

Poverty Alleviation and Employment Opportunities through Small Scale Industries (SSI's) and Government initiatives for SSI's

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Abstract

Small Scale Industries (SSI's) play a very important role in the economic development of India. It help the government in increasing infrastructures and manufacturing industries, reducing issues like pollution, slums, poverty, and many development acts. They play an essential role in employment generation and poverty alleviation. It improves the growth of the country by increasing both urban and rural growth. SSI provide nearly forty percent of the gross industrial value added to the Indian economy. SSI's are an important industry both from a financial and social perspective as they contribute to per capita income and resource utilisation in the economy. These industries can be either manufacturing or service industries. Small scale industries are labour intensive but require less capital and produce on a small scale. This research paper aims to examine the impact of Small Scale Industries (SSI's) on poverty alleviation, employment opportunities and government initiatives for SSI units based on secondary data collected from various sources such as the internet, books, magazines, newspapers and government data from the Ministry of Micro, Small, and Medium Enterprises (MSME) website portal.

Keywords: Small Scale Industries, Government Initiatives, Poverty, Unemployment, SWOT

Introduction

Small Scale Industries (SSI's) are considered to be the growth engines of developing nations and this sector has emerged as dynamic sector helping Indian economy to minimize its macro-economic problems like unemployment, poverty etc. It has helped in developing entrepreneurial base and has emerged as second largest employment provider. The Indian government has been supporting and developing small unit sectors. According to layman's language, a small business is a project or venture that requires a small budget or is run by small group of people. Both central and state government have been emphasizing more on self-employment opportunities in rural/urban sectors by providing help and support in financing in terms of loans, training in terms of programs, infrastructure, raw materials and technology. The core purpose of the government is to utilise the local manpower and locally available resources. Which are further transformed into action by local departments, agencies, corporations, etc. The support of small industries include: The present study focused on the role of small scale industry in reduction of poverty and employment opportunities in India. Poverty is a social phenomenon in which societies unable to fulfil the basic requirement of life i.e., food, shelter, clothing and education etc. The main reason of poverty is low income level of people due to scarcity of Employment opportunity. The SSI's plays important role in removal of unemployment and Poverty alleviation.

Government Initiatives for Small Scale Industries:

Government of India (GOI) has revealed many new initiatives and provision for the MSMEs promotion in the country. The goal of this initiative is to make India not job seekers but job makers and also to reduce the poverty.

Institutional Support for Small Scale Industries:

1. Small Scale Industries Corporations(SSIC)
2. Ministry of Micro, Small & Medium Enterprises(MMSME)
3. District Industries Centres (DIC)
4. Small Industries Development Bank of India (SIDBI)
5. National Bank for Agriculture and Rural Development (NABARD)
6. A Rural Small Business Development Centre (RSBDC)
7. National Small Industries Corporation (NSIC)
8. The National Commission for Enterprises in the Unorganised Sector (NCEUS)
9. National Handicapped Finance and Development Corporation (NHFDIC)

10. Small Industry Extension Training Institute (SIETI)

Government Subsidy Scheme for Small Scale Industries:

1. Prime minister's Employment Generation Programme (PMEGP)
2. Weaver Mudra Scheme (WMS)
3. Pradhan Mantri MUDRA Yojna (PMMY)
4. Pradhan Mantri Street vendor Aatmanirbhar Nidhi Scheme (PM SVANidhi)
5. Self Employment Scheme for Rehabilitation of Manual Scavengers (SRMS)
6. Stand up India scheme (Standupindia)

Government Credit Guaranteed Schemes for Micro and Small Enterprises:

1. Credit Guarantee fund for Micro Units (CGFMU)
2. Credit Guarantee Scheme for Stand Up India Scheme (CGSSI)
3. Credit Guarantee Scheme for Subordinate Debt (CGSSD)
4. Credit Guarantee Scheme for Subordinate Debt (CGSSD)
5. Credit Linked Capital Subsidy Scheme (CLCSS)
6. Emergency Credit Line Guarantee Scheme (GECL)

Poverty:

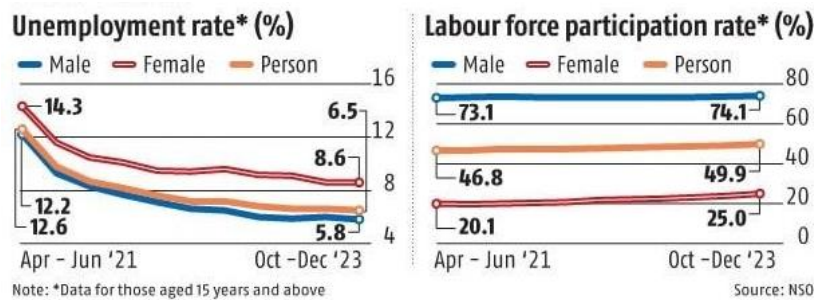
A recent study conducted by an Indian government committee, aimed at assessing poverty levels, revealed that nearly 38% of India's population, equivalent to 380 million individuals, lives in poverty. This figure, derived from an updated approach, marks a 10% increase from the current poverty rate of 28.5%. Despite efforts by the government to address this issue, it remains a significant challenge. In a nation like India, poverty has reached its peak. The primary issue is the lack of a comprehensive understanding of the root causes of poverty. Poverty is defined as a condition where individuals or communities are unable to satisfy their fundamental life needs, including food, clothing, education, and housing, among others. Society is categorized into three income brackets: the upper class, the middle class, and the lower class. Those who cannot meet these basic needs are considered to be living below the poverty line (BPL), while those who can afford these necessities are classified as above the poverty line (APL). Moreover, poverty is categorized into two distinct types: relative and absolute poverty. Relative poverty is a social issue that compares the poverty status of individuals, communities, and countries, known as relative poverty. On the other hand, absolute poverty refers to the condition where individuals are unable to fulfil their basic needs. Social Security Programs (SSI) play a crucial role in tackling this severe issue. The job market is expanding, leading to more employment opportunities, which in turn, increases people's incomes, enabling them to meet their basic needs. This, in turn, causes a shift in individuals moving from the BPL to the APL class.

Growth in Poverty Control			
	Total Population	Number of people living in extreme poverty	%
	(in crore)		
2016	132.37	7.59	5.7
2018	135.29	6.26	4.6
2020	138.21	6.73	4.9
2022	140.85	4.69	3.3
2024	143.48	3.44	2.4

Source: NCAER Survey

Unemployment:

Unemployment occurs when individuals are eager to work but struggle to secure employment opportunities. With the continuous growth of a country's population, the issue of unemployment escalates rapidly. Factors contributing to unemployment in our nation include poverty, population expansion, sluggish economic development, inadequate education systems, and slow industrial growth. Small Scale Industries (SSI) play a crucial role in alleviating the unemployment and poverty concerns to some extent. As individuals' income levels rise, so do their savings, leading to increased investments and the establishment of new industries. Consequently, this helps reduce unemployment rates. It is evident that unemployment is closely linked to poverty and can be addressed by establishing SSI units. These elements form an interconnected structure akin to a cage.



OBJECTIVE OF THE STUDY

1. To study and analysed the role of small scale Industries (SSI's) in generation of employment
2. To study and analysed the role of SSI in alleviation of poverty
3. To study and understand about various government initiatives for Small Scale Industries (SSI's)

RESEARCH METHODOLOGY:

Research design of this paper is descriptive in nature. Small-scale industries (SSI's) varied significance has been researched, explained, and examined. This paper's main goal is to identify different avenues for small-scale industry-based job creation and poverty alleviation. The study's secondary data came from a variety of secondary sources, including MSME annual reports, Ministry of Micro, Small, and Medium Enterprises publications, articles, research papers, books, magazines, MSME websites, and SSI performance reports in India.

REVIEW OF LITERATURES:

1. Thahira K (2017) examined the effects of MSMEs in Kerala's Mallapuram district. An investigation discovered that the district had made numerous beneficial changes following the implementation of the MSMED Act in 2006. The researcher thoroughly investigated MSME's contribution to the improvement of rural areas. The District Industrial Centre's (DIC) technical and managerial assistance has been appreciated by researchers, who came to the conclusion that it has contributed to the district's reduction of poverty and disparities between men and women.
2. Shreeharipaliath (2020) How to strengthen Indian's small business a post look lock down Economy suggested that in the aftermath of the Covid-19 epidemic, India now faces the crises of unemployment and business closure, particularly in the micro, small and medium enterprise, or MSME, sector. The MSME sector must be strengthened by Identifying micro, small and medium enterprises and their workers developing a vulnerability assessment framework of MSME sectors; increasing the capacity of the Samadhaan system to expeditiously clear government dues; improving the creditworthiness of small businesses.
3. Shashank B.S and Suresh ramana Mayya (2021) in their study entitled —A Conceptual Study on Performance of Small-Scale Industries in India has analysed SSIs are crucial to regional development as a result. Subsidies are predicted to increase, enhancing SSIs for export competitiveness. To maintain and strengthen their operations, SSIs in India are increasingly concentrating on improved production techniques, penetrating marketing tactics, and management skills. The ability to be dynamic, adaptable, and creative must also be developed. The SSIs' promoters need to be well-educated, informed about current world events, and supportive in their efforts to obtain the necessary skills.
4. Swarnjayanti Gram Swarozgar Yojana (SGSY):- It is a centrally sponsored scheme that follows the mechanism of forming SHGs of rural poor households, providing capacity building training and linking groups to banks. SGSY is primarily designed to promote self-employment oriented income generating activities for the Below Poverty Level (BPL) households in rural areas.
5. Sh.Sohan Lal (2023) in his study entitled —A Study on Challenges of Small Scale Industries in India, has analysed Small businesses are essential to a nation's development. More than 40% of the Indian economy's gross industrial value added is accounted for by it. State borders are not an obstacle for small firms to serve regional need. Additionally, the government has launched a number of initiatives and rewards to encourage SSI and build institutional infrastructure for SSI.

SWOT ANALYSIS OF SMALL-SCALE INDUSTRY IN INDIA

Strength:

1. Adapting to change is critical in business, especially for small businesses, because they are not bound by bureaucratic inertia and can usually respond to the marketplace more quickly.
2. Outstanding customer service - small business owners have a closer relationship with their clients and customers, resulting in increased accountability and maturity. They usually take a more personal approach to client interaction. Customers who are treated as if they are family are more inclined to return to a business.
3. Self-reliance is another benefit of the SSI. The owners have complete control over their company. As a result, as a reward for small business owners, there will be the freedom to operate independently.

4. It is a well-known fact that bureaucratic firms have a more challenging time innovating and creating new products and services. Whether it is in response to changes in fashion, demographics, or competitor advertising, a small business can usually make quick decisions in days.
5. Small scale industry helps to give a quick return on investment. It is usually from 2 to 5 years.

Weaknesses:

1. Reaching enough potential customers to build a thriving customer base can be difficult. Small businesses that do not provide a high-quality product or service may make potential customers less likely to do business with SSI.
2. One of the most significant challenges for small business owners is raising capital because institutional lenders such as banks and government-owned financial institutions invest their own money for big business. Banks are reluctant to provide money to small businesses.
3. Small business owners must bear high production costs, which is a weakness for small enterprises.
4. The small-scale industry faces a problem of lack of skilled employees.
5. Most small enterprises do not take advantage of information technology and its applications, such as creating a prototype machine for a product, total quality management, automation, etc., due to lack of resources.

Opportunities:

1. SSI benefited from government support, product reservation, excise relief, and ancillary for large businesses in the current scenario business.
2. SSI has access to opportunities because several bilateral and multilateral trade agreements have been signed, which help a significant revenue source for entrepreneurs/business owners.
3. Credit assistance with more and more government initiatives for their promotion is offered; entrepreneurs/business owners can expect some relief in terms of credit facility access.
4. The National Small Industries Corporation (NSIC) has launched several marketing campaigns to promote SSI. As a result, small business owners can take advantage of adequate marketing assistance available from government agencies to help SSI.

Threats:

1. The threats identified in this study are lack of financial prudence, competition from large and multinational corporations.
2. SSIs also facing technological obsolescence, negligence toward industrial training, and increased input costs.
3. Recently, increased costs such as salary, land, raw materials, and exchange rates, combined with cash flow challenges resulting from recovering account receivables, have all conspired to make SSI's business environment extremely difficult.

Analysis and Interpretation

1. SSIs help to create more and more employment opportunities.
2. SSI units provide medical facilities and safety uniforms to their workers at the workplace. They also provide other facilities such as subsidised food, transport facilities, education etc.
3. Due to the competition from large scale industries, SSI faces problems related to marketing, labour, etc.
4. The study observed a growth in the number of SSI units, and SSI units also contribute to production, employment generation and promotion of exports.
5. It indicates that globalisation has harmed the SSI units. It clearly shows that SSI units were not at all prepared to face the challenges of globalisation.
6. The bank should grant short, medium and long term loans at a low-interest rate to SSI.
7. The SSI units must provide appropriate training to their managers from the professionals to improve their managerial abilities.
8. The SSI was founded in response to the necessity to address the globalisation era's difficulties. Infrastructure must be built to a high standard by units. SSI unit should always strive to achieve the goal of customer satisfaction.
9. Special efforts should be made to educate employees about the vision, goals, and objectives. The mission of the SSI units and inter-departmental policies and procedures are likely strategies for achieving the desired output and results.
10. It is always preferable to assign jobs and responsibilities based on merit. They have to consider the individual's experience and follow the "right person-right job" concept in human resources management.

Conclusion

Small-scale industries are critical to the country's growth. It accounts for about 40% of the gross industrial value added to the Indian economy. Small-scale industries are being explored across the country, and they are meeting local demand. As a result, SSIs play an essential role in regional development. The Indian Government announced some policies and programmes to assist SSIs and started various initiatives that have been done to enhance credit flow to rural areas and improve the quality of life for the workers working in the SSIs. The Government has also implemented various schemes and incentives to promote institutional infrastructure for SSIs. Government supports globalisation and liberalisation. It is anticipated that subsidies will likely rise, boosting SSIs for export competitiveness. SSIs in India are progressively focused on enhanced production methods, penetrative marketing strategies, and management competencies to sustain and strengthen their operations. The dynamism, flexibility, and innovative drive are also required to be developed. The promoters of SSIs must be educated and informed about the latest global developments and assist in acquiring the skills required to keep up with the global pace developments. SSIs have been extremely beneficial in terms of revenue generation, primarily through the export of goods and addressing issues such as employment while improving people's socio-economic conditions.

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