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## SMALL SCALE INDUSTRIES IN INDIAN CONTEXT: PERSPECTIVE ON KHADI AND VILLAGE INDUSTRIES



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### ABSTRACT

Over the last five decades Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy. MSMEs play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries. By reducing regional imbalances it also help in industrialization of rural & backward areas, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units. This sector contributes a lot to socio-economic development of the country.

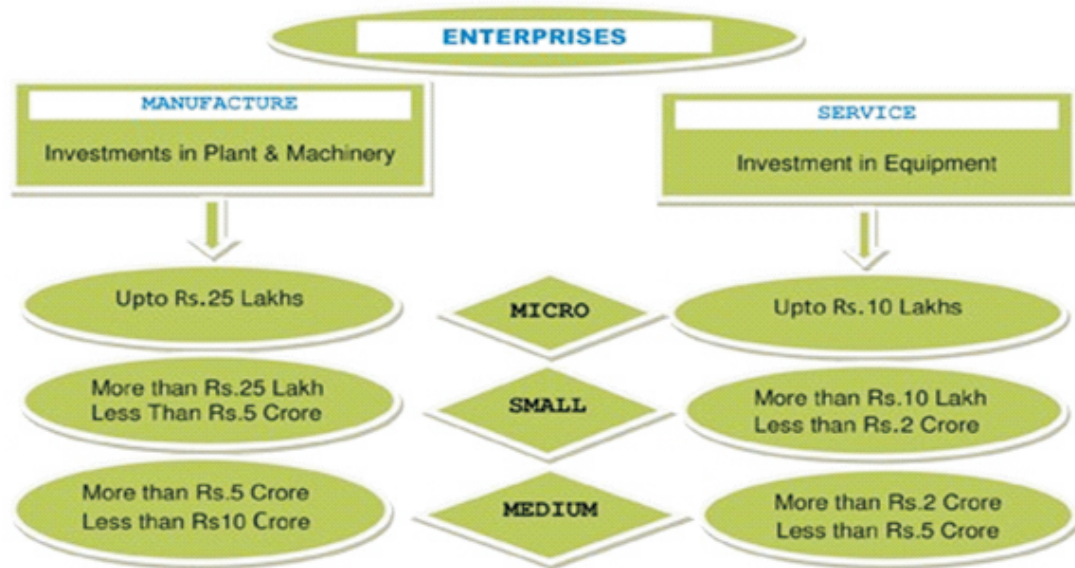
**KEYWORDS** :MSME, national income, Small scale industries.

### CONCEPTUAL FRAMEWORK

Today Small scale industries are a spine of the Indian economy. Small scale industries are mostly organized on the basis of proprietary or partnership. Most of the small scale industries are using single machinery, skills and technology. But, in present era these industries are converting from traditional technology to modern technology. By using modern technology increase in income is possible, better utilization of sources can be done. These enterprises are increasing day by day because different banks as public sector banks, private sector banks, foreign banks provides credit to micro and small enterprises for growing their business.

MSMEs consists of any enterprises whether Hindu Undivided Family, Association of Persons, Cooperative society, Partnership or any other legal entity engaged in production and rendering services .In private sector, its widely used to describe small businesses. There are different definitions

of MSME. First Definition is according to World Bank, a business is classified as MSME when it meets two of the three benchmarks Employees' strength, Size of assets and Annual sales. Second Definition is according to MSMED Act, 2006 of Government of India. This definition uses *INVESTMENT METRIC*.



SOURCE: ANNUAL REPORT 14-15, GOVERNMENT OF INDIA, MSMEs

#### Key Highlights of MSMEs Sector: Current Statistics

- MSMEs sector account for 36 million units
- MSMEs account for about 45% of India's manufacturing output.
- MSMEs account for about 40% of total exports.
- MSMEs provide employment to 80 million people across country.
- MSMEs contribute 8% to GDP.
- MSMEs offer more than 6000 products.

(Published by: Ministry of MSMEs (An ISO 9001:2008 Certified organisations))

This sector has the potential to spread industrial growth across the country and can be a major partner in process of industrial growth.

#### OBJECTIVES OF THE STUDY

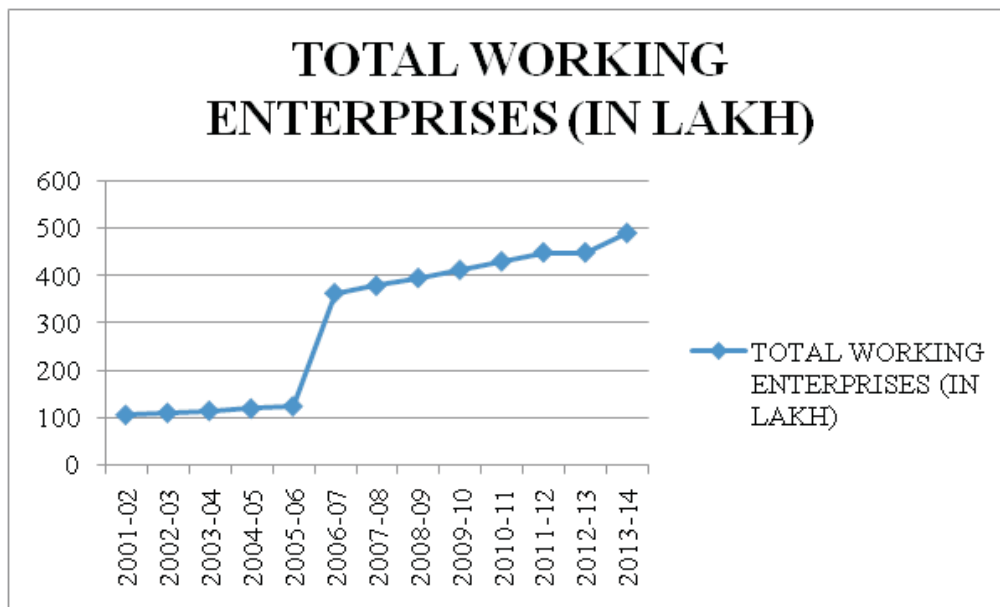
- 1.To examine the growth of working enterprises in micro, small, medium enterprises.
- 2.To present the growth in employment of India in micro, small, medium enterprises
- 3.To understand the market value of fixed assets
- 4.To examine the performance of Khadi and Village Industries

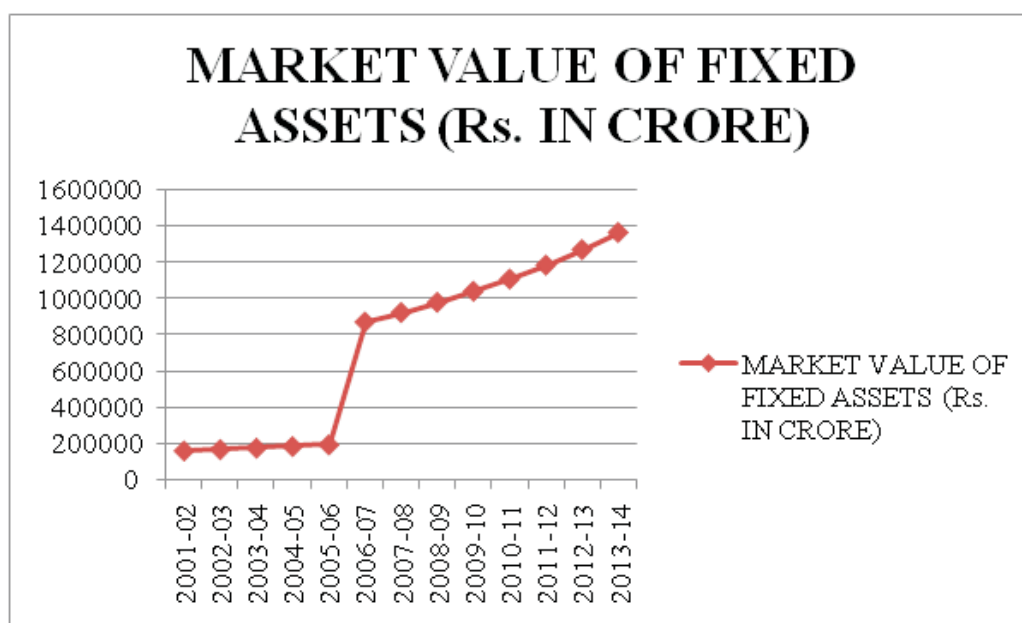
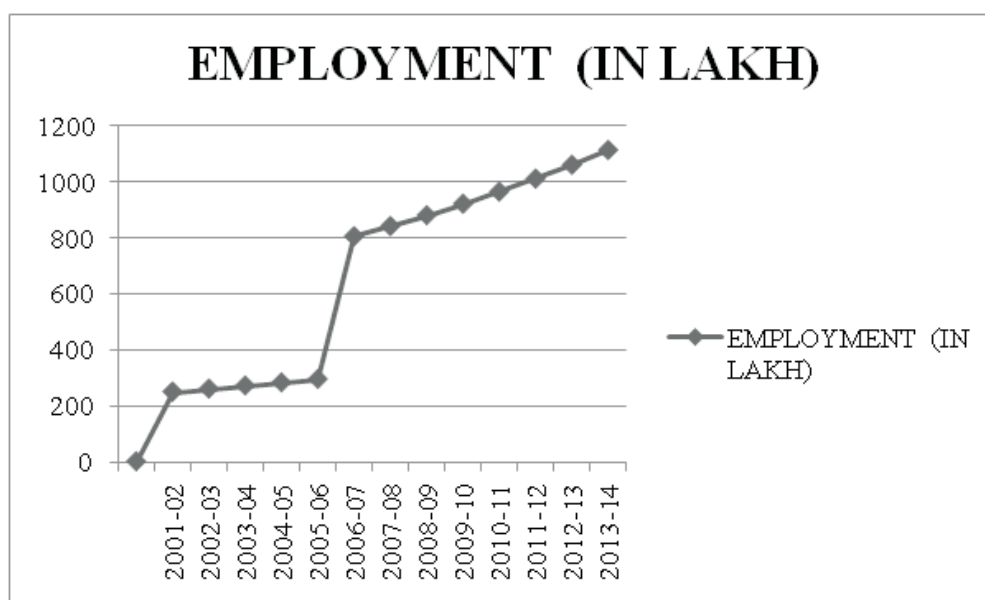
#### DATA COLLECTION

In the present paper data has been taken from year 2001-2002 to 2013-14 which has been used to identify the role of micro, small & medium enterprises in increasing the employment.

**TABLE NO-1**  
**PERFORMANCE OF MSMEs , EMPLOYMENT AND INVESTMENTS**

YEAR	TOTAL WORKING ENTERPRISES (IN LAKH)	EMPLOYMENT (IN LAKH)	MARKET VALUE OF FIXED ASSETS (Rs. IN CRORE)
2001-02	105.21	249.33	154349.00
2002-03	109.49	260.21	162317.00
2003-04	113.95	271.42	170219.00
2004-05	118.59	282.57	178699.00
2005-06	123.42	294.91	188113.00
2006-07	361.76	805.23	868543.79
2007-08	377.36	842.00	920459.84
2008-09	393.70	880.84	977114.72
2009-10	410.80	921.79	1038546.08
2010-11	428.73	965.15	1105934.09
2011-12	447.64	1011.69	1182757.64
2012-13	447.54	1061.40	1268763.67
2013-14	488.46	1114.29	1363700.54





#### KHADI AND VILLAGE INDUSTRIES

Khadi, a handspun and hand woven cloth in India is the proud donation of our Mahatma Gandhi. Khadi and village industries are the two national heritages of India. Beside that khadi and village industries participate a remarkable place in our economy. Khadi and Village Industries Commission (KVIC), a statutory organisation engaged in promoting and budding Khadi and Village Industries created by the Act of Parliament (No.61 of 1956 and as amended by Act No.12 of 1987), Khadi and Village Industries Commission was established in April 1957, taking over the former All India Khadi and Village Industries Board. Khadi and Village Industries Commission engage in recreation an admirable part in promoting improved technology in Khadi and Village Industries and thereby helping artisans in various industries to derive higher incomes.

*"Village economy cannot be complete without the essential village industries such as hand*



*grinding, soap making, paper making, match box making, oil pressing etc. When we have become village minded, we will not want imitations of the west or machine made products, but we will develop a true national taste in keeping with the vision of a new India in which pauperism, starvation & idleness will be unknown". - Mahatma Gandhi*

*Just imagine a cloth 15 meters long, passing through an ordinary finger ring and weighing merely 10 Gms per sq.mt. Sounds like Fantasy? Actually it is a stark reality. We are referring to the handspun, hand-woven cloth- Muslin made by thousands of skilled artisans of rural India known as "Khadi".*

### **KHADI AND VILLAGE INDUSTRIES COMMISSION (KVIC)**

The khadi and village industries commission (kvic) is a statutory body established by an act of parliament (no. 61 of 1956, as amended by act no. 12 of 1987 and act no. 10 of 2006). In April 1957, it took over the work of former all India khadi and village industries board. Khadi & Village Industries Commission (KVIC) established under the Khadi and Village Industries Commission Act, 1956 (61 of 1956), is a statutory organization under the aegis of the Ministry of MSME, engaged in promoting and developing khadi and village industries for providing employment opportunities in the rural areas, thereby strengthening the rural economy. KVIC has been identified as one of the major organisations in the decentralised sector for generating sustainable non-farm employment opportunities in rural areas at a low per capita investment. In this way, this in turn also helps in checking migration of rural population to urban areas in search of the employment opportunities. It undertakes activities like skill improvement; transfer of technology; research & development; marketing etc. and helps in generating employment/self-employment opportunities in rural areas.

## **KHADI AND VILLAGE INDUSTRY COMMISSION**



## KHADI AND VILLAGE INDUSTRIES COMMISSION (KVIC)

It is engaged in the development of khadi and village industries in rural areas.

Main objectives of KVIC are:

- Providing employment in rural areas.
- Skill improvement.
- Rural industrialization.
- Transfer of technology.

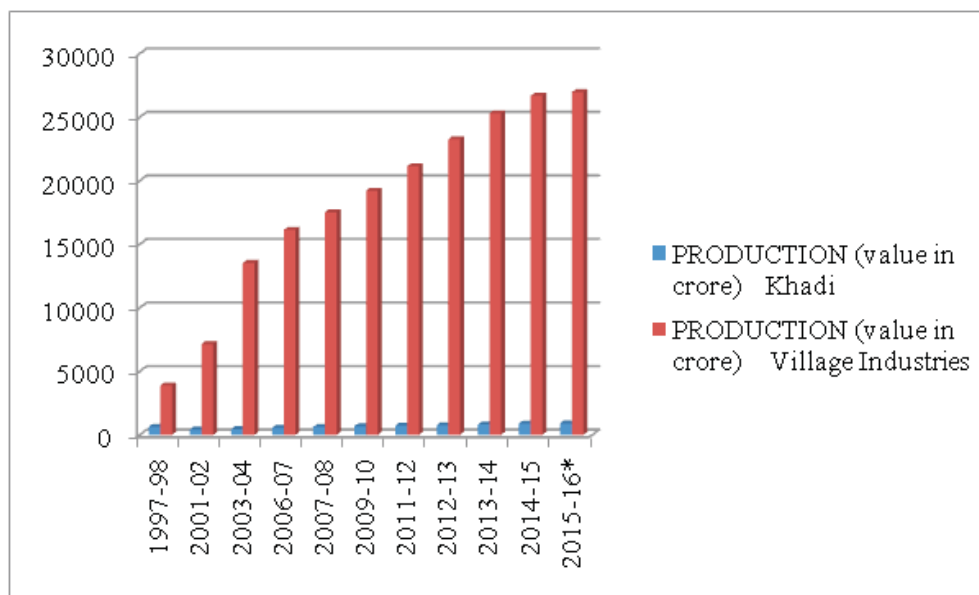
### Performance of Khadi Village Industries

YEAR	PRODUCTION (value in crore)		SALES (value in crore)		CUMULATIVE EMPLOYMENT (in lakhs person)	
	Khadi	Village Industries	Khadi	Village Industries	Khadi	Village Industries
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1997-98	624.10	3895.21	745.90	4319.38	14.01	42.49
2001-02	416.69	7140.52	527.86	8383.49	8.48	54.16
2003-04	451.93	13527.19	589.96	11000.00	8.61	62.57
2006-07	543.39	16134.32	663.19	18888.21	8.84	80.08
2007-08	628.98	17508.00	724.19	20819.09	9.16	90.11
2009-10	673.01	19198.85	867.01	23254.53	9.81	98.72
2011-12	716.98	21135.06	917.26	24875.73	10.15	103.65
2012-13	761.93	23262.31	1021.56	26818.13	10.71	114.05
2013-14	811.08	25298.00	1081.04	30073.16	10.98	119.40
2014-15	879.98	26689.39	1170.38	31965.52	11.06	123.19
2015-16*	903.25	26964.80	1218.04	36424.20	11.06	143.78

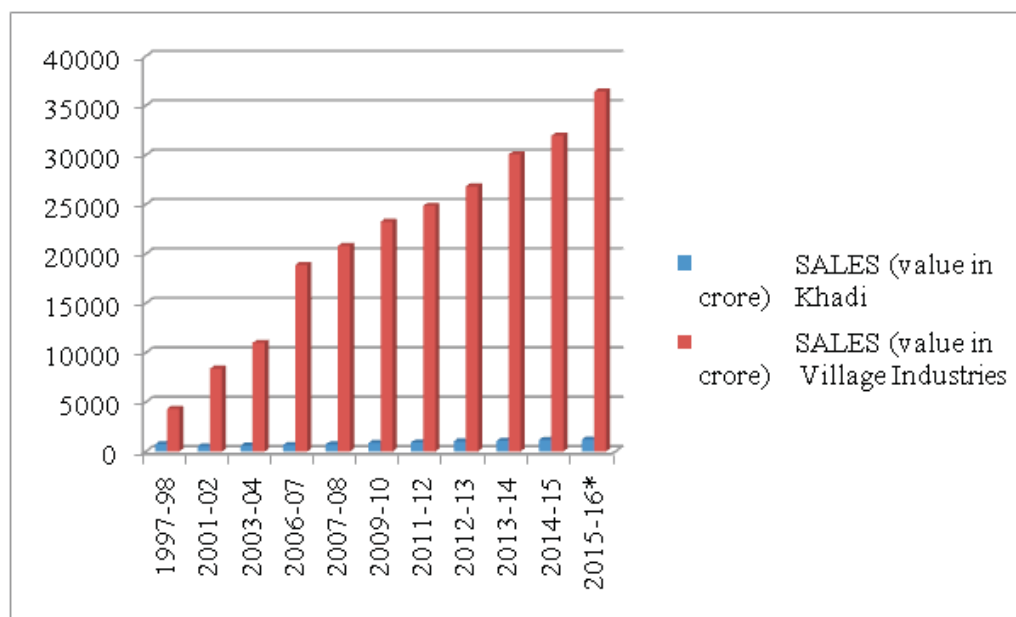
\*upto 31st January 2016.

Source: Annual Report 2015-16, MSME

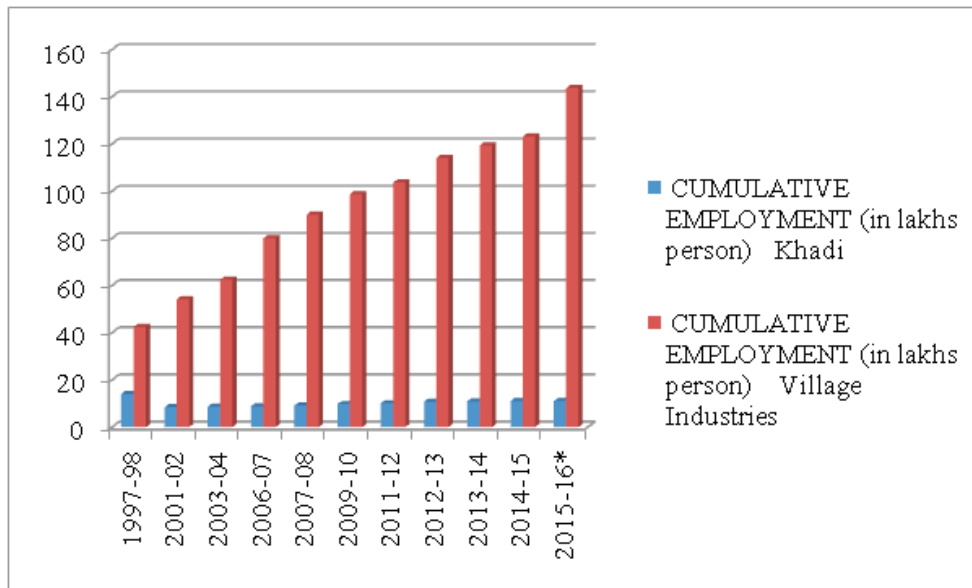




**Production of Khadi Village Industries**



**Sales of Khadi Village Industries**



### Cumulative Employment of Khadi Village Industries

#### Problems Faced by the Small Scale Sector and Khadi Village Industries

1. Following are the various problems associated with marketing of Small Scale Sector. For this purpose the researcher has classified the problems in to six major categories namely;
2. Market Structure Problems
3. Logistic Problems
4. Managerial Problems
5. Economic Problems
6. Communication Problems
7. Socio-psychological Problems
8. Financing problem
9. Weak technology structure
10. Infrastructural problems
11. Marketing problem
12. Macroeconomic instability
13. Corruption
14. Unskilled employees

## National Board for Micro, Small, Medium Enterprises

Functions include

- Examining the factors affecting the promotion and development of micro Enterprises
- Reviewing the policies and programmes of the Central Government in regard to
  - Facilitating the promotion and development
  - Enhancing the competitiveness of such enterprises and the impact on such enterprises;
- Recommend Government of India (GoI)– on above matters
- Advise GoI on Use of Funds

Not less than Three Persons  
representing associations of micro Enterprises to be Members of Board

### CONCLUSION

This paper presents the data from year 2001-02 onward which shows that credit is increasing year to year, and growth of these enterprises is also increasing.

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