



Research Article

HOW STATE GOVERNMENT SCHEMES CAN AID IN IMPROVING PURSUANCE OF SMALL SCALE INDUSTRIES OF RAIGAD DISTRICT

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ABSTRACT

The article highlights promotional measures of government to strengthen SSI, which covers extension of services to small scale industries with respect to credit help, provision of good working conditions, terms of employment, Human Resource Management in industries, incentives and other assistance on financial management & technological advancement. The study covers only Raigad district of Maharashtra including scope of study which includes agro based industries, animal based industries, forest based industries and other related industries.

Keywords:

Schemes,
Small Scale Industries,
Raigad,
Study.

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INTRODUCTION

The main objective of the study is in order to protect, support and promote small enterprises by studying their business policies and also to examine the problems of sick small scale industries and to suggest some promotional measures for their revival. It is also concerned with changing patterns and trends in industrial growth in Raigad district with relation to recent changes in business policies by State and Central government. The promotional measures of the study would cover industrial extension services, institutional support in respect of credit facilities, provision of developed sites for construction of sheds, provision of training facilities, supply of machinery on hire-purchase terms, terms of employment with relation to Human Resource Management, assistance for domestic marketing as well as exports, special incentive for setting up enterprises in backward areas and technical consultancy & financial assistance for technological up-gradation etc.

1.2 Significance of the study

- To study the trends and growth of small scale industry in Raigad district during the post liberalization period.

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- To characterize the trends in inputs, output and other related variables in small scale Industry in Raigad district in order to bring out the growth in the Industry.
- To examine the relative contributions of labour and capital in output growth in Raigad district.
- To study the growth and working of micro and small-scale enterprises in Raigad district in general and with reference to Maharashtra in particular.
- To analyze the role of the District Industries Center in the industrial promotion of micro and small-scale industries in Raigad district along with its profile.
- To study the problems and elicit the views of entrepreneurs on the problems in running the small scale in Raigad district.

1.3 Scope of the study

Small scale Industries occupies an important role for development of entrepreneurship. The scope for entrepreneurial activities in small business sector can broadly be classified into:

1.3.1 Industrial sector

1.3.2 Agricultural and allied industrial sector

1.3.3 Service sector

1.3.4 Forest based

1.3.5 Animal based

1.3.1 Industrial sector

The basic objectives underlying the development of small-scale are the increase in the supply of manufactured goods, promotion of capital information the development of indigenous entrepreneurial talents and skills and the creation of broader employment opportunities. This sector provides a wider scope for the potential entrepreneur to develop his or her own industry. Outdated technology, shortage of finance, shortage of raw material and inadequate marketing facilities are some of the problems faced by small entrepreneurs. Small-scale industries play an important role in increasing the national income, in meeting the shortage of consumer's goods, in promoting balanced regional development, in reducing inequalities in the distribution of income and wealth and in relieving the economic pressure on land and overcrowding in urban areas. There is a good scope and enormous potential to use technology based products in the small-scale sector. An entrepreneur can exploit a profitable venture in any of the industries reserved for exclusive department under the small-scale sector.

1.3.2 Agricultural and allied industrial sector

There is a vast cope for entrepreneurial activities in the agricultural sector. By establishing a link between agriculture and allied industries, the rural entrepreneur can exploit opportunities in areas of farming, agricultural processing and marketing. The government has given priority to IRDP programme and ensured adequate flow of credit to small and marginal farmers through re-financing facilities and by establishing national bank for agriculture and small development.

Trade: Trading takes place in wholesaling and retailing. It may be in domestic or overseas market. The retailer entrepreneur makes the goods available at the time and places the consumer wants them. He may decide to start single line store, specialty shop, departmental store etc. trade in overseas market is in wholesale. The business environment directly influences the growth of entrepreneurship in a particular line of trade. The trade policy of India has been directed to promote export. Hence incentives and facilities have been provided to the entrepreneurs to motivate them to develop export.

1.3.3 Service sector:

The service sector has gained importance for the entrepreneurs because of its rapid expansion. Service sector includes all kinds of business and provides opportunities to the entrepreneurs in business such as Computer Training Institute, Xerox, Fax, Typing, Cyber Café, Creating of databases suitable for foreign/Indian markets, software development etc. Transport has played a pole in creating place utility from where the goods are taken from manufacturer /producer to end customer. Warehousing creates time utility where goods or food grains can be kept safely from decaying. Not only foodstuffs but electronics can also be kept in warehouse. The rural economy has a good opportunity for an entrepreneur to develop some business. They can exploit possibilities for a venture in some shops or services. Entrepreneurship flourishes in small business sector for they have good opportunities in manufacturing and non-manufacturing activities Governments

schemes for SSI development can help these units to develop and help in strengthening and facing healthy competition.

1.3.4 Forest Based

A forest product is any material derived from a forestry for direct consumption or commercial use, such as Disposal plates made from palas tree leaf, Wooden Furniture, Ayurvedic and Herbal products, etc. Wood, by far the dominant forest product, is used for many purposes, such as wood fuel (e.g. in form of firewood or charcoal) or the finished structural materials used for the construction of buildings, or as a raw material, in the form of wood pulp, that is used in the production of paper. All other non-wood products derived from forest resources, comprising a broad variety of other forest products, are collectively described as non-timber forest products.

1.3.5 Animal based: An animal product is any material derived from the body of an animal. Examples are fat, flesh, blood, milk, eggs, etc. It also includes Dairy products – Cheese, Butter, Ghee, Paneer, Blankets, carpets etc. from sheep wool, Cattle / Poultry feed, Bone fertilizer, Poultry farming, Industrial hand gloves, Piggery etc. These products may go through a process known as "rendering" to be made into human and non-human foodstuffs, fats, and other material that can be sold to make commercial products such as cosmetics, paint, cleaners, polishes, glue, soap and ink. The sale of animal by-products allows the meat industry to compete economically with industries selling sources of vegetable protein.

1.4 Review of literature

Various studies have been conducted from time to time in different states of India on different aspects of small-scale industries. The most of the studies are related to financial aspect, growth of small scale industries, entrepreneurship in SSIs, WTO regime and small scale industries and also related to small industry and globalization. A review of imported studies is presented below:

Mathew, M.C. (2004) highlighted the reason for panic in all India census report on small scale industries. The study observed that the vibrancy and dynamical of the sector anticipated under an era of deregulation and de-reservation remaining largely unrealized. The study stated that the country needs a strong small and medium enterprises policy, which was closely linked to its international commitments. The study suggested that at the strategy level, there were need to be mechanism by which the demography of small and medium enterprises sector itself becomes a matter of public security.

Rajyalakshmi, N. (2004) reviewed the productivity awareness among SSI units in Visakhapatnam district of Andhra Pradesh at micro level and explored small-scale entrepreneurs, how they measured productivity in their units. The study based on primary data collected by using structured schedule through personal interviews. A sample of 200 SSI units has been selected for the study. The study found that Chemical units were more capital intensive and it was low in food and agro units. Productivity awareness was not noticed in the SSI units.

The study concluded that Success in small industry will be best achieved if the productivity culture will be clearly understood by all the employees. Sudan, F. K. (2005) described the challenges in Micro and Small Scale Enterprises Development and policy issues by arising different questions related to Micro and Small Enterprises. The study explained the meaning, advantages, problems and policy options of MSE sector. The study concluded that all the policies which were opted by GOI were the efforts to form a dynamic MSE sector and a diversified economy providing expanded employment opportunities to absorb all new labour force and offer exciting career opportunities.

1.5 Research study of the Raigad district:

Raigad District is a district in the state of Maharashtra, India.^[1] It is located in the Konkan region. The district was renamed after Raigad, the fort that was the former capital of the Maratha leader Shivaji Maharaj, and is located in the interior regions of the district, in dense forests on a west-facing spur of the Western Ghats of Sahyadri range. In 2011 the district had a population of 2,635,394, compared to 2,207,929 in 2001. In 2011 urban dwellers had increased to 36.91% from 24.22% in 2001.^[2] The district is bounded by Mumbai Harbour to the northwest, Thane District to the north, Pune District to the east, Ratnagiri district to the south, and the Arabian Sea to the west. It includes the large natural harbor of Pen-Mandwa, which is immediately south of Mumbai harbour, and forming a single landform with it. The northern part of the district is included in the planned metropolis of Navi Mumbai, and its port, the Jawaharlal Nehru Port. The district includes towns/cities- Alibag, Mangaon of Panvel, , Roha, Pen, Khopoli, Kharghar, Talaja, Khalapur, Uran, Patalganga, Rasayani, Nagothana, Poladpur, Alibag, Karjat and Mahad. The largest city both in area and population is Panvel. The district also includes the isle of Gharapuri or Elephanta, located in Uran which has ancient Hindu and Buddhist caves.

1.5.1 General Characteristics of the District Location of Raigad District

Is in Konkan Region of Maharashtra State, having Sahyadri Ranges in eastern side & Arabian Sea at Western side. The District was a Princely State till the year 1947 under the British Empire. After Independence, it became the District of Maharashtra State. The District Headquarter of this District is Alibaug. The Total population of this district is 22.07 Lakhs (As per 2001 Census). Kolis & Adivasis from Sahyadri Ranges are the important population along with other communities.

• **Location & Geographical Area:** Boundaries of the District includes Mumbai Harbour to the North West. Thane District to the North. Pune District to the East, Ratnagiri District to the South and Arabian Sea to the Western Direction of the District. Some part of the district is included in Navi Mumbai and Jawaharlal Nehru Port is located in its area at Nhava Sheva. Alibaug is the District Headquarter of the District. Out of the total population, 24.22 % population is Urban population and Alibaug, Mahad, Panvel, Roha and part of Navi Mumbai are the Urban areas of the District. The latitude of Alibaug is 18.39 N & the Longitude of Alibaug is 72.55 E.

- **Topography:** The District is mainly composed of Sahyadri Hills at one side and Arabian Sea at the other side. The topography is mainly hilly regions of the Sahyadri Ranges and sandy beaches near the Arabian Sea. The Sahyadri stretches like a huge wall from North to South of the District having valleys & peaks. Many rivers originate from these ranges. The villages & towns are located in between Sahyadri Hills & Arabian Sea. The following Rivers are the important Rivers of the region: • Amba River • Kundalika River • Bamangar River • Savitri River
- **Availability of Minerals:** Traces of Iron Ore are found in the laterite rocks in the District. Jambha Stones are also available for construction work. Moreover, plenty of sand is available in the rivers & beaches of the District.
- **Forests:** This District is fairly rich in Forest Areas. The Sahyadri Hills and Valleys are full of rainforest. The area of the forest is around 149000 hectares. Teakwood, Bamboo & Medicinal Plants are the main produces of the forest.
- Raigad district is one of the coastal districts of Maharashtra. There are many small ports on the seashore of the district. JNPT is the famous international port located near Uran town.
- Rasayani, Talaja, Nagothane are the main industrial centers developed in Raigad district.
- Thal Vayshet is famous for fertilizer plants.
- The 125 years old famous Magnetic Observatory is located at Alibag.
- Pen town is famous for manufacturing of Ganesh idols in Maharashtra.
- Raigad fort, the capital of Shivaji Maharaj's Kingdom is located in Mahad tehsil.
- Out of Eight Ashtavinayaka temples, Shri Ballaeshwar and Shri Varadvinayaka temples are located at Pali (Sudhagad) and Madh (Khalapur) respectively.
- World heritage site, Elephanta caves are the main attractions of the district located in Uran tehsil. Hundreds of domestic as well as foreign tourists visit every year.
- Matheran, the eye catching hill station also is a tourist attraction of the district located in Karjat tehsil.
- ONGC, BPCL, GPTS are the important plants located near Uran town.
- Raigad district is very close to Mumbai.
- Raigad district has a great potential for tourism development

• Administrative Setup

• District at a glance

1.6 Data collection /Research methodology:

The selection of a particular method is usually determined by the situation in which the study is to be conducted. The methodology used for this study is purely of secondary nature. I have made use of references from already published data from government website of MSME Raigad profile, Government census, Previous research articles, Official statistics, Mass media products, Diaries Letters, Government reports, Web information, Historical data and other secondary material.

Sr no	Name of sub-division	Name of taluka	No of village	No of Circles	No of sazzas
1.	Alibag	1.Alibag	218	7	44
		2.Pen	171	5	30
		3.Murud	74	3	14
	Total	3	463	15	88
2.	Panvel	1.Panvel	177	6	36
		2.Uran	62	3	17
		3.Karjat	184	5	35
	4.Khalapur	141	3	13	
Total	4	564	17	101	
3.	Mangaon	1.Mangaon	187	5	31
		2.Sudhagad	98	3	15
		3.Roha	162	4	26
	4.Tale	61	2	8	
Total		508	14	80	
4.	Mahad	1.Mahad	183	6	36
		2.Poladpur	87	3	13
		3.Mhasla	84	2	14
	4.Shrivardhan	78	3	18	
Total	4	432	14	81	

1.7 Problems/ Limitations of the study

1.7.1 Access: The researcher had limited access to the industries study depended upon getting information about people, organizations, documents etc.

1.7.2 Time: The researcher had to depend on secondary data as data collection technique due to time constraint.

1.7.3 Cost: Due to cost factor researcher could not collect Primary data, hence secondary data was collected. The number of the units of analysis used in my study is dictated by the type of research problem that I am investigating.

1.7.4 Sample size: It was difficult for the researcher to collect minute detail by interviewing each and every unit, hence random sample was chosen.

1.7.5 Lack of prior research studies on the topic: There was less material available about the study. However this topic is unique and no research has been conducted on the same topic.

2.Introduction to Small Scale Industries

2.1 Definition and meaning of SSI

Definition : 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:

- **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 are defined in terms of investment in Plant & Machinery.
- **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:

2.1.2 Importance and Need of SSI

1.Growth of Small Scale Industries

The small scale industrial sector play pivotal role in the Indian economy in the terms of employment and growth inspite of stiff competition from large scale sector. The number of SSI registered and unregistered went up from 4.2 lakh units in 1973 – 74 to 128.44 lakhs units in 2006-2007.

2.Employment generation

Small scale and cottage industries are labour intensive and have a great employment potential. The small scale sector contributes to 4/5th of the manufacturing employment in India. SSIs employed 29.9mn people in 2006-2007. It is estimated that an investment of Rs 1 lakh is fixed asset in small scale sector, could provide job to 14 people , while the same investment in large scale sector could provide job to only 4 persons. Besides, this sector can provide ample opportunities through self-employments in various fields.

3.Efficiency of SSI

The relative efficiency of SSI varies directly with capital intensity. Two ALL INDIA SAMPLE SURVEY OF SSI conducted by RBI in 1976-77 and National Small Industries Corporation (NSIC) in 1976 shows that small units use capital more efficiently. The probability of SSI is greater than large scale sector because of low wages, greater exploitation of resources and fiscal concessions.

4. Equitable distribution of National Income

The small scale and cottage industries ensure a more equitable distribution of income and wealth because their ownership is wide and they possess large employment potential. SSI avoid exploitation and helps to reduce inequalities in Income.

Sr no	Particular	Year	Unit	Raigad
A	<u>Area</u> Latitude Longitude Geographical Area		Th.hect	17.51 to 19.80 72.51 to 73.40 7148
B	<u>Administrative Setup</u> Sub-Divisions Tehsils Panchayat Samiti Nagar Palika Gram Panchayat Revenue Villages		No.s No.s No.s No.s No.s No.s	4 15 11 821 1919
C	Population Sex-wise Male Female Rural Population	2001	Lacs Lacs Lacs	11.17 10.90 16.73
D	<u>Agriculture</u>		In hecets	
E	Land Utilisation Total area Forest cover Non Agricultural land Cultivable Barren Land	2009-10 2009-10 2009-10 2009-10	Th. Hect Th. Hect Th.Hect Th.Hect	203 149 52 57
F	Forest Forest	2009-10	Th.Hect	149
G	Live Stock & Poultry <u>A. Cattle</u> a) Cows b) Buffalos	2007 2007	In 000's In 000's	408 63
	<u>B. Other Livestock</u> a) Goats b) Sheep	2007 2007	In 000's In 000's	123 0.2
H	Railways Length of Rail line	2010-11	Km.	299
I	<u>Roads</u> National Highway State Highway Main District Highway Other District & Rural Roads Rural Road/Agricultural Marketing Board Roads Kachacha Road	2010-11	Km. Km. Km. Km. Km. Km.	154.30 1101.33 671.55 762.33 2422.50 329.22
J	Communication a) No. of Post Offices b) No. of Telegraph Offices c) No. of Telephone Exchanges d) Telephone connections	2010-11 2010-11 2010-11 2010-11	Nos. Nos. Nos. Nos.	1923 0 1992 97337
K	Rate of Literacy Male Female Total	2001	% % %.	86.1 67.7 77
L	Bank Branches a) Commercial Banks b) Cooperative Banks c) NABARD d) Villages having Banks	2010 2010-11 2010-11 2007-08	Nos. Nos. Nos. Nos.	200 9 1 109
M	Education a) Primary School b) Secondary School incl Higher Secondary School c) Degree Colleges d) Industrial Training Institutes	2007-08 2007-08 2011-12 2011-12	Nos. Nos. Nos. Nos.	3034 833 42 6

MANUFACTURING SECTOR	
<u>Enterprises</u>	<u>Investment in Plant and machinery</u>
Micro Enterprises	Does not exceed twenty five lakhs rupees
Small Enterprises	More than Twenty five lakhs rupees but does not exceed Five crores rupees
Medium Enterprises	More than five crores rupees but does not exceed ten crores rupees

SERVICE SECTOR	
Enterprises	Investment in Equipments
Micro Enterprises	Does not exceed Ten lakh rupees
Small Enterprises	More than Ten lakh rupees but does not exceed Two crore rupees
Medium Enterprises	More than Two crore rupees but does not exceed Five crore rupees

5. Mobilisation of Capital and Entrepreneurial skills

Since SSI are spread all over the country, they can effectively utilize Entrepreneurial skills in the country. The SSI can mobilize the saving of the people in rural area also. SSI are able to tap latest resources like hoarded wealth, Entrepreneurial ability, etc and this may help in innovation and co-saving measure.

6. Regional Dispersal of Industries

The localization of large scale industries have led to regional imbalance and social problem like pollution, over-crowding . The SSI can dispersed over the country to satisfy the local demand. The can also affect qualitative change in the economy of the state.

7. Less Industrial disputes

Unlike the large scale industries small scale industries are free from strikes , lockout and Industrial disputes, Consequently there is less loss of output. In case of cottage industry dispute do not arise as they are managed by family labor.

8. Contribution to exports

The contribution of SSI in export earning has increased considerably. The bulk of the export of SSI comprise of non - traditional items like readymade garments, sports goods, leather products, engineering goods etc. The total export of SSI increased from Rs 393 cr during 1973-74 to 150,242 cr in 2005-2006. The share of SSI in total exports in 2005-06 was 34.3 %.

2.2 Reasons for establishment and Structure of SSI

2.1 Reasons for establishment of SSI

A significant feature of the Indian economy since independence is the rapid growth of the small-scale industrial sector. Over the past five decades, successive governments have framed policies to protect the interests of the small-scale industrial sector and facilitate its rapid development. In pursuance of their policies, Governments have initiated various support measures from time to time, which include reservation, revision of investment ceilings, modernization of technology, marketing assistance, fiscal incentives etc. The small-scale sector owes its definition to the Industries (Development and Regulation) Act, 1951. The sector is defined in terms of value of investment in plant and machinery (original value).

Profile of small-scale industries

- 95 % of industrial units in the country.
- 39.92 % of value added in the manufacturing sector.
- 34.29 % of national exports.
- 6.86 % of Gross Domestic Product (GDP).

- Employment to 193 lakh persons.
- Over 7500 items are produced in the small-scale industrial sector
- 749 items have been reserved for exclusive manufacture in the small-scale industrial sector.
- 358 Items have been reserved for exclusive purchase from the small-scale industrial sector.

2.2 Classification of SSI

For long, the term ‘small enterprises’ means an industrial unit which employed less than 50 workers producing with electricity and than 100 workers without using electricity and had assets not exceeding Rs 5 lakhs.

SSI are commonly classified under two heads

1. Traditional small industries and
2. Modern small industries

- Examples of traditional small industries are khadi and handloom, village industries, handicrafts, sericulture, etc.
- Modern small scale industries produce a wide range of goods from comparatively simple items to sophisticated products such as television sets; electronics control system, various engineering products, particularly as ancillaries to large industries.
- The traditional small industries are highly labour intensive, while the modern small scale units make use of highly sophisticated machinery and equipment.
- The share of traditional small industries in the total output of this sector is less than the modern small industries.
- Unlike modern small industries, traditional village industries cannot provide full time employment to workers, but instead can provide only subsidiary or part-time employment to agricultural labourers and artisans.
- Traditional small industries are largely carried on by labourers and artisans living below the poverty line, while modern small industries can provide good source of livelihood.

2.3 Features of SSI

1. Ownership: Ownership of small scale unit is with one individual in sole-proprietorship or it can be with a few individuals in partnership.

2. Management and control: A small-scale unit is normally a one man show and even in case of partnership the activities are mainly carried out by the active partner and the rest are generally sleeping partners. These units are managed in a personalised fashion. The owner is activity involved in all the decisions concerning business.

3. Area of operation: The area of operation of small units is generally localised catering to the local or regional demand. The overall resources at the disposal of small scale units are limited and as a result of this, it is forced to confine its activities to the local level.

4. Technology: Small industries are fairly labour intensive with comparatively smaller capital investment than the larger units. Therefore, these units are more suited for economics where capital is scarce and there is abundant supply of labour.

5. Gestation period: Gestation period is that period after which teething problems are over and return on investment starts. Gestation period of small scale unit is less as compared to large scale unit.

6. Flexibility: Small scale units as compared to large scale units are more change susceptible and highly reactive and responsive to socio-economic conditions. They are more flexible to adopt changes like new method of production, introduction of new products etc.

7. Resources: Small scale units use local or indigenous resources and as such can be located anywhere subject to the availability of these resources like labour and raw materials.

8. Dispersal of units: Small scale units use local resources and can be dispersed over a wide territory. The development of small scale units in rural and backward areas promotes more balanced regional development and can prevent the influx of job seekers from rural areas to cities.

Growth Trend: The world has now started taking notice of India's progress and significance as a global world leader and its contribution to world economy. MNC'S are looking to India's outsourcing and production hub for Asian country because of the Low cost of labour, High rate of growth/development One of the largest consumers marketing of world. India is growing in economic power and Mumbai is known as the commercial capital of India. Raigad district, which is positioned as an alternate proposition to Mumbai. Raigad district will have unique distinction of being India's well planned district in terms of infrastructure, construction, development and transport.

2.4 Small Scale Industrial Policy of Maharashtra 2001:

•Development of non-conventional energy: In order to give an impetus to the development of non-conventional energy, such projects will be eligible for benefits under the new Package Scheme of Incentives.

•Classification of talukas/areas: The present classification of different talukas/areas in the State in A, B, C, D and D+ categories on the basis of their level of development is contained in the Package Scheme of Incentives, 1993, and will continue for the present. The matter of revision of the area classification will be separately considered by a Committee under the Chairmanship of the Minister (Industries). Norms for the mid-term reclassification of talukas depending on changes in their development status will also be considered, and No Industry District(s) will be separately categorized.

•Financing of capital incentives and refunds under the Package Scheme: A budgetary provision of at least Rs. 200 crores will be made each year from 2001-2002 onwards to meet past commitments and the incentives under the new Scheme. Additional resources will also be raised through bonds linked with Sales Tax repayments under past Schemes.

•Exemption from Sales Tax for Khadi & Village Industries: 24 khadi and village industries are exempt from Sales Tax up to certain limits on annual turnover. Considering the potential of this sector for employment generation and rural industrialization, Sales Tax will also be waived in respect of the 72 remaining industries for their turnover up to Rs. 20 lakhs pr annum. This concession would be available to khadi and village industry units registered with and assisted by the Maharashtra State Khadi and Village Industries Board.

•Sales Tax on IT products: Up to 31st March, 2006, the Sales Tax rates on IT products would be maintained at the level of the minimum floor rates, wherever applicable. No turn-over tax, additional Sales Tax, surcharge or any other additional levy related to Sales Tax shall be applied to IT products.

•Sick SSI units: Issues relating to the rehabilitation of sick SSI units are reviewed in the State-Level Inter Institutional Committee and Sub Committee of the Reserve Bank of India, and in the District Level Committee which have been set up as an adjunct of the Zilla Udyog Mitras. Sick SSI units taken up for re-schedulement of arrears of Government and electricity dues, to be repaid in 36 monthly installments at 13% interest. The interest rate on the rescheduled arrears will now be reduced to 10%, in all except 'A' areas of the State. The repayment of such arrears would be allowed in 60 monthly installments.

•Stamp Duty on Corporate Restructuring: The stamp duty for demerger of companies as defined under section 2(19-AA) of Income Tax Act, 1961 will be made applicable on lines of the stamp duty structure applicable for amalgamation of companies under every order made by the High Court under section 394 of the Companies Act, 1956.

•Establishment of IT/BT units on textile mill lands in Greater Mumbai: while granting permission for the sale of textile mill lands in Greater Mumbai, the lands becoming available to the Maharashtra Housing and Area Development Authority (MHADA) for residential use would also be permitted to be used for the development of IT and BT industries by MHADA itself, or by MIDC.

•FSI for IT Units: Twice the admissible Floor Space Index (FSI) is allowed for certain types of IT units setting up in IT Parks promoted by public bodies. Such units are also permitted in No-Development Zones of cities up to FSI of 0.2. Such IT units will now be permitted to establish in No-Development Zones with an enhanced FSI of 1.0.

•New Industrial Townships: Maharashtra pioneered the establishment or institutions of democratic decentralizations and local self-governance several decades ago. More recently, these concepts were extended through statutory amendments to enable the establishment of independent Industrial Townships. In the first phase, self-governing Industrial Townships with the

power to raise resources and determine their application will be established in industrial areas being developed by MIDC at twelve locations across the State, i.e. at Vile-Bhagad (Raigad), Airoli (Thane), Talegaon (Pune), Hinjewadi - Man (Pune), Shendre (Aurangabad), Additional Latur (Latur), Nandgaon Peth (Amravati), Additional Yavatmal (Yavatmal), Tadali (Chandrapur), Butibori (nagpur), Additional Sinnar (Nashik) and Nardhana (Dhule). The industrial townships so set up will pay 25% of their revenue to the concerned Gram Panchayat(s) or local bodies for the initial period of 5 years.

•Special Economic Zones: The establishment of Special Economic Zones has been allowed under the recent policy of Government of India. India's most successful Export Processing Zone (SEEPZ), which was promoted by the State Government at Mumbai nearly three decades ago, has been converted into one of the country's first Special Economic Zones. Another Special Economic Zone is being developed by the City and Industrial Development Corporation (CIDCO) at Dronagiri, near the Jawaharlal Nehru Port. All the concessions, benefits and facilities extended to such Special Economic Zones promoted by public bodies will also be extended to Special Economic Zones set up by other parties. The establishment of Special Economic Zones at Aurangabad and Nagpur will also be proposed to the Government of India.

•Specialized Industrial Areas: In the last few years, specialized industrial infrastructure has been developed by State agencies for various sectors, including Information Technology, leather, chemicals, etc. More recently, the establishment of textiles and food processing zones have been taken up. Taking into account the potential and requirements of agro-industry in different parts of the State, MIDC will set up new complexes for this sector, including 'Grape Wine Parks' at Nashik and Sangli, 'Orange City Park' for orange processing, Floriculture Complexes and Biotechnology Parks at suitable locations.

•Promotion of Education and Research Institutions: Educational and research institutions of international or national standards, including world-class business education institutions, would be provided land in industrial areas/estates at nominal or concessional rates.

•Captive Power Generation: Captive power generation is permitted for industries throughout the State in respect of IT units, and in the case of co-generation, hydroelectric power and non-conventional energy. Other types of captive power generation are at present permitted in respect of new industries in D+ and tribal areas. New as well as existing industries in D and D+ areas and No Industry District(s) will also be permitted to set up captive power plants. Public bodies or joint ventures promoted by them can establish 'Independent Power Producers' for the dedicated provision of power to IT and BT Park and special Economic Zones promoted by them.

•Gas Cooperation Agreement: Gas is an important fuel and raw material for industry. As Mumbai High gas supply declines, commercial supply of LNG will become increasingly important for industrial units. To facilitate the planned development of gas supply infrastructure in the State, the Gas Authority of India Limited (GAIL), MIDC and the Maharashtra Petrochemicals Corporation Limited (MPCL)

have recently entered into a Gas Cooperation agreement. A techno-economic feasibility study for the development of gas infrastructure and associated facilities has been taken up by GAIL, which will include assessment of the medium and long-term gas requirement for the State and various supply options.

•Labour Laws and Procedures: The State Government has initiated a review of labour laws and procedures, including Central statutes, to enable industry and labour to meet the new economic challenges. The review is intended to remove disincentives to additional employment generation, facilitate restructuring and technological upgradation in the context of increasing global competition, provide an impetus to industrial dispersal, and promote production at efficient levels. It is also intended to safeguard labour interests and provide workers with greater financial security during re-structuring. As an outcome of the first phase of this review, the following steps will be taken:-

Subject to the approval of the Legislature and Govt. of India's assent, the Industrial Disputes Act will be amended to limit the applicability of Chapter V-B to industries employing 300 or more workers, as against 100 workers at present. The condition of prior Government permission for retrenchment under Section 25-N will be waived in cases where substantially higher financial payment is made to the retrenched workers, viz. three times the existing retrenchment compensation (four times in case the principle of 'last in - first out' is not followed). Section 25-M, which provides for prior Government permission for lay-offs, is proposed to be deleted, and lay-offs in such cases will be governed by the provisions of Section 25-C. Section 9-A will be amended to obviate the need for giving notice of change unless such change affects the number or hours of work, holidays or emoluments of workers. Keeping in view rising salary levels, supervisory personnel drawing wages upto Rs.6,500/- per month will be brought within the purview of the Act, as against those earning upto Rs. 1,600/- per month at present.

Subject to the approval of the Legislature and Government of India's assent, the Contract Labour (Regulation and Abolition) Act will be amended to exclude certain activities such as cleaning services, loading and un-loading of materials and goods, canteen services, distribution of mail, gardening, etc, from its purview. Keeping in view the context in which 100% EOUs operate, such units would also be excluded from the purview of the Act. A Committee, which will include representatives of industry and labour, will be set up to comprehensively review the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices (MRTU and PULP) Act. In order to rationalize and reduce the multiplicity of minimum wages stipulated for different industries and also within each industry under the Minimum Wages Act, steps will be taken to club the scheduled industries in a few groups, and also the move towards a single minimum wage within each such industry group. The process of inspections under various labour laws will be rationalized, and the number of such inspections will be reduced and regulated. The paper work required of industrial units under various labour laws will be reduced. 46 registers, forms and returns required from industrial establishments have recently been clubbed, substituted or deleted. Keeping in view the nature of their operations, the provisions of the Mumbai Shops and

Establishments Act relating to shift working, employment of women, etc. have been relaxed in respect of Information Technology units.

•**Film Industry:** The film Industry has an important position in the economic and social life of Maharashtra and Mumbai is the entertainment capital of the country. The Central Government has accorded industry status to the film sector. Keeping in view the potential for further development and employment generation in this sector, Minister (Industries) will have deliberations with representatives of the film industry for possible assistance from the State Govt.

2.5. Schemes for development of SSI in Maharashtra for Raigad district

2.5.1. DISTRICT INDUSTRIES CENTRE LOAN SCHEME:

- The objective of the scheme is to provide financial assistance in the form of margin/seed money for the promotion of tiny industries in semi-urban and rural areas with a view to generate employment opportunities including self employment.
- Margin money assistance is admissible only to those units whose investment in plant & machinery does not exceed Rs. 2 lakh.
- All towns and rural areas having population of less than 1 lac are covered under the Scheme.
- The extent of assistance is 20 % of the total investment or Rs. 40000/- whichever is less in case of entrepreneur belonging to general category and in case of entrepreneur belonging to scheduled caste & scheduled tribe, assistance upto 30 % of total fixed capital investment or upto maximum of Rs. 60000/- which ever is less is provided.
- All units falling within the purview of the Small Scale Industries Board and Village Industries, handicrafts, handlooms, Silk & Coir Industries are covered under the Scheme.
- The State Government's rate of interest on this loan is 4 % and repayment is to be done within 7 years.
- 7. This scheme is particularly useful for rural artisans.

2.5.2 A Scheme of District Awards to Small Scale Entrepreneurs:

A Scheme of District Awards for promoting entrepreneurship and recognising the achievements of successful entrepreneurs in the sector of Small Scale Industries, The categories of Two awards for each District are indicated below :-

- 1) Rs.5000/- in cash + a Silver plated Momento + a Shawl.
- 2) Rs.3000/- in cash + a Silver plated Momento + a Shawl.

2.5.3 District Industries Centre Entrepreneurship Development (Gen) Training Program

There is one scheme called Entrepreneurship Development and Training Programme which is implemented by Directorate of Industries through recognized Training Institutions such as MITCON Consultancy Services Ltd. and Maharashtra Centre for Entrepreneurship Development (MCED). Under this

scheme, the aspects such as the Entrepreneurship Development and Technical Training are covered.

2.5.4 District Industries Centre Entrepreneurship Development (SCP) Training Program

2.5.5 District Industries Centre Prime Minister Rojgar Yojana:

•Coverage:

Industry projects upto Rs. 25 lakh investment and service/business projects upto Rs. 10 lakh investment are eligible under the scheme. Project cost will include fixed capital (excluding land cost) plus working capital.

• Extent of assistance:

90% loan for general group and 95% for special group will be available from public sector banks, Regional rural banks, IDBI. In urban areas, 15% margin money subsidy for general group and 25% for special group will be available through KVIC. In rural areas, the margin money subsidy will be 25% to 35% respectively. Special group include SC/ST/OBC/minority/woman/ ex-servicemen/physically handicapped.

1 Eligibility.

- Any individual, above 18 years of age
- For setting up of project costing above Rs.10 lakh in the manufacturing sector and above Rs. 5 lakh in the business/service sector, the beneficiaries should have at least VIII standard pass educational qualification.
- Assistance under the Scheme is available only for new projects sanctioned specifically under the PMEGP.
- Self Help Groups (including those belonging to BPL provided that they have not availed benefits under any other Scheme) are also eligible for assistance under PMEGP.
- Institutions registered under Societies Registration Act,1860;
- Production Co-operative Societies, and Charitable Trusts.
- Existing Units (under PMRY, REGP or any other scheme of Government of India or State Government) and the units that have already availed Government Subsidy under any other scheme of Government of India or State Government are not eligible.

2.6 Major problems faced by the small scale industries are:

Small scale industries play a vital role in the economic development of our country. This sector can stimulate economic activity and is entrusted with the responsibility of realising various objectives generation of more employment opportunities with less investment, reducing regional imbalances etc. Small scale industries are not in a position to play their role effectively due to various constraints. The various constraints, the various problems faced by small scale industries are as under:

1) Finance

Finance is one of the most important problem confronting small scale industries Finance is the life blood of an

organisation and no organisation can function properly in the absence of adequate funds. The scarcity of capital and inadequate availability of credit facilities are the major causes of this problem. Firstly, adequate funds are not available and secondly, entrepreneurs due to weak economic base, have lower credit worthiness. Neither they are having their own resources nor are others prepared to lend them. Entrepreneurs are forced to borrow money from money lenders at exorbitant rate of interest and this upsets all their calculations. After nationalization, banks have started financing this sector. These enterprises are still struggling with the problem of inadequate availability of high cost funds. These enterprises are promoting various social objectives and in order to facilitate then working adequate credit on easier terms and conditions must be provided to them.

2) Raw Material

Small scale industries normally tap local sources for meeting raw material requirements. These units have to face numerous problems like availability of inadequate quantity, poor quality and even supply of raw material is not on regular basis. All these factors adversely affect the functioning of these units. Large scale units, because of more resources, normally corner whatever raw material that is available in the open market. Small scale units are thus forced to purchase the same raw material from the open market at very high prices. It will lead to increase in the cost of production thereby making their functioning unviable.

3) Idle Capacity

There is under utilisation of installed capacity to the extent of 40 to 50 percent in case of small scale industries. Various causes of this under-utilisation are shortage of raw material problem associated with funds and even availability of power. Small scale units are not fully equipped to overcome all these problems as is the case with the rivals in the large scale sector.

4) Technology

Small scale entrepreneurs are not fully exposed to the latest technology. Moreover, they lack requisite resources to update or modernize their plant and machinery. Due to obsolete methods of production, they are confronted with the problems of less production in inferior quality and that too at higher cost. They are in no position to compete with their better equipped rivals operating modern large scale units.

5) Marketing

These small scale units are also exposed to marketing problems. They are not in a position to get first hand information about the market i.e. about the competition, taste, liking, disliking of the consumers and prevalent fashion. With the result they are not in a position to upgrade their products keeping in mind market requirements. They are producing less of inferior quality and that too at higher costs. Therefore, in competition with better equipped large scale units they are placed in a relatively disadvantageous position. In order to safeguard the interests of small scale enterprises the Government of India has reserved certain items for exclusive production in the small scale sector. Various government

agencies like Trade Fair Authority of India, State Trading Corporation and the National Small Industries Corporation are extending helping hand to small scale sector in selling its products both in the domestic and export markets.

6) Infrastructure:

Infrastructure aspects adversely affect the functioning of small scale units. There is inadequate availability of transportation, communication, power and other facilities in the backward areas. Entrepreneurs are faced with the problem of getting power connections and even when they are lucky enough to get these they are exposed to unscheduled long power cuts. Inadequate and inappropriate transportation and communication network will make the working of various units all the more difficult. All these factors are going to adversely affect the quantity, quality and production schedule of the enterprises operating in these areas. Thus their operations will become uneconomical and unviable.

7) Under Utilisation of Capacity

Most of the small-scale units are working below full potentials or there is gross underutilization of capacities. Large scale units are working for 24 hours a day i.e. in three shifts of 8 hours each and are thus making best possible use of their machinery and equipments. On the other hand small scale units are making only 40 to 50 percent use of their installed capacities. Various reasons attributed to this gross under-utilisation of capacities are problems of finance, raw material, power and underdeveloped markets for their products.

8) Project Planning

Another important problem faced by small scale entrepreneurs is poor project planning. These entrepreneurs do not attach much significance to viability studies i.e. both technical and economical and plunge into entrepreneurial activity out of mere enthusiasm and excitement. They do not bother to study the demand aspect, marketing problems, and sources of raw materials and even availability of proper infrastructure before starting their enterprises. Project feasibility analysis covering all these aspects in addition to technical and financial viability of the projects, is not at all given due weight-age. Inexperienced and incomplete documents which invariably results in delays in completing promotional formalities. Small entrepreneurs often submit unrealistic feasibility reports and incompetent entrepreneurs do not fully understand project details. Moreover, due to limited financial resources they cannot afford to avail services of project consultants. This result is poor project planning and execution. There is both time interests of these small scale enterprises.

9) Skilled Manpower:

A small scale unit located in a remote backward area may not have problem with respect to unskilled workers, but skilled workers are not available there. The reason is Firstly, skilled workers may be reluctant to work in these areas and secondly, the enterprise may not afford to pay the wages and other facilities demanded by these workers. Besides non-availability entrepreneurs are confronted with various other problems like absenteeism, high labour turnover indiscipline, strike etc.

These labour related problems result in lower productivity, deterioration of quality, increase in wastages, and rise in other overhead costs and finally adverse impact on the profitability of these small scale units.

10) Managerial:

Managerial inadequacies pose another serious problem for small scale units. Modern business demands vision, knowledge, skill, aptitude and whole hearted devotion. Competence of the entrepreneur is vital for the success of any venture. An entrepreneur is a pivot around whom the entire enterprise revolves. Many small scale units have turned sick due to lack of managerial competence on the part of entrepreneurs. An entrepreneur who is required to undergo training and counseling for developing his managerial skills will add to the problems of entrepreneurs. The small scale entrepreneurs have to encounter numerous problems relating to overdependence on institutional agencies for funds and consultancy services, lack of credit-worthiness, education, training, lower profitability and host of marketing and other problems. The Government of India has initiated various schemes aimed at improving the overall functioning of these units.

Other Problems of SSI

- Lack of relevant information of demographic features.
- Lack of relevant information regarding economic factors.
- Lack of relevant information about appropriate technology.
- Lack of sufficient entrepreneurial skills and talents.
- Lack of eagerness to ascertain socio-cultural influences.
- Unnecessary reliance on traditional methods and approaches.
- Lack of seriousness to ascertain the changing pattern of customers' buying behavior .
- Insufficient information about actual and potential competitors.
- Lack of information regarding key competitors' planning and strategies

Conclusion: In spite of problems faced by Small Scale Industries of Raigad district, there is a chance for all the industries to grab the opportunities of external environment. State government Schemes for industries would help the new and small entrepreneurs to develop their skills and prosper. Globalisation has raised the bar for SSI, many Industries have been closed down due to lack of technology and competition. In Raigad district different activities like primary, secondary and tertiary are practiced. Due to development of tourism, the occupational structure may change. They were engaged in tertiary activities like trade and commerce, transport and communication and other services.

Levels of economic development of different regions within the district, availability of opportunities besides willingness to work especially among women, initiative and entrepreneurship evinced by the men folk in general etc are the important factors that influence on the distribution of population under these three categories viz main workers, marginal workers and non-workers. According to 1991 census, work defined as a participation in any economically productive activity". Such participation may be physical or mental in nature. Work involves not only actual work but also effective supervision and direction of work. It also includes unpaid work in farm or in family enterprise. In occupational structure primary, secondary and tertiary activities are indicated. However the small scale industrial sector play pivotal role in the Indian economy in the terms of employment and growth inspite of stiff competition from large scale sector. The number of SSI registered and unregistered went up from 4.2 lakh units in 1973 – 74 to 128.44 lakhs units in 2006-2007.

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