



Status of Small and Cottage Industries in India: A Critical Analysis

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ABSTRACT

Small and cottage industries have great importance in the growth of production and national income in our country. Cottage industries are traditional industries, they require less capital and the goods are made by the family members themselves. Small scale industries also require less capital. Small scale industrial unit is an industrial undertaking where the investment in plant and machinery does not exceed Rs 1 crore, but in some items like hosiery, hand tools, medicines and drugs, stationery items and sports goods etc. the investment limit is Rs 5 crore. Rupee. Till now, the small-scale industry category has been given the new name Small Enterprises. The government is now providing loans to these industries and this is helping in increasing production and the unemployed are getting employment. Small scale industrial units are those units which start production with the help of medium level investment. The amount of labor force in these units is also less and goods and services are produced in relatively less quantity. These are different from large scale industries in terms of amount of capital, employment, production and management, flow of inputs and outputs etc.

Introduction:

The place of cottage and small-scale industries in the Indian economy has been important since ancient times. There was a time when Indian village industry products were exported to many countries of the

world. The Indian goods market was at its peak. But village industries declined under colonial rule. As a result, our villages and villagers are trapped in poverty. Village industries have their own importance in the development of such villages. Explaining the role of small and cottage industries in the development of villages, Father of the Nation Mahatma Gandhi had said: Unless we re-awaken rural life in relation to ancient handicrafts, we will not be able to develop and reconstruct the villages. Farmers can reawaken only when they depend on villages for their needs and not on cities as they do today. He had further said, without small and cottage industries the farmer is dead, he cannot sustain himself only from the produce of the land. It needs supporting industries. After seeing the plight of Indians during the colonial period, Gandhiji had decided on some constructive programs along with the eleventh fast from the point of view of national movement and development. In this, Khadi and other village industries are being considered very important from the point of view of village development.

Small and cottage industries have great importance in the growth of production and national income in our country. Cottage industries are traditional industries, they require less capital and the goods are made by the family members themselves. Small scale industries also require less capital. A small-scale industrial unit is an industrial undertaking where the investment in plant and machinery does not exceed Rs 1 crore, but the investment limit in some items like hosiery, hand tools, medicines and drugs, stationery items and sports goods etc. It's Rs 5 crore. Rupee. Till now, the small-scale industry category has been given the new name Small Enterprises. The government is now providing loans to these industries and this is helping in increasing production and the unemployed are getting employment.²

After attaining independence, our central government laid special emphasis on agriculture and establishment of heavy industries respectively, due to which small and cottage industries gradually got neglected. However, cottage industries could not be completely eliminated because the efforts of people at the personal level were involved in its operation and even today cottage industries are playing their useful role standing parallel to other industries.

In villages, towns and cities, various works like flour mill, oil mill, handloom, silk and khadi clothes, harvesting and harvesting of crops etc. are being done at the cottage industry level. The traditional professions of tailor, carpenter, blacksmith etc. fall in this category. Some people are doing small scale metallurgy, leather work, making parts of various machines, brick making, paper bag making etc. which are the best examples of modern cottage industries.³

Even though the form of cottage industries may have changed all over the world due to the development of science and technology, the future of such industries cannot be said to be in limbo. Mechanization in cottage industries is also a welcome development as it has led to a rapid increase in production capacity. Processing of fruits and vegetables is easily done through cottage industries based on these.

On one hand, various food items like pickles, jams, jellies, papad, biscuits, prepared spices etc. are being prepared on a large scale, while on the other hand, the process of manufacturing them is going on even on a small scale. In this way lakhs of people are getting employment at individual level. Currently, there is immense potential in this sector in India because along with the population growth, our daily needs are also continuously increasing.

Pandit Jawahar Lal Nehru, the first Prime Minister of independent India, although he gave more importance to big industries for the rapid development of the country, yet he stressed on the establishment of small and cottage industries in villages to strengthen the rural economy. He believed that for the development of villages, it is necessary to develop domestic industries as independent units. Planning Commission was formed in 1950 to plan and implement national development. Which has made it clear that small and cottage industries are important parts of our economy which can never be neglected.

The number of unemployed in the country is continuously increasing. The limited area of cultivable land in an agricultural country cannot absorb the unemployed. There does not seem to be a possibility of making arrangements to increase jobs at the government level. In such a situation, development of village industries can be a suitable strategy to provide work to every hand. After independence, immense efforts were made for the development of small-scale industries. Cottage Industries Board was established in the country in 1948 and during the first five-year plan period, an amount of Rs 42 crore was spent for their development. Then in the announcements of industrial policies of 1951, 1977, 1980 and 1991, small and cottage industries were given a prominent place. Due to the combined efforts of everyone, small scale industries progressed and this has helped a lot in removing unemployment and improving the economy in the country.⁵

The census of small industrial units registered and operating in the country was completed for the first time in 1972 in which 1.40 lakh units were counted. According to the census conducted after 15 years in 1988, there were 5.82 lakh units operating in the country. These provided employment to 16.53 lakh people in the year 1972-73, which increased to 36.66 lakh in the year 1987-88. The rate of growth in

exports was also high. Exports worth Rs 127 crore were made in the year 1972-73, which increased to Rs 2,499 crore in the year 1987-88. According to the report released by the Ministry of MSME, Government of India in the year 2012, in 2010-11, it increased to 311.52 lakh units and Rs 10,95,758 crore was generated. Besides, 732.17 lakh people also got employment. Keeping in view the potential for employment and exports, the government has quadrupled the allocation for the development of small industries in the Eighth Plan as compared to the Seventh Plan.

Importance of small and cottage industries:

In a developing country like India, small scale industries play an important role in the economic development of the country. They are important segments of the Indian economy based on their contribution in creating the country's industrial production, exports, employment and entrepreneurial base. Broadly speaking, these industries represent the transition from the traditional stage of the economy to the technological stage. Small -scale industries play an important role in expanding the enterprise base. Development of small-scale industries provides simple and effective means for acquiring ownership of a wide base of industry, expansion of enterprise and taking initiative in the industrial sector.

Small scale industries have taken many steps of progress in the last 50 years. The contribution of these industries has proved important in the social and economic development of our country. They have provided employment with less capital. It has spread the light of industrialization in rural areas and has also played an important role in reducing regional imbalance. The growth in small scale industry has given priority to adopting modern technology and utilizing entrepreneurial talent to absorb the labor force in gainful employment thereby increasing productivity and income levels. Small scale industries facilitate the expansion of industries and the utilization of local resources. Under the scheme called Micro Units Development and Refinance Agency Mudra, loans ranging from Rs 50,000 to Rs 10 lakh are provided to very small entrepreneurs. This scheme has paved a new path of progress for small industries.

Work as guides in small scale industries, self-employment and management sectors. Small, cottage and household industry projects inspire new entrepreneurs and potential entrepreneurs towards establishment and promotion of industry and business so that they can increase their contribution to the economic development of the country.

Review of previous studies:

To review the studies, books and research articles edited by various teachers have been studied. In which the main ones are:

Venkatesh and Muthiah (2012) found in their study that small scale industries contribute significantly to employment as well as exports and also prove helpful in the growth of gross domestic product.

Dixit and Pandey (2011) found in their study that from 1973-74 to 2006-07, the contribution of small and micro industries has made a significant contribution in the growth of exports, employment and gross domestic product, hence the promotion of small and micro industries. By giving, the increasing unemployment in India can be controlled to a great extent.

Sharma Ashok and Kumar (2011) found in their study that availability and proper management of capital helps in the development of small and micro industries, which proves to be effective in exports and employment generation.

Objectives of the study:

The objective of studying the status of small and cottage industries in India is based on the following facts: -

On the basis of this study, a factual analysis of the situation of small and cottage industries in India has been done.

On the basis of the present study, necessary suggestions have also been presented for the development of small and cottage industries in India.

Study Method:

This research article is mainly based on description and analytical and historical critical study method. The present study is related to the investigation of various aspects of the status of small and cottage industries in India, hence this research article is mainly based on secondary sources. The basic study sources for this study have been taken from newspapers, magazines, documents and books edited by various scholars.

Materials produced by small and cottage industries:

Production of stationery, Ayurvedic pharmacy, beauty and cosmetics industry, printing ink industry, incense sticks industry, ice-cream industry, dairy industry, confectionery industry, candle industry, washing detergent powder, papad, badis and chaat masala industry, latex rubber industry. Making rubber slippers, production of plastic goods, polythene sheet industry, making plastic bags, paper pins (pins) and gem-clips, making nails from wire, small tin cans, corn flakes, fruits and vegetables. Canning and Preservation, Toy and Doll Industry, Match Industry, Spice Industry, Bread Industry, Refining of Used Engine Oil, Grease Production, Cutting Oil, Adhesive Production Industry, Mosquito Repellent Cream, Surgical Cotton, Surgical Bandage Industry, Hosiery Industry, Readymade Garment Industry, Switch and Plug Industry, Dry Cell Battery, Bolt and Nut Industry, Soap and Cleaners Industry, Printing on Fabrics by Silk Screen, Biscuit Industry, Sugar Industry (Khandsari), Electroplating Industry, Tire Retreading Industry, Food Dyes. Manufacture of fruit and flower essences, butter and spice essences, chips and wafers, noodles and vermicelli, malt food and malt mixed drinks, maize starch, paan masala and gutka, fragrant jafrani zarda, kiwam and spices, hookah flavored tobacco, Snuff powder and paste, dry preserved and canned vegetables, sausages, ketchup and pickles, milk powder, ghee, cheese, catechu manufacturing industry, paint manufacturing industry etc.

Problems prevalent in small and cottage industries:

On the other hand, the structure of our villages has also changed a lot and many villages have city-like facilities. Under these circumstances, huge changes are being seen in the small businesses of villages and towns which are called cottage industries. Many cottage industries are in distress or have come to an end due to not being able to compete with big industries. Father of the Nation Mahatma Gandhi gave many suggestions for making economic policies for rural development with the cooperation of rural people. Many policies were made as per his suggestions but due to lack of implementation, their expected benefits were not achieved. In fact, the biggest problem of small and cottage industries is not getting raw materials in sufficient quantity and even if they get them, they have to pay high prices after a lot of trouble. This increases their costs and they are not able to prepare the goods ordered on time. The second major problem is lack of financial facilities. Small industrialists have limited capital. Loan has to be taken from private sources at commercial rates. To maintain the utility of small and cottage industries, it is very important today to modernize production technology. Small and cottage industries cannot produce good items of new design with old tools and ancient methods. Therefore, by using modern equipment in their manufacturing method, good quality goods can be produced quickly and at affordable rates. There is a need for special organizations at national and international level regarding

the sale of produced goods. The resources of small-scale industries are so limited that they are not able to complete scientific systems on a large scale. It becomes even more difficult to make arrangements for the sale of goods that have to compete with modern machine-made goods.

Efforts for development of small and cottage industries:

Since independence, immense efforts have been made for the development of small-scale industries. Cottage Industries Board was established in the country in 1948 and an amount of Rs 42 crore was spent for their development during the first five-year plan period. Then in the announcements of industrial policies of 1951, 1977, 1980, 1991, 2001 and 2016, small and cottage industries were given a prominent place. Due to the combined efforts of all, small scale industries have progressed and have helped a lot in removing unemployment and improving the economy of the country, but despite these measures, there has been no success in accelerating the pace of development in this sector.

Continuous efforts are being made to develop small and micro industries at the rural level. The Ministry of MSME, which looks after the development of micro, small and medium industries of the Central Government, has made many such policies in the last year which are proving helpful in the development of small and cottage industries in rural India. According to the National Shampoo Survey 2015-16, about 633.28 lakh units are operating in the MSME sector. According to the survey, 1.10 crore jobs have been created in these units.

In the past years, many steps have been taken by the government to improve the condition of these industries. These include measures like availability of credit, introduction of schemes for upgradation of technology, quality improvement and providing assistance for marketing of products in this sector. Considering the contribution of small and micro industries in rural India, the government is also paying special attention to them. Khadi and Village Industries Commission not only fulfills the basic needs of goods produced by the vast rural area of the country but also provides permanent employment to about 152 lakh people in rural areas. The Commission is playing an important role in marketing the products of people running small and cottage industries through self-employment in rural areas and taking them to the urban markets of the country.

Conclusion:

By investing less capital in small and cottage industries, more production can be achieved and at the same time, more and more means of employment can be provided. Small and cottage industries also

play an important role in reducing inequalities in income and wealth by reducing the concentration of economic power. Not only this, they also reduce regional imbalances with the help of decentralization of economic activities. They help the rural consumers to exercise their choice as per their interest by providing them the benefits of their goods. Therefore, the future of cottage industries in India is not bleak if it gets even a little government encouragement. With the facility of short-term small loans, many unemployed people can get self-employment. Various government schemes are also being implemented in this direction, which can prove to be very effective in the near future. In this way, migration of rural youth towards cities can also be stopped.

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