

Small Scale and Cottage Industries

Small-scale industries are those in which production, manufacturing, and servicing are carried out on a modest scale. The overall investment in such industries does not exceed one crore, and it is typically made as a one-time investment in plant and machinery.

Smaller machines and extremely constrained people are used in small-scale enterprises to produce items and provide services. Small scale industries, also known as SSIs, are considered the backbone of an economy, which is crucial for a nation like India. It greatly aids in providing work possibilities for the country's inhabitants because it is a labour-intensive business.

Some examples of small scale industries include:

- Pickle manufacturing industries
- Incense stick manufacturing industries
- Paper plate manufacturing industries
- Water bottles manufacturing industries
- cosmetic salons
- school supplies
- Bakeries
- Small toys manufacturing industries
- Industries for paper bags
- Leather belt manufacturing industries

Characteristics of Small Scale Industries

The characteristics of Small scale industries in India are as follows:

- Small scale industries often only have one owner, which implies they are either partnerships or sole proprietorships.
- Owners of Small scale industries are responsible for managing them. Thus, they actively participate in the day-to-day operations of the company.
- Small scale industries operate in a constrained space, enabling them to satisfy local and regional needs.
- Small scale industries utilise locally sourced, easily accessible resources, allowing the economy to make the most use of existing natural resources with the least amount of waste.
- Due to their high labour requirements, Small scale industries rarely use technology.
- Unlike huge businesses, small scale industries are flexible and adaptable to a changing business environment.

Role of Small Scale Industries in India

The small scale industries play a significant role in the Indian economy.

- They play a crucial role in creating employment in an economy because they are the main sources of employment for those who live in rural areas.
- Small scale industries in India contribute significantly to the nation's economy because they produce close to 40% of all goods and services.
- Small-scale businesses support the Make in India movement, which increases consumer demand for locally produced goods.
- Small scale industries supply the majority of the export materials to Indian businesses. According to estimates, these industries create almost 50% of all the material shipped.

Contribution of Small Scale Industries

The following lists the main contributions made by small-scale industries to economic development:

- According to the 73rd phase of the National Sample Survey (NSS), there are 633.88 lakh unincorporated MSMEs that are not in the agriculture sector operating across the nation in 2015–16. The MSME sector has been adding 11.10 crore jobs in terms of employment.
- Small-scale industries play a crucial role in eliminating income disparities.
- The surplus of these sectors is distributed among many individuals, and capital is widely dispersed in tiny amounts.
- Small-scale industries help to disperse industries throughout regions and balance out regional imbalances.
- Small-scale industries utilise local assets like capital and entrepreneurial skills that would have gone unused in the absence of such industries, among other things.

Cottage Industry

Household, rural, and traditional industries are other names for cottage industries or cottage manufacturing. The artists, with the help of their families and part-time workers, make items at home using basic tools and raw materials. The items are then used at home and sold in the nearby village. They are also traded with other goods as a barter system. Cottage Industries are typically extremely small businesses that are founded in homes or other modest structures. A governmental institution called the Khadi and Village Industry Commission (KVIC) supports cottage industries as well as village industries.

All family members must take part in the development of the cottage industries. Capital subsidies are the most common sort of government assistance given to this sector of the economy. Another choice is self-help groups. In India, small-scale and cottage industries produce about 40% of the nation's overall industrial output.

Importance of Cottage Industries

A unique position for the cottage industry exists in India because of the country's extremely diverse socioeconomic and geographic structure. These fit very well with Gandhi's rural development philosophy. The Government of India has given the cottage sector significant incentives to shine from the plan after plan because of the unique position it occupies in India's development landscape.

However, this industry has been experiencing serious risks due to emancipation, globalisation, and privatisation since 1990. This is because of economies of scale brought about by larger companies producing the same items according to the current paradigm's tenet that the stronger will survive.

- Increased employment opportunities provided by cottage industries ultimately reduce poverty and inequalities.
- This economic sector is one of the most crucial for balancing regional rural economic development.
- Since women play a significant part in these businesses at the managerial and working levels, the cottage industry is also regarded as vital for women's empowerment.
- In contrast to large units, these industries (handicrafts) are environmentally friendly, energy-efficient, and have low emission levels.

- Cottage industries make good use of local talent. Due to their rarity, several of these old skills gain prominence.
- Little cash is needed for the cottage industry.
- Because most cottage industries are found in tiny towns and villages, there is less strain on agriculture due to population growth. So they aid in diversifying the rural economy.
- If correctly utilised, these industries have a strong export potential. These sectors' historic, distinctive, and eco-friendly goods are in high demand worldwide.

Types of Cottage Industries

India is renowned and well-known for its diverse culture, traditional cottage industries' handicrafts, and a large variety of food products, among other things. The types of cottage industries present in India are:

Carpet Weaving Cottage Industry

- During the Mughal era, carpet weaving was first brought to India.
- In spite of the fact that the carpet industry is widespread throughout the nation, it is largely concentrated in Kashmir, Rajasthan, Punjab, Uttar Pradesh, Andhra Pradesh, and Punjab.
- The durries and coir carpets are equally renowned for their exceptional quality and texture as the Kashmiri carpet.
- The Carpet Export Council was also founded by the Indian government to promote knotted rugs and other types of floor coverings from all around the nation.

Cotton Weaving Cottage Industry

- Cotton weaving is a significant cottage industry in India.
- Since cotton clothing is widely worn throughout the nation, the knowledge is age-old.
- Clothing made of cotton is renowned for its traditional style, vibrant colour, and designs made by expert weavers using handlooms.
- Gujarat, Tamil Nadu, and Maharashtra are the three states that produce the most cotton.

Metal Works Cottage Industry

- Metal has long been used in India to make figurines, jewellery, utensils, and other objects.
- India's metal handicrafts are well-liked worldwide and have a major economic impact on the nation.
- Metal handicrafts are created using hand-operated tools rather than sophisticated machinery.

Silk Weaving Cottage Industry

- Another well-known cottage industry in India is silk weaving.
- India produces and exports a significant amount of silk, both domestically and outside. Mulberry, Tassore, Muga, and Eri silks are produced in our count.
- Karnataka produces the most silk, making up over 70% of the whole silk weaving business.

Problems Faced by Small Scale and Cottage Industries

The major problems faced by Small Scale and Cottage industries are listed below:

- Lack of timely and sufficient credit availability.
- inadequate management
- Infrastructure gap
- Technological staleness
- Limited raw material availability
- Market-related issues
- Competition from big businesses and imports.
- Excessive municipal tax burden
- Prevalent illness

Government Initiatives to Boost Small Scale and Cottage Industries

The following are the primary steps taken by the Indian government to boost the Small Scale and Cottage Industries:

For Small Scale Industries

- Various organizational measures, such as Industrial Estates, District Industries Centre (DIC), National Small Industries Corporation (NSIC), etc. have been set up at various locations.
- In financial measures, the Government of India has set up National Equity Fund (NEF), Single Window Scheme (SWS), Small Industries Development Fund (SIDF) and Small Industries Development Bank of India (SIDBI).
- Small businesses with a revenue of up to Rs 1 crore are completely exempt from excise duty. Products produced in the small-scale sector are given price and purchasing advantage in government procurement programmes.
- When specific types of raw materials and components used by SSIs are imported, they are subject to the concessional rate of customs duties.
- As far as technical assistance is concerned, the government has set up for the technological upgradation and modernization models such as Small-scale Industries Development Organisation (SIDO), Technology Development and Modernisation Fund (TDMF) and Council for Advancement of Rural Technology (CART).
- For small scale industries, the government has also launched a Reservation of Items scheme. By shielding them from competition with large-scale units, the policy to reserve specific items for the small-scale sector seeks to advance SSIs.

For Cottage Industries

- A number of organisations have been established by the Union Government to support small companies and rural communities. They include the Central Silk Board, the All India Handicrafts Board, the AH India-Handloom Board, and the Khadi and Village Industries Commission.
- Credit is available to these industries through a number of different institutions. Small-scale businesses are given precedence when it comes to receiving institutional finance.
- There are now industrial cooperatives, industrial estates, and rural industrial initiatives.
- To encourage the small-scale manufacturing sector, the Central Government has designated 807 products for exclusive manufacture.

- District Industries Centers are being created at the district level to house all the support and services needed for small and village businesses.

