



Small Scale Industries Scenario in Gujarat

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Abstract: *Small scale industries today constitutes a very important segment of the Indian economy the development of this sector came about primarily due to the vision of our late Prime Minister Jawaharlal Nehru who sought to develop core industry and have a supporting sector in the form of small scale enterprises. Small scale sector has emerged as a dynamic and vibrant sector of the economy. The sector contribution to employment is next only to agriculture in India. It is therefore an excellent sector of economy for investment. Already we have seen that how small scale industries are playing significant role in the economy. As we discussed above the importance and institutional framework of India and Gujarat, government of India and government of Gujarat is trying to be more supportive to this sector. In spite of these lots of attempts of government of Gujarat and government of India this sector is not raising as accepted to other countries and economy. Now we knew that how small scale industries is playing important role in economy. We have accepted its importance. Inspire of its importance, the small scale sector is beset with the problems of finding facilities given by financial institutions, nationalized banks, private banks, co-operative banks and public sector banks.*

Keywords: *economy; industry; employment; investment; role; government; importance*

I. INTRODUCTION

Small scale Industries play a key role in the industrialization of a developing country. This is because they provide immediate large scale employment and have a comparatively higher labour capital ratio. They need a shorter gestation period and relatively smaller markets to be economic. They need lower investments, offer a method of ensuring a more equitable distribution of national income and facilitate an effective mobilization of resources of capital and skill which might otherwise remain unutilized and they stimulate the growth of industrial entrepreneurship and promote more discussed pattern of ownership location.

The development of these industries would be beneficial to the developing countries and assist them improving their economic and social well-being this would create greater employment opportunities and assist in entrepreneurship and skills development and ensured better use of the scarce financial resources and appropriate technology. Although there is no such thing as the typical small industries, they do share many unique characteristics small is a relative term these characteristic. In addition, a low capital requirement, given an appropriate market environment is believed to stimulate growth of numerous indigenous industries with wide regional dispersal. This help to promote balanced growth, ensure more equitable income distribution as well as diversification of the industrial structure which often leads to increased utilization of national resources the process it properly nurtured, can help the entrepreneurial class and boost capital formation as well as lead to the growth of industries in the small sector in both urban and rural areas. Such a process create the basic for transformation of technology management and pave the way for creating development while sustaining national heritage and skills. It will also contribute to the growth of the right type of entrepreneurship in the country.

- The small scale sector has stimulated economic activity of a far reaching magnitude and has played a significant role a attaining the following major objectives.
- Elimination of economic backwardness of rural and under developed regions in the country.
- Attainment of self-reliance
- Reduction of regional imbalances.
- Reduction of disparities in income wealth and consumption.
- Mobilization of resources of capital and skills and their optimum utilization.
- Creation of greater employment opportunities and increased output, income and standards of living.
- Meeting a substantial part of the economy's requirements for consumer goods and simple producer goods.
- Provide employment and a steady source of income to the low-income groups living in rural and urban areas of the country.
- Provide substitutes for various industrial products now being imported into country and
- Improve the quality of Industrial products manufactured in the cottage industry sector and to enhance both production and exports.



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II. DEFINITION OF SSI

In India, the enterprises have been classified broadly into two categories:

- (i) Manufacturing; and
- (ii) Those engaged in providing of services.

Both categories of enterprises have been further classified into micro, small and medium enterprises based

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Enterprises	Investment in Plant and Machinery (Mfg.)	Investment in Equipment (Service)
Micro	Less than Rs. 25 lakhs	Less than Rs. 10 lakhs
Small	Rs. 25 lakhs – Rs. 5 crore	Rs. 10 lakhs – Rs. 2 crore
Medium	Rs. 5 crore – Rs. 10 crore	Rs. 2 crore – Rs. 5 crore

III. SMALL SCALE INDUSTRIES AND GUJARAT

Gujarat, since many years has been known as the land of entrepreneurs. It is this entrepreneurial spirit that usher the process of emergence of a sector characterized by many small scale industries in the state. Small scale industries are the major contributors to the economy of any region. Looking to the nature of investment and technology adopted by them, they offer wide scope for employment opportunities thus helping to alleviate the core problems of unemployment in our country, the sector has matured over a period of time driven by the business acumen of the entrepreneurs in terms of their technical skills and capability to run units with lower overheads. However, with the Indian economy steady aligning with the global environment, a need is now felt to strengthen small sector units in terms of an array of needs like capacity building, infrastructural support, financing, technology up gradation, research and development activities, quality improvement, market access and many more. So as to enable them to have competitive advantages in the international market.

As above discussed that small scale industries play very important role in the economic development of any developing or under developed country or state. These industries meet the twin needs viz. solution of unemployment problem and checking the economic concentration in the hands of a few. These industries encourage self sufficiency, self reliance and co-ordination they provide beneficial reallocation of available resources and their proper utilization. The traditional village and cottage industries provide a vital means of livelihood to village artisans. These industries create the scope of employment to the rural person.

IV. SMALL SCALE INDUSTRIES SCENARIO IN GUJARAT

There were only 2169 small scale industrial units in 1961. The number of SSI increased to 15,849 in 1970; 43,712 in 1980; 1,15,384 in 1990; crossed a figure of 2,50,000 and were at 2,51,088 in 2000. The number of small scale industrial units has increased to 3,12,782 by September 2006. Ahmadabad leads among districts with highest number of small scale industrial units at 65,763 constituting 21.03% of total SSI units in the state. Ahmadabad is followed by surat with 47,404 units (15.16%) and Rajkot with 32,461 units (10.38%), thereby constituting 47% of total SSI units among these three districts. besides, Vadodara (18,498), Valsad(15,966), Mehsana(14,602), Bharuch (14,328), Kheda (13,521), Jamnagar (13,236) and Bhavnagar (11,821) have more than 10,000 small scale industrial units as on 31.09.2006. among different industrial sectors where small scale sector have witnessed impressive development include textiles, machinery and parts and metal products. textile sector with 66,914 units continues to have prime position among SSI units. machinery and part (23,792), metal products (23,421), food products [16,467] , chemical & chemical products (15,553), wood products [13,498], rubber & plastic products [11,780], non metallic mineral products (11,345), basic metal industries (8,795), paper and printing (8,244) and electrical machinery and apparatus (6451) are other important industrial sectors among SSI.

Gujarat has registered an impressive industrial development since its formation as a separate state in 1960. The industrial sector at present comprises of over 1200 large industries and over 4,00,000 micro, small and medium industries. As per the results of the Annual Survey of Industry (ASI), 2009-10 carried out by the Central Statistical Organization (CSO), under Ministry of Statistics and Program Implementation, Government of India, Gujarat accounts for 18% of fixed capital investment, 17.22% of gross output and 15.20% of net value added in industrial sector in India. This survey further reinforced the position of Gujarat as the most industrially developed state in India in respect of first ranking in industrial investment and second in terms of value of production and value addition in industrial sector.

Over the years, Gujarat has diversified its industrial base substantially. In the year 1960-61, textiles and auxiliaries were the major contributor to industrial economy of the state. In the span of over 52 years, the industrial spectrum has completely transformed and today 13 major industry groups together account for 83% of factories, 94% of fixed capital investment, 93% of value of output and 93% of value addition in the state's industrial economy. In the recent years, refined petroleum products has emerged as one of the largest industrial groups having 37% share, followed by chemicals having 14% share. Other important groups Basic Metal (8%), food products (7.14%), textiles (5%), machinery and equipment (3.36%), non-metallic mineral based products (2.8%), plastic and rubber products (1.81%), fabricated metal products (2.74%). The industries in Gujarat produce a wide variety of products. The products which have substantial contribution in terms of production in India include: Soda Ash having 94% share, Salt (80%), Processed Diamond (80%), Polyester Filament Yarn (63%), Caustic Soda (42%), Phosphatic Fertilizers (37%), Sponge iron (35%), Textile Fabrics (34%), Refined Petroleum Products (33%), Nitrogenous Fertilizers (19.5%), and Cement (10%) so on.

Over a period of time, Gujarat has also succeeded in widening its industrial base. At the time of inception in 1960, the industrial development was confined only to four major cities namely Ahmadabad, Baroda, Surat and Rajkot and some isolated locations such as Mithapur and Valsad. Today, almost all the districts of the state have witnessed industrial development in varying degree. Such a massive scale of industrial development has been possible on account of judicious exploitation of natural resources, such as minerals, oil and gas, marine, agriculture and animal wealth. The discovery of oil and gas in Gujarat in the decade of 60s has played an important role in setting up of petroleum refineries, fertilizer plants and petrochemical complexes. During the same period, the state government has also established a strong institutional network. Gujarat Industrial Development Corporation (GIDC), established industrial estates providing developed plots and ready built-up sheds to industries all across the state. Institutions were also set up to provide term finance, assistance for purchase of raw materials, plant and equipment and marketing of products. Later, District Industries Centers (DICs) were set up in all the districts to provide assistance in setting up industrial units in the form of a support services. The state also developed infrastructure facilities required for industries, such as power, roads, ports, water supply and technical education institutions. The Government also introduced incentive schemes, from time to time, to promote industries mainly in the under-developed areas of the state to correct regional imbalances. All these initiatives have made Gujarat to emerge as the highly industrialized state in the country today.


V. CONCLUSION

Small-scale industry plays a vital role in the economic development of any country. After liberalization policy of India small-scale sector face a problem of competition from other corporate. Even though small-scale sector s has been became an important sector for the development of country. In Gujarat the development of small-scale industry is also satisfy. To develop small scale sector in Gujarat government has also taken a promotional and developmental majors.

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