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## “THE ROLE OF MICRO, SMALL AND MEDIUM SCALE INDUSTRIES IN DEVELOPMENT OF AURANGABAD”



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### ABSTRACT:

**M**icro, Small and medium scale industries play a key role in the economic development of Aurangabad as well as country. Small and large scale industries are two legs of industrialization process of a country. Small scale industries have been given an important place in the development of Aurangabad since beginning. Economic development of Aurangabad depends primarily on its Small and medium scale industries. It may be regarded as powerful tool for economic development of a predominantly agricultural country like India. The Micro, Small and Medium Enterprises (MSMEs) contribute about 7-8 per cent of India's GDP, 45 per cent of the manufacturing output and 40 per cent of the exports. They are recognized as the engine of growth for the economy. After agriculture, MSME sector employs the largest number of persons. MSMEs are widely dispersed throughout the country and produce a diverse range of products catering to various segments of the market. The geographic spread, diverse



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product range and potential for innovation and employment generation make them extremely important in the context of economic growth with equity and regional balance. It is clear that to solve the problem of unemployment that development of SME's and self employment.

**KEY WORDS:** Micro, Small and Medium Enterprises, Industrial Development of Aurangabad.

### INTRODUCTION:

Aurangabad is a historical city located in Marathwada region of Maharashtra state. Aurangabad is developed in industrialisation because of this we can say the Aurangabad is the financial capital of Marathwada. In most of the developing countries like India, Micro, Small and medium scale industries constitutes an important and crucial segment of the industrial sector.

They play an important role in employment creation, resource utilisation and income generation and helping to promote changes in a



gradual and phased manner. They have been given an important place in the framework of Indian planning since beginning. The reasons are obvious. The scarcity of capital in India severely limits the number of non-farm jobs that can be created because investment costs per job are high in large industries. An effective development policy has to attempt to increase the use of labour, relative to capital to the extent that it is economically efficient. Micro, Small and medium scale industries are generally more labour intensive than larger organizations. As a matter of fact, Micro, Small and medium scale industries has now emerged as a dynamic and vibrant sector for the Indian economy in recent years. It has attracted so much attention not only from industrial planners and economists but also from sociologists, administrators and politicians.

### **REVIEW OF LITERATURE:**

In the following discussion, an attempt has been made to take review of prior studies on the topic.

One of the research studies concluded that the contribution of DIC in the regional development of SSI at taluka level. Industrial development process has taken place after 1980's in the region means we not neglect the role of District Industries Center in the development of SSI in Marathwada region. Lastly suggest that, promoting regional attractiveness and competitiveness and development advanced some support services.

One of the research studies concluded that the speed of setting up industries in Jalna district is so slow, because of infrastructural deviancies. Research is based on primary and secondary data collected that the DIC, Jalna had shown better performance in implementation of the scheme.

John Brahman (1995) says that success for organizations will still be measured in financial and economic terms but that the way people are managed will for many organizations make all the difference. The organization must find new ways of finding what people want and think. Opinion surveys are seen as having a contribution, if backed up by an approach such as the two-way team briefing to ensure that employees are kept informed. The difference from manpower planning to human resource planning is rejected without change in either content or context. The organizations personnel function must move to embrace these ideas. Human Resource is an approach to the management of people at work. It goes beyond what has gone before in that, intertwined and together with customers and quality, it leads to the three pillars of the modern organization.

One of the research studies concluded that the functioning of DIC in Ahemadnagar district is satisfactory. As per the survey undertaken by the researcher there are mix reactions by the beneficiaries regarding the working of DIC and supportive role for SSI development.

Definitions of Micro, Small & Medium Enterprises: In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified in two Classes:

**(a) Manufacturing Enterprises :** The enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and regulation) Act, 1951) or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use. The Manufacturing Enterprise is defined in terms of investment in Plant & Machinery.

**(b) Service Enterprises:** The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment.

The limit for investment in plant and machinery / equipment for manufacturing / service

enterprises, as notified, vide S.O. 1642(E) dtd.29-09-2006 are as under:

Enterprises	Manufacturing (Investment in plant and machinery)	Service (Investment in equipments)
Micro	0-25 lakh	0 to 10 lakh
Small	25 lakh to 5 Crores	10 lakh to 2 Crores
Medium	5 Crores to 10 Crores	2 Crores to 5 Crores

#### **OBJECTIVE OF THE STUDY:**

The principal objectives of the study are:

- 1.To determined the growth of Micro, Small and medium scale industries in Aurangabad.
- 2.To study the employment generated by Micro, Small and medium Enterprises.
- 3.To understand the role of Micro, Small and medium Enterprises in economic development.
- 4.To find out the total production capacity of micro small and medium industries of Aurangabad.
- 5.To know the problem faced by of SME's.

#### **RESEARCH METHODOLOGY AND SAMPLING:**

The entire study is depends on the secondary data. The secondary data collected from the sources such as government publication, annual report of MSME, office record of MCED and DIC, Books and Journals relevant to the study. There is no special sample selected for the research study. Whole MSME's from Aurangabad district taken as a research sample for the research.

#### **INDUSTRIAL DEVELOPMENT OF AURANGABAD DISTRICT:**

In this paper researcher studied the industrial development of Aurangabad district from various parameters of development i.e. total number of micro, small and medium enterprises in Aurangabad district, total employment generated by micro, small and medium enterprises, investment of micro, small and medium enterprises and production capacity of micro, small and medium enterprises.

#### **TOTAL NUMBER OF MICRO, SMALL AND MEDIUM INDUSTRIES:**

The following table shows the Total Number of Micro, Small and Medium Industries of Aurangabad district. The table is divided in two sectors i.e. manufacturing and service. The table shows total Micro enterprises in manufacturing and service are 3089 and 365 respectively. Small enterprises are 695 and 259 and medium enterprises in manufacturing are 16, there are no medium enterprises in service sector.

**Total Number of MSME**

Enterprises	Manufacturing	Service	Total
Micro	3089	365	3454
Small	695	259	954
Medium	16	---	16

(Source: Ministry of MSME, Govt. Of India, DIC Profile of Aurangabad district)

#### **Total Employment generated by Micro, Small and Medium Industries:**

The following table shows the Total Employment generated by Micro, Small and Medium Industries of Aurangabad district. The table is divided in two sectors i.e. manufacturing and service. The table shows total Employment generated by Micro enterprises are 31255. from Small enterprises

12903 and from medium enterprises are 1312, there are no one employed by medium enterprises in service sector.

**Total Employment generated by MSME**

Enterprises	Manufacturing	Service	Total
Micro	28265	2960	31255
Small	10255	2648	12903
Medium	1312	---	1312

(Source: Ministry of MSME, Govt. Of India, DIC Profile of Aurangabad district)

**Total Investment in Micro, Small and Medium Industries:**

The following table shows the Total Investment made by Micro, Small and Medium Industries of Aurangabad district. The table is divided in two sectors i.e. manufacturing and service. The table shows total Investment in Micro enterprises are 49896. from Small enterprises 54029 and from medium enterprises are 12300, there were no Investment in medium enterprises in service sector.

**Total Investment of MSME (Rupees in Lakh)**

Enterprises	Manufacturing	Service	Total
Micro	28265	2960	31255
Small	10255	2648	12903
Medium	1312	---	1312

(Source: Ministry of MSME, Govt. Of India, DIC Profile of Aurangabad district)

**Total Production Capacity of Micro, Small and Medium Industries:**

The following table shows the Total Production Capacity of Micro, Small and Medium Industries of Aurangabad district. The table is divided in two sectors i.e. manufacturing and service. The table shows total Production Capacity in Micro enterprises are 73957. from Small enterprises 136815 and from medium enterprises are 20860, there were no Investment in medium enterprises in service sector.

**Total Production Capacity of MSME (Rupees in Lakh)**

Enterprises	Manufacturing	Service	Total
Micro	63704	10253	73957
Small	100859	35956	136815
Medium	20860	---	20860

(Source: Ministry of MSME, Govt. Of India, DIC Profile of Aurangabad district)

**LIMITATION OF STUDY:**

**The limitation of this study is as follows:**

- 1.This study is limited for Aurangabad district only.
- 2.The Cumulative figures used in this study are up to March 2012.

**CONCLUSION:**

From the above study we can concluded that Small and medium enterprises have contributed significantly to economic growth of Aurangabad district. SME's is like blood veins in the human body. The development of Aurangabad is depends upon the growth of small and medium business



enterprises. They provide the largest share of employment. They are the nurseries for entrepreneurship and innovation. They are widely dispersed across the country and produce a diverse range of products to meet the needs of the local markets, the global market and the national and international value chains. SME's sector has emerged as a highly vibrant and dynamic sector of the Indian economy. SME's not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances.

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