



## Impact on Small Scale Industries in Mumbai

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### Abstract

The "Make in India" initiative, launched in 2014 by the Government of India, seeks to promote domestic manufacturing and position the country as a global manufacturing hub. This paper examines the impact of the initiative on small scale industries (SSI) in Mumbai, the financial capital of India. Small scale industries play a vital role in Mumbai's economic landscape, contributing to employment and local industrial development. The objectives of the Make in India initiative include job creation, technology upgradation, and fostering a favorable environment for entrepreneurship. The impact on SSIs in Mumbai is assessed through factors such as job creation, access to global markets, technology adoption, foreign direct investment, infrastructure development, and ease of doing business. The initiative's success in enhancing the competitiveness and growth of small scale industries in Mumbai depends on effective policy implementation and the industries' ability to leverage opportunities arising from this transformative campaign.

### INTRODUCTION

The small-scale industrial sector is the most important contributor to the Indian economy in terms of productivity, employment, and the potential for exports. Since it gained its independence, it has seen fast expansion, despite the intense competition that it faces from large-scale businesses. Prior to the country's independence, the Small Scale Industry (SSI) in India held a relatively minor significance in the economy of the nation. Cottage industries were a term that was occasionally used to make reference to small-scale enterprises that were located in rural areas. Beginning in 1947, the Central Government began to take an active interest in the development of the Small Scale Industry.

### POSITIVE IMPACT:

**Increased Investment:** The objective of the programme was to entice investments from local as well as international businesses. These investments would have been beneficial to small-scale firms since they would have provided them with access to finance and technology.

**Job Creation:** It is possible that the expansion of manufacturing businesses that were supported by the programme resulted in an increase in the number of job possibilities available to the local workforce in small-scale enterprises.

**Infrastructure Development:** It is possible that the government made investments in the improvement of infrastructure, such as industrial parks and special economic zones, which might have resulted in the creation of an environment that was more favourable for the operation of small-scale companies.

### SMALL SCALE INDUSTRIES

firms that are characterised by their restricted size of operations and relatively small personnel are referred to as small-scale industries. These firms are also frequently referred to as small and medium enterprises (SMEs) or micro, small, and medium enterprises (MSMEs). These businesses are extremely important to the economies of a great number of nations since they contribute to the creation of jobs, the expansion of the economy, and the development of production facilities. Small-scale industries contain a number of significant aspects and characteristics, including the following:

**Size of Operations:** The modest size of small-scale companies is often assessed in terms of the number of employees, turnover, or investment in plant and machinery. modest-scale industries are distinguished by their capacity to operate on a smaller scale. In certain countries, the particular criteria that define small-scale enterprises may be different from those in other countries.



**Localized Operations:** These businesses often focus on serving the needs of the local or regional market rather than expanding their operations to the national or worldwide level.

**Labor-Intensive:** In most cases, human labour is more important to the success of small-scale companies than the use of modern technology or automation. This is because there are limited financial resources available, as well as low-cost labour that is readily available.

**Flexibility:** Being small in size, these businesses can adapt quickly to changing market demands and trends.

**Low Capital Investment:** When compared to large-scale businesses, small-scale companies often require a lower initial expenditure of capital in order to get started and continue to function.

**Entrepreneurial Ventures:** There are a great number of small-scale industries that are frequently started and managed by entrepreneurs who have creative ideas and a strong desire to establish their own companies.

**Diverse Sectors:** Across a wide range of industries, including manufacturing, food processing, handicrafts, textiles, electronics, and services, there are small-scale enterprises.

## **Role of small scale industries in India Economy.**

Even though it does not receive a lot of assistance from the government or financial backing, the small-scale industrial sector plays a highly significant and important role in the Indian economy. This is because it has been responsible for the higher development of the economy as well as the higher growth of employment since the country's independence. They are forced to contend with cutthroat competition, which is extremely difficult, and a difficult time dealing with significant players in the industry. We can observe that the number of registered units has increased from sixteen thousand in the year 1950 to thirty-six thousand in the year 1961, and the trend of increasing numbers continues with the presence of three hundred and thirty-seven thousand units in the years 2000-2001. Over the course of the past ten years, there has been a significant amount of advancement and development in the manufacturing and progress pattern of small-scale industries.

## **Performance of small scale sector in India.**

To a greater extent than any other industry in India, small-scale enterprises have been performing exceptionally well. They contribute to the achievement of a significantly higher level of industrial growth. The labour absorption level of small scale industries is quite high, despite the fact that they have less capital. Small-scale enterprises have performed rather well in rural areas; this serves as a reevaluation for rural industry. To a significant extent, SSI has been contributing to the creation of additional job opportunities. This industry thrives on the support of conventional business practices and religious beliefs. During the same time period, the government of India implemented a large number of value-added initiatives with the goal of bringing China's small-scale industries up to speed.

## **TYPES OF SMALL SCALE INDUSTRIES IN INDIA**

**The following are the different types of small scale industries in India:**

### **Manufacturing Industries**

Generally speaking, they are units that are owned by individuals and are responsible for the production of completed goods for consumption or for use in processing industries. Machines such as power looms, engineering businesses, food processing units, and other similar establishments are examples of manufacturing industries.

### **Ancillary Industries**

Large corporations and multinational corporations (MNCs) concentrate their efforts largely on the production of completed goods. With that being said, these businesses frequently rely on auxiliary sectors as suppliers for the production of a wide variety of machinery and components. Ancillary industries are specialised in the production of machinery and parts that are utilised by multinational corporations and medium-sized businesses.



## Industries that provide services

The service industry includes establishments that provide services like repair and maintenance shops. This includes after-sales service, repair, maintenance and upkeep of the products.

## Units for Export

A small-scale unit that exports more than 50% of its output is classified as an export unit.

## Units in Cottages

Rather of requiring a specific location, these compact devices are able to function within the owner's own residence. In most cases, they take up residence in rural areas and constitute the unorganised sector. When it comes to the production of commodities, these kinds of firms are more reliant on workers. Among the many examples are weaving, silverware, ceramics, bamboo crafts, and other such items.

## Village Industries

This includes small-scale units established in rural areas and part of the unorganised sector. These units are also labour-intensive. The total fixed capital investment in land, building, plant, and machinery per artisan or worker in this industry does not exceed Rs. 50,000.

## Characteristics of Small Scale Industries

### Ownership

Typically, small scale industries have a single ownership, a sole proprietorship, or a partnership.

### Management

The owners generally control the management, and that's why the owner's participation is directly involved in the business's daily operations.

### Labour Intensive

Small scale industries in India are distinguished by the fact that they rely more on labor-intensive procedures rather than making significant investments in cutting-edge technologies. This is a particular characteristic of these sectors. Labour that is performed by hand is given priority in these businesses, which use a greater workforce for a variety of manufacturing operations.

### Flexibility

In comparison to larger businesses, smaller-scale firms have a significant edge when it comes to the degree of flexibility they demonstrate. They are able to simply and swiftly adjust to changes in the environment in which businesses operate.

### Limited Reach

As small scale industries operate with fewer machines and are more labour-intensive, they have limitations and can only fulfil local and regional demand.

### Utilisation of Resources

Small scale industries are more dependent on using local resources that are available at their place and focus on optimum utilisation of resources with minimum wastage.

### Use of Locally Sourced Raw Materials

Small scale industries promote intermediate and capital goods and export them but depend on local raw materials. Using locally produced raw materials helps in the country's faster and more balanced economic growth.

## OBJECTIVES:

1. To provide a conducive environment for small scale industries to thrive and expand.
2. To study the organizational and operational dimensions of the small-scale Industrial units.
3. To examine the investment and financial magnitudes of the study units.
4. To evaluate the overall economic performance of the SSI study units and to identify the problem areas and to make suitable suggestions for the improvements of the Small scale industries units covered by the study.

## HYPOTHESIS OF THE STUDY

H0- There is no significant relation between the "Make in India Campaign" and overall economic performance in regard to the Small scale industries Units under research study. Due to "Make in India Campaign", the SSI Units are not benefited on the criteria like:

The various dimensions covered are:

- 1) Organizational Dimensions
- 2) Operational Dimensions
- 3) Investment and Financial Magnitude
- 4) Production Parameters
- 5) Marketing Dimensions and
- 6) Overall Economic Performance

## REVIEW OF LITERATURE

Dr. Ramavat Vaijayant (1997) In his paper titled "Problems faced by the small scale sector- An Analysis," which was published in Volume no. 2, the author came to the conclusion that in order to attract customers, small scale units should enhance the quality and aesthetics of their Organizational Dimensions.

Sebastian Morris and Rakesh Basant (1998) In their article titled "Role of Small Scale Industries in the Age of Liberalisation," the authors come to the conclusion that small scale industries in today's business world are unable to access global markets without the assistance of trading houses or, for that matter, even national markets. This is due to the fact that the current challenges of Organizational Dimensions, standardisation, and keeping up with changing trends and new designs, all of which are competitive factors and have large invisibilities and scope economies, are all uploaded against small scale industries. However, the one benefit they possess is the ability to reach the employment market, which is very competitive. On the other hand, major companies have the capacity to invest in the development of competitive factors; but, they are unable to get access to low-cost labour that is already competitive. According to Joshi and Joshi (1976), the difference in costs is fairly significant, with the large company experiencing a cost that is up to eight times greater. It is impossible for the sector as a whole to withstand the intensity of the competition from imports, and exports continue to be relatively low, particularly in the items that have a comparative advantage.

N Dasgupta (Nov 1999) The article "Energy policy" comes to the conclusion that the majority of initiatives in India are aimed at improving the environment or increasing energy efficiency. The purpose of this study is to show that the conceptual viewpoint of these projects is excessively restricted, and that their top-down approach and the methodology that is linked with it are inadequate.

M H Bala Subrahmanya (2005) within the context of India's Small Scale Industries in the Age of Globalisation: Performance and Prospects It is possible to draw the conclusion that small-scale enterprises have a position of strategic importance in the Indian economy due to the significant contribution they provide to employment, production, and distribution of goods. Due to the effects of globalisation, small-scale industries have been found to be operating in an environment that is extremely competitive since 1991. Within the last section of this study, policy proposals are provided in order to guarantee the continued existence and competitive expansion of small-scale enterprises in India.

S. Krishanmurthi (2008) In his book titled "Guide to MSME and policy Rules and regulation," the author came to the conclusion that the most significant limitations that were identified by the numerous expert committees that investigated the functioning of small scale sectors are the failure to accept advances in technology and the lack of availability of financial resources at the appropriate moment. As a result of their small size and weak financial situation, the SSI Sector is essentially led to a single supplier of material who might generate excessive profits. Therefore, the effective and efficient management of materials is of the utmost importance in this sector. Failure and inefficiency might be attributed to a lack of professionalisation in the



organisation. Attempts to professionalise its work are hampered by factors such as its small size, limited availability of resources, and other factors. It is imperative that the staff receive sufficient training on a consistent basis.

## RESEARCH METHODOLOGY

Because this is an empirical research, twenty small-scale industry units will be chosen at random. This is because the study is empirical in nature. In the second step of the process, a questionnaire will be developed in order to collect primary data from the Units that were chosen at random. In the third step, the questionnaire will be distributed to the units that have been chosen, and the replies of those units will be sought. Following this, an informal personal meeting with the heads of the units will be held in order to obtain essential information, particularly about those topics that were not addressed by the questionnaire. Fourth, once all of the main data has been collected through the use of the questionnaire, it will be presented in tabular form. The data that has been tabulated are analysed question by question under each aim, and interpretations are indicated in accordance with the findings. For the purpose of arriving at appropriate conclusions, data analysis and interpretation are carried out by making use of straightforward statistical techniques such as percentages, averages, and so on.

## AN EXPLORATION OF FINANCIAL CHALLENGES OF SMALL SCALE ENTERPRISES (SSI)

There are so many scholars who contribute a lot for identifying challenges faced by Micro, Small and Medium Enterprises. Hussain (2004) claimed that the removal of quantity restriction under the impression of WTO as a challenging factor to the growth of SSI. Torri (2012) argued that transportation services and communication networks are the leading thread to Small scale industries especially in rural India. Das .K strongly stated that poor and non- availability of loan finance, low level of technology; inadequate physical and infrastructure and a truncated policy of product reservation. Das, Shil, Pramanik (2007) identified major challenges faced by SSIs in the path of internationalization; lack of industrialeal skill , managerial and marketing skills, bureaucracy and red tape; lack of accessibility on investment, handing technological equipment and technical knowhow, non-conformity of standardization, lack of quality awareness and lack of appropriate recognition schemes, product and service range and usage differences.

## CONCLUSION

In the modern, interconnected world, the dynamics of business have undergone a complete transformation. Increasing the income and profits of a company or industry is not the only factor that determines its growth; other factors, such as research and development, long-term relationships, innovation, and Organizational Dimensions, are all important to take into consideration. As a result of the fact that a greater number of manufacturing businesses are included in SSIs, each of their final goods is required to be transported in high-quality Organizational Dimensions. A significant number of SSIs are not concentrating on the pattern of their Organizational Dimensions. As far as we are aware, customs is the most important department; yet, there is no system that can listen to the voice of the consumer, nor is there a system that can listen to the voice of employees in order to enhance packing.

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