of India policies which emphasis judgmental use of foreign exchange as they normally used good amount of raw input locally, production of labor opportunities, positive contribution to economy etc. Small Scale industries is help to developed low import intensive operations which help to balance the trade and currency. Small scale industries are developed with positive and step wise manner phase hence they can achieve lot many goals some of them can be describe below.

- Small scale industries production can be substitution for import and its good export earnings.
- Good amount of contribution for defense and ISRO organization with low investment
- Flexible and technology orientation.
- Easy market access industries
- High local production with low price and good quality which is barrier to import

Small Scale industries have made good contribution to almost all major sectors in Indian industries such as chemical , Automobiles, Building Materials, engineering goods, electromedical equipment and parts, textiles and garments, leather goods, Electrical &
Electronics, Engineering, software Agro & Food Processing, Furniture & Furnishings; Information technology, Leather goods, Handicrafts etc., Machinery, Equipment & Tools, Paper, Plastics & Packaging, Pharmaceuticals & Chemicals products; Textiles etc.,

Scope and area of Small Scale industries has broaden up under the MSMED act 2006, which come up with the new concept as “enterprise” which is collaboration of two difference lines ie manufacturing as well as services. All non-agriculture product has been covered under MSEMD act 2006 but it come up with revised norm and standard for manufacture as well as services sectors. The growth rate during the numbers of plan periods have been very aggressive and very much impressive.

3.5.1 Sector wise distribution of Small Scale Industries.

There are over 6000 Products ranging addition to provide multiple range of services. These from traditional to high –tech items, which are leading industries with their individual shares being manufactured by the MSME sector in are as depicted below,

**Figure 2. Industry share in MSME sector**

![Graph showing sector wise distribution of Small Scale Industries](image)

**Leading Industries : MSME Sector**

- Retail Trade, Except of Motor Vehicles and motorcycles; Repair of Personal and household Goods 39.85%
- Manufacture of wearing Apparel; Dressing and Dyeing 8.75%
- Manufacture of Food Products and Beverages 6.94%
- Other Service Activities 6.20%

**Source: www.msme.gov.in, annual report 2006-07 (4)**
Figure 2 with help of above figure we can say that Service and manufacture sector are having good hand on hand shares in Market. Retails trade is driving market with 39.85 percentage where manufacture of wearing are apparel dressing and dyeing contributing 8.75% , service and business activities are contributing 6.20 percentage & 3.77 percentage respectively. Hotel and restaurants contributing 3.64 & sale maintains around 3.57 percentage and furniture manufacturing 3.21 percentage, fabricated metal product 33 percentage and manufacture of textile 2.33% and other industries contributed 19.4% . Almost all industries are in good phase and growing up.

3.5.2. Gross output in MSME Sector.
Indian MSMEs contribution is more than 95% of enterprises in India, havebeen growing significantly with their gross output. The gross output of MSME sector is projected to grow from 6.2% in FY08 to 6.3 % in FY11, very close to India GDP I would say its little less than India’s GDP growth during the same period, The projected of MSME sector 6.6 % which is little higher than India GDP growth rate of same period. There is immediate growth in total gross output can see it’s all because of major changes in MSME act 2006 in finical year 2007 thereby changing Small scale organization definition incorporating medium enterprises providing services under the definition.

Figure: 3 MSME Gross output

Source: MSME government Annual report 2013-14 (5)
Figure 3 represent growing flow of Gross output of MSME sector in India. Year 06-07 1352383 crs and it has consistently grown and its 1435179.26 crs in year 07-08, 1524234.83crs in year 08-09, 1619355 crs in year of 09-10, 1721553.42 in year of 2010-11 and 1834332 crs in year of 2011-12. With the graph we can see there is continuous growth in MSME output which is playing healthy role in economy. There is equivalent equation between gross output and number of employment generation.

As we grow on gross output it will increase economy and job opportunities. So proper boost and motivation towards Small scale industries can lead to one of the top economy. Production growth in small scale industries comparison to overall industrial sector is good in numbers. Small scale industries play very important role in Indian economy and it has been proved with various census conducted time to time. Now most of industrial planner are focusing more on small scale industries growth and performance. Most of the Multinational companies are working with small scale industries for various collaboration and joint venture for cost and quality effectiveness. Indian economy attracting very much attention of all other sector too ie sociologists, administrators and politicians.

3.6 Export with respect to Small Scale Industries

Export is priority of any country to get good gain in economy and its priority of any developed and developing countries. Export is not treated as employment opportunity but it also major factor of generating positive exchange which will help to boost economy. Every country they offer various incentive, scheme and it depend upon country requirement on technology, employment and infrastructure availability. The terminology export has undergone various phases’ right from pre independent phase to post independent phase. Looking at export necessity various policies has been drafted and implemented to see the changes. Liberalization, privatization and Globalisation is part of the same policy where India focusing more export by attracting global market in India. After LPG policy in 1991 small scale industries undergone lot of positive changes which boost economy and help to achieve desire unemployment gap. During the whole process Small Scale industries
occupied one of the important position in the export of the country. The basic region to perform this industries are they available all part of the country, small scale industries can generate skill worker easily, low finance and fast leadership development, flexibility on operation, quick and fast adaptation of technology.

**Figure 4. Performance of SSI/MSME Units, Employment**

![SSI Export Performance Graph](image)

**Sources**: DC (MSME) and ministry of commerce & Industry. Report 2006-07

Figure 4 describe over the years the size and importance of SSI sector has undergone a vast change since the planned development of the India started. The small Scale industries are increased over the year in various fold including export, infrastructure development, job opportunities, technology etc. In the year 1951-52. And 1961-62 the small scale industries were struggling to get into market and active performance. And economical participation of small scale was comparatively very low hence government has introduce various promotions and motivational to industries to boost or to add more contribution towards economy. There was one more phase to get the push Raised the platform to develop small
scale industries as during 1971 to 1971, 1981 to 82 and finally with 1891 to 92, upon LPG policy finalized small scale industries really picked up very well and grown up at the rate of thirty and today we can see almost 40% of export market share capture by small scale industries that can be significance to note. This is only because of new technology adaption in the fast changing global environment. LPG policy and various boost from industries are backed small scale industries with motivation and techno-culture exchanges.

**3.6.1 Number of units and investment of Small Scale industries in India**

Government and policy makers made all their effort to find out possible scope to grow the small scale industries faster and draft the policy accordingly. To check and possibility of policy implementation census are mandatory to get real time picture of policy and economy success so far there are 4 census conducted by MSME sector. With the help of cencus as well as Reserve bank of India Annual report from 2001 to 2012 that investment in small scale industries are increasing continuously and its growing at the same time number of Small scale industries are also increasing which can be seen by help of below graph

*Figure 5 – Number of SSI Unit and investment in India*
Source: RBI Annual report from 2001-2012(7)

Figure 5 Shows investment is consistence increasing from year 2001 to 2012, it was INR 14684 mn in year 2000-01 and INR 22915 mn in year 2011-12. Growth rate of investment is constant and it varies down in year of 2007 to 2009. Number of units are increasing regularly that mean more entrepreneur are willing to investe their time, energy and finance to Small Scale industries.

3.6.2 Sickness amongst the SSI units

Small scale Industries are backbone of economy & small scale industrial sickness is major setback for economy. Reducing number of sickness units are sign of healthy economy. Whereas RBI numbers are showing reducing percentage of sickness small scale unit over the period of 10 years but it’s really not reducing down as expected. SSIs need to take appropriate steps to reduce down the number of sickness unit. Which help to utilized government funds towards SSIs will reduce down.

Figure: 6.
Figure 6. Show number of sick unit and Amount of outstanding in rupees million. In year 2000-01 there were 249630 units were sick which was reduce down slowly. In year 2001-02 there were 177336 unit were sick and in the year of 2011-12 total 85591 unit were sick. Interm of outstanding amount it was increased constantly in year of 2000-01 total outstanding amount with sick units was INR 45060mn and in year of 2006-07 it was INR 114132 mn where as in year 2011-12 it was INR 85591mn. This is serious concern for any economy especially country like India, which is in developing stage.

3.6.3 Export finding in Fourth Census

Fourth census ensure to fulfil all last census left out information accordingly census has been conducted. As per fourth cencus total number of Export MSME are 46675 out of which 12821 are direct exporters as well as 6352 are indirect exporters and balance are performing both activity as direct and indirect. In this census 68.42 percentage of enterprises were from urban sector where as balance 31.58 percentage from rural sector. Share of Mirco enterprises was large compare to small scale industries. Majority of units are direct exporter ie 58 percentage whereas balance 13.61 exporting with help of agencies and whereas balance of 27.47 percentage units depend on channels.

Figure 7 Top ten MSME Exporting States

Source: Fourth census of SSI (Report) by India Government 2006-07 (3)
Figure 7 shows MSME are majorly find in Uttar Pradesh with 14342 crore with 21.12 percentage of export share where are Tamilnadu stand second with export 10048 crore with 14.8 percentage for export share. Maharashtra total export of MSME is 5484 with 8 percentage of export share. Karnataka with 5471 crore and 8 percentage of total market shares. Rajasthan with 4978 crores having 7.33 percentage of export shares. Gujarat 4962 crores exports with 7.33 percentage. Gujarat state with export value 4962 with 7.31 market share. Haryana 4834 crores with 7.12 market share. Punjab 4834 crores with 6.92 market share. Kerala 2279 crores with 3.36 percentage west Bengal 2153 crores with 3.17 market share.

3.7 Promotion and development measures of SSI:

Government as a policy maker had a keen consideration as a wide growth, removal of poverty and unemployment during post independent era. Growth of the small scale industries is adopted as prime pillar so pre independent agriculture is one of the primary base for economy development. But post independent unemployment was major challenge and to address this issue industrialization was mandatory so government of India has plan all required planning commission and various policy resolution adopted to fulfil desire employment and poverty problem. Central government ensure that they involved state government to understand ground level requirement that will ease policy draft. Starting from the first Industrial Policy Resolution with was introduce in year of 1948 followed by 1956, 1977, 1980, 1990, 2001, many more policy decision taken for the growth and development of the small scale sector industries. In-between various initiative has been taken to promote industries like cotton promotion and various marketing scheme, keeping products as reserved category for want small scale industries development, various training institute and training material developed to motivate small scale industries with big number. The industrial policy measures announced in quick succession, in 1991, laid special thrust on promotion and strengthening of small industries. Beside this various measures announced in session of 1991 like infrastructure development plan for small scale industries, state government institution and financial support as well as proactive role of NGO is mooted. Various time to time upgrading of technology and ceiling measures for
small scale industries, marketing assistance and fiscal incentive various support to small scale industries by government is always encourage small scale industries to performs well. Government vision changed from time to time its move from protection to promotions. From last various years majority of initiative has been taken like facilitation of foreign participation, small scale industries promotion, and change in investment limits, growth establishment and various incentives for improvement as well as quality. In case of export promotion government has come up with simplifier rules and procedure, high incentive for higher production of export, priority treatment to SSI, simplified drawback rules and process, market development fund To provide exposure to small scale units product which or else are not in a position to participate in the exhibitions or fairs at their own cost. Under the scheme, exhibits of the selected export-worthy units are displayed in the exhibition/fair that provides an opportunity to SSI units in present their capabilities before the global community, on an average 8 to 10 international exhibitions been conducted by nodal agencies and it has been benefited more the 200 Small Scale industries every year. Various scheme or program as below

- Credit Guarantee scheme for setting up working capital for unit
- Credit linked capital subsidy scheme for technology
- Performance and credit rating scheme
- ISO certification reimbursement scheme
- Marketing assistance and export promotion scheme
- Bar coding reimbursement scheme
- Rural employment generation program
- Prime minister Rozgar Yojana
- Micro and small enterprises cluster development program.

All these program run by center government with help of state government and other promoted agencies all these scheme help to grow small scale industries to global platform with good benefit and help to explore the business.
3.8 Policy Initiative – Small Scale Industries.

A) National Manufacturing Competitiveness Programmeme (NCMP)

In the globalization world small scale industries need to adopt market competency and to provide the same important policy being initiated by the Government of India To build the global manufacture capacity and to overcome competition in the global markets as well as facing challenges being posed by the entry of the global companies in the domestic markets, the ministry of MSME is implementing the National Manufacturing Competitiveness Program (NMCP). The prime object of NMCP is to ensure quality growth of the MSME Manufacturing Sector. The 10 components of the Program dealing with the firm level competitiveness are being implemented in the Public-Private-Partnership (PPP) models. Ten component address the manufacture sector challenges. The details program components are as below

- Entrepreneurial and Management Development of SMEs through incubator
- Mini Tool Room & Training Centers
- Intellectual Property Rights awareness
- Lean Manufacturing program
- Manufacturing Sector to be Competitive through Quality Management Standards Technology Tools.
- Design Clinic Scheme to bring Design expertise to the Manufacturing sector (DESIGN)
- Promotion of ICT in Indian Manufacturing Sector (ICT)
- Technology Upgradation and Quality Certification
- Marketing Assistance for SMEs and Technology Upgradation Activities (MARKETING)
- Marketing Support and Assistance to MSMEs thru Bar code.
B) Infrastructure facilities.

Place is prime factor of business and small scale industries lacking behind to get good place for their business. As part of policy initiative to facilitate location of industries in rural or backward region. Government to provide and promote the stronger relationship between industries and market a new Scheme of Integrated Infrastructural Development incorporated with Technological Back-up Services for Small Scale Industries would be implemented with the active participation of State Governments as well as various financial institutions.

A technology development cell (TDC) would be set up in the Small Industries Development Organization (SIDO) which will support technology up gradation to increase productivity and competitiveness of the products of the small scale sector. The TDC would support for the activities of the Tool Rooms, Process-cum-Product Development Centers (PPDCs). This will support to adequate distribution of local and imported raw materials to small scale industries. Policy give priority to raw material allocation to small scale industries. Proper and adequate incentive distribution.

C) Enhancement of Quality and technology

Creating awareness of national and international standards to product goods and services. Technology information centers to support expand small scale industries. Provide technology consultation and consultation on latest technology. To coordinate SIDBI for providing financial support to explore technology to match global technology. Working with IIT and regional engineering college to serve desire technical enhancement and information

D) Promotion

Entrepreneurship development programs (EDP) along with industry association partnership they develop next generation training program to encourage more business and leadership. EDP would be providing vocational and other certificate program. Special session for women entrepreneurs would be provided to encourage more and more
Participates. Defining women enterprise by inviting more women in business.

**E) Rural support:**

Government initiated various policy toward handloom, handicraft and other rural industries. Handloom sector contributing good amount of share in textile which is around 30 percentage of total textile support with significance amount of employment opportunity. Government introduce various policies to remove hurdle of various process and streamline various line of actions. Existing available scheme has been redraft to ensure all unwanted hurdle are removed. Janata cloth scheme under which good amount for funds are provided for modernization of looms, designer training, assistance for better dyes and chemical and various marketing assistance.

For supplying yarn and dyes National handloom Development Corporation (NHDC) is expanded. Spinning capacity in the cooperative sector is being enhanced. National corporative development corporation is providing more assistance in both cases cotton and weaving spinning mills. As part of marketing activity government organized various marketing schemes for design, national level publicity, exhibition, and fair. To modernized loom sector special project is being undertaken. Next generation technology and marketing is being undertaken by government.

Handicraft is contributing to economy with very faster pace amount rural industries. Considering the importance of this sector from the point of export and major economy contributor, government has decided the development of this sector. Government working on various angle to improve on quality and effective marketing. Efforts are being made to preserve the traditional importance of the crafts as well as engage the hereditary skills of the craftsperson to suit modern requirements. Extensive guidance on various verticals like raw material distribution, design, technical guidance, sale & marketing, training, area base support to set up craft base requirement. State handicraft Development Corporation and other cooperative organization provide extensive training.

Other rural industries like Khadi and village industries, where in traditional and reputed companies will be engaged and encouraged to take part voluntary. R&D sector would be
more strengthened with connection other institutions in the area of production, developing new tools and packaging as well as processing. The training program would be enhance as per global requirement.

**F. Incentive to Small Scale industries.**

Fiscal incentive are provided through tax holidays permission. Waiver or discount of direct and indirect taxes on various output like production, profit as well as sales. These incentive offer to promote the Small Scale industries. In respect of tax holidays in year of 2005-06 deduction of tax to small scale industries is allowed to take tax exemption under section 80IB. There are provision given below. i. Small Scale Industries under ownership of organization then the deduction can be used upto 30% of first 10 years, if its cooperative sector then deduction to be utilized upto 25 percentage for first 10 years and if its own by person then the deduction can be used 25% for first ten years. Atleast 10 employee need to carry out if government aided small scale industries and it would be minimum 20 employee need to carried out if non aided. Financial assistance and help them to draft the proposal and documentation. Work for special arrangement with commercial bank for sanction of loan proposal

**G. Foreign direct investment in Small Scale Industries:**

There was good amount of for amendment in MSME development act 2006. Where ever the foreign investment is more that 25% of total capital engage in manufacture activity reserved for Small Scale industries such undertaking require licensing permit. The issue of Industrial license is subject small undertaking that export a minimum of 50% of the new annual production which was reserved for Small Scale need to achieve in period of three years. Foreign direct investment in various brand in retail trading in all kind of product will be permitted with condition of minimum thirty percentage of the value procurement need to purchase thru small scale industries.

List of products reserved for manufacture of SSI for period of 2007-08 to 2011&12

94 ii
Food And Allied Industries: Pickles and Chutneys, Bread, Mustard Oil, Ground nut oil.
Wood and wood Product: Exercise books and registers
Chemical and products: Wax Candles, Laundry soap, Safety matches, Fireworks, Agarbatties.
Glass & Ceramics: Glass bangles, Mechanical engineering products, Steel and rolling shutters, Steel Chairs, Steel tables, Steel furniture, Padlocks, Stainless steel utensils, Domestics utensils- Aluminum.

**Policy initiative as make in India 2016**
With visualization as India is world manufacturing hub make in India movement initiated. This policy and think has power to turn India as world manufacture hub The characteristics of a help eco system consist of:

(a) Easy business startup requirement  
(b) Easy business process compliance 
(c) High tech infrastructure availability  

3.9 GDP Contribution: In India due to poor adaptation of technology they end up with low production growth resulting in very poor productivity. Even thou they are acquiring 40 percentage of market share toward employment generation there are too many firm stay small, prefer to being unregistered and un incorporated as well as unorganized sector who also prefer to ignore taxes and regulations.Small Scale industries picture on economic front is improving slowly and gradually as per Praveen Bhadda, Director of market expansion one of the technology consultancy firm. Sickness of small scale industries were the major problem of the economy but over the last 10 years with help of some policy support and inventive they are now picking up very well. Distribution of Working Enterprises by Area: Rural area with 200.19 lakh of working enterprises accounted for 55.34% of the working
enterprises in MSME sector whereas non rural area located 161.57 lakh working enterprises (i.e. 44.66% of the working enterprises in MSME sector).

Figure: 8 Distribution of Working Enterprises by Area
Source: Fourth census of MSME(Report) by India Government 2006-07

Above figure shows more number of SSI are operated from Rural rather than Urban area. Rural area with 200.19 lakh of working enterprises recorded for 55.34% of the working enterprises in MSME sector whereas urban area located 161.57 lakh working enterprises (i.e. 44.66% of the working enterprises in MSME sector).

Total 31.79% of the enterprises in the MSME sector were engaged in manufacturing, whereas 68.21% of the enterprises were engaged in the services. SMEs employ close to 40% of India's workforce, and contribute only 17% to GDP. Small enterprises have been the backbone of the Indian economy.

3.10 – Need for packaging and Government policies for packaging:

Packaging is critical factor of any industries and finished goods. In many cases the packaging is consider as a part of base goods and without this product cannot able to sell into the market. We can take example of toothpaste, as toothpaste cannot sold to market without tube or some pump in package so outer package is integral part of the products. So with this we can stat that packaging plays various role apart from packaging and protecting. The thumb rule of packaging must be eight to ten percentage of the total cost on average.
and it may change below or above the numbers as per packaging requirement. Packaging help to give the storage instruction, handling instruction, validity instruction, uses instruction etc. Packaging carry image of manufacturer across the globe as well as domestic market for longer time so as part of various initiative government and policy maker need to think and initiate packaging as promotional measures so that small scale industries can retain in market for longer time.

Few initiative by government enterprises are as below,

i. Export packaging Training Program: Prime object of this program is to train the small scale industries on quality packaging to achieve global competitiveness. As Indian MNCs are facing more challenge while getting engage in trade or sales. This training program is getting arrange by MSME Development commissioner to make Small Scale industries understand latest development in packaging sector so that proactive initiative by small scale industries can be taken.

ii. Quality product national awards: National award policy is introduce to encourage small scale industries to produce good quality of product and packaging. This award to encourage and understand customer requirement so that Small Scale industries can serve the customer taste as per market
Requirement as this will help to develop good brand as Indian products. This awards are in term of cash or trophy.

iii. Training on export packaging, Indian Institute of packaging is only institute who provide training and development in education. It’s unable to meet high volume demand of small scale industries. India Institute of packaging educate small scale industries on scientific packaging techniques, buyer oriented techniques. MSME DI is tie up with India Institute of packaging Mumbai as well as other such institute since the year 1979 to provide such excellent opportunity. Around 1118 MSE entrepreneurs received various benefit from such initiative during year 2011-12 and a separate budget of Rs.15 lakh allocated during 2012-13. This institute focus on women, SC & ST as well as physical handicapped with free cost session. These training section being organized for two or three day’s duration as per the need of MSME. Apart from the training they also provide knowledge improvement session on export procedure and documentation.

References: