

Development of small Scale Industries in India: A Case Study of Haryana

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Abstract

The small scale industry sector is a major contributor to the industrial economy of the country. It provides direct and indirect employment to millions of workers in rural as well as urban area. In the industrial policy resolutions of 1948 and 1956, the small scale sector was given the special role of creating additional employment with low capital investment in order to solve the basic problem of unemployment. Such industries are termed as small scale industries which have a capital up to 5crore invested in plant and machinery. Industrial development is not balanced in all the districts of Haryana. Some districts of Haryana experienced much development and some other districts have remained backward. That's why; there is a need of more efforts in order to induce the industrial development in the backward districts. The value of production and number of employed people in small scale industries is increasing day by day in Haryana. In these industries, more people are employed by making less use of machines, so that employment can be provided to a larger part of population.

Keywords: GSVA-Gross State Value Added, GSDP-Gross State Domestic Product

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Introduction

The small scale industry sector is a major contributor to the industrial economy of the country. It provides direct and indirect employment to millions of workers in rural as well as urban area. In the industrial policy resolutions of 1948 and 1956, the small scale sector was given the special role of creating additional employment with low capital investment in order to solve the basic problem of unemployment. Such industries are termed as small scale industries which have a capital up to 5crore invested in plant and machinery. The small scale industries are classified into traditional small industries and modern small industries. Traditional small industries include khadi and village industries, handicrafts, seri-culture and coir industries. Modern small scale industries include electronics, electronics engineering, chemical and plastic.

About the Study Area

Haryana is a leading state in the country on both the industrial and agricultural front, especially passenger cars, two-wheelers, mobile cranes and tractors. Haryana is the second largest contributor of food grains to India's central pole and accounts for more than sixty percent of the export of Basmati rice in the country, third-largest exporter of software and one of the preferred destinations for IT/Tes facilities.

Objectives of the Study

1. To scrutinize the historical perspectives of small scale industries.
2. To evaluate the objectives of small scale industries with reference to employment generation.
3. To study its marketing practices in order to know the strength and weakness of business units.

Hypothesis

1. The value of production increases every year.
2. The value of employment generation increases every year.
3. The number of registered factory increases every year.

Scope of the Study

Present study will help to identify alternate sources of employment, trends in the production and sales, marketing practices towards small scale industry. The study would certainly make a better understanding of marketing and production practices of small scale industries in Haryana.

Methodology

The study is based on secondary data. The secondary data were collected

from annual reports and statistical abstract of Haryana.

Limitations

The study relates with small scale industries. So no emphasis would be on large and medium industries. Also, this study is related with the study of State Haryana only. The study does not give any comment on price mechanism of the production.

Trends of Small Scale Industries in Haryana

Haryana is considered a large manufacture state of scientific equipments, electric items, sanitary items, etc. A study of present situation can be seen in the following table1:

Table 1:
Growth of Small Scale Industries in Haryana

Year	Number of Small Scale Industries	Output(in crore)
1990-91	78,996	2970
2012-13	85,789	39,802
2013-14	88,014	50,224

Source: Statistical Abstract of Haryana 2014-15

It is clear from the table1, that there were 85,789 small industrial units in Haryana in the year 2012-13 and the value of their total production was Rs.39,802 crore. The number of small industrial units increased 88,014 in the year 2013-14 and the value of their total production was 50,224 crores. Thus, it is clear that the small industrial units have experienced much development in Haryana.

The sub sector-wise Gross State Value Added (GSVA) along with the growth rate recorded by industrial sector in the state at constant (2011-12) prices during different years have been shown in the table 2:

Table 2:
GSVA from Industrial Sector at Constant (2011-12) Prices

Sector	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Mining & Quarrying	118.82	90.97 (-23.4)	276.66 (204.1)	245.24 (-11.4)	477.11 (94.5)	9329.90 (95.5)
Manufacturing	53286.09	63497.60 (19.2)	67653.23 (6.5)	69874.02 (3.33)	76840.61 (10.0)	81911.41 (6.6)
Electricity, Gas, Water Supply, etc.	3446.04	3375.07 (-21)	2917.19 (-13.6)	3039.96 (4.2)	2813.79 (-7.4)	2923.94 (3.9)
Construction	29759.66	27614.98 (-7.2)	30686.74 (11.1)	30655.37 (-01)	31840.51 (3.9)	33408.19 (4.9)
Industry	86610.61	94578.62 (9.2)	101533.82 (7.4)	103814.61 (2.2)	111972.01 (7.9)	119176.43 (6.4)

Source: Department of Economic and Statistical Analysis, Haryana.

As per the table 2, the estimates for 2014-15 indicate that industrial sector in the state recorded the growth of 2.2%. As per quick estimates for 2015-16, the GSV for industrial sector has been recorded as Rs.1,11,972.01 crore recording a growth of 7.9%.

Growth of Registered Working Factories in Haryana

The numbers of registered working factories in Haryana as well as that of workers employed are shown in the table 3:

Table 3:
Growth in Registered Working Factories in Haryana

Year	Number of Registered Working Factories	Number of Workers Employed
2010-11	10,513	7,82,463
2012-13	10,979	8,21,412
2013-14	11,265	8,36,497

Source: Statistical Abstract of Haryana 2014-15.

It is clear from the table 3 that there were 10,979 registered working factories in Haryana in the year 2012-13, in which 8,21,412 employees were employed. The number of these factories increased upto 11,265 in the year 2013-14 with 8,36,497 employees employed in these. From the very beginning, the industries in Haryana developed at a very rapid pace. But this industrial development is not balanced in all the districts of Haryana. Some districts of Haryana experienced much development and some other districts have remained backward. That's why; there is a need of more efforts in order to induce the industrial development in the backward districts.

Conclusions and Suggestions

The value of production and number of employed people in small scale industries is increasing day by day in Haryana. In these industries, more people are employed by making less use of machines, so that employment can be provided to a larger part of population. Total numbers of registered factories have also increased from 2011-12 to 2015-16. Small scale industries are complimentary to large industries because in these industries, the spare parts of motor-cycle, machines are manufactured at low prices, which are used in large industries.

The lack of raw material, electricity and coal is the main problem. Many a times, the small industries have to import the raw material from other countries due to its deficiency. For this, the government should provide a rebate in import duty to these industries.

All though Haryana has an area covering just 1.3% of the country, it

contributes nearly 3.63% to India's GSDP. During 2004 to 2016, the state's GSDP grew at a compound annual growth rate of 12.12%. At current prices, the total GSDP of Haryana was about US \$75.3 billion in 2015-16. The state government of Haryana has been committed to creating a progressive business environment.

Most of the entrepreneurs in these industries are uneducated, ignorant and inexperienced. The government should help the training institutes and extension sectors for providing training to small entrepreneurs.

The study also shows that scientific market research is not practised in established production. The quality control is not given serious consideration. Another neglected aspect of product is packaging. For the rapid development of small scale industries, it is essential that the goods produced must be sold at fair prices, good quality and attractive packaging.

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