



# INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY RESEARCH

IN SCIENCE, ENGINEERING, TECHNOLOGY AND MANAGEMENT

Volume 9, Issue 3, March 2022



INTERNATIONAL  
STANDARD  
SERIAL  
NUMBER  
INDIA

Impact Factor: 7.580



+91 99405 72462



+9163819 07438



ijmrsetm@gmail.com



www.ijmrsetm.com



# Small Scale and Large Scale Business Sectors in India

**Dr. Phakir Singh Negi**

Assistant Professor, Dept. of Commerce, Indira Priyadarshini Govt. College of Commerce, Haldwani,  
Uttarakhand, India

**ABSTRACT:** Small scale industries are labour intensive yet require little capital. Small scale industries can be either manufacturing industries or service providers. Small scale industries comprise of small enterprises that manufacture goods or provide services with the help of smaller machines and a few workers and employees. The enterprise must fall under the guidelines set by the Government of India. Small scale industries in India are the lifeline of the Indian economy, and they offer several job opportunities for skilled labours. After all, small scale industries are essential for the economy from a financial and social point of view. For a developing country like India, these industries bloom because of huge demand and opportunity. Some small-scale industries are also exporting goods, thereby bringing foreign currencies in India. In India, nearly half of the products (45-55%) shipped are from Small scale and mid-scale industries. Some small-scale industries are created because of the demand of vendors for multinational companies. The Government of India has some guidelines for small scale industries in terms of investment the company is making and the revenue it has generated. The term “Large scale industries” refers to those industries which require huge infrastructure, man-power and a have influx of capital assets. The term ‘large scale industries’ is a generic one including various types of industries in its purview. All the heavy industries of India like the iron and steel industry, textile industry, automobile manufacturing industry fall under the large scale industrial arena. However in recent years due to the IT boom and the huge amount of revenue generated by it the IT industry can also be included within the jurisdiction of the large scale industrial sector. Indian economy is heavily dependent on these large industries for its economic growth, generation of foreign currency and for providing job opportunities to millions of Indians.

**KEYWORDS:** small scale, large scale, business sectors, india, economy, industries, labour, currency, machines

## I. INTRODUCTION

Small scale industries are categorized into three parts: manufacturing/production, ancillary, and service industries:-

- **Manufacturing Industries:** Units that produce finished goods either for consumption or used in processing industries. These types of small scale industries are generally individually owned. Manufacturing small scale industries examples are power looms, engineering industries, food processing, etc[1,2]
- **Ancillary Industries:** Big companies or MNC manufactures finished goods, but they don't generally make all the parts themselves. Vendors of these companies are ancillary industries. Ancillary industries can also be identified as those companies which makes machines for multinational companies or medium scale industries
- **Service Industries:** Repair shops and maintenance industries comes under the category of service industries

Other than these types of industries, there are feeder industries and mining or quarries.

One can own or invest in small scale industries with minimal documentation and little investment. Small scale industry registration is hassle free, and the government also support with finance for you to invest in small scale industries. Under the Udyog Aadhar scheme, you can even fill the online registration form to get the registry done. SSI registration is free of cost, and you do not have to pay for processing. You will get the certificate on your



registered email id after the document verification and the processing by the executives. Contact details, Bank/account details, additional details of the business, employees and investment are the mandatory part to fill the registration form. You may also have to submit the scanned copy of the documents in which Aadhar card is compulsory. Micro and small scale industries registration have been made so easy under several schemes provided by the government of India. The banks and financial institution provides loan for the business after SSI registration, and it becomes hassle-free. Once the booking is made, taxes rebate and can be availed. To participate in the government tenders, it becomes mandatory to have the registration done beforehand. As a lot of concessions and discounts are available, it becomes smooth, and the cost of setting up the industry reduces.[3,4]

The following are the major large scale industries in India:-

#### 1. Iron and steel industry

- First steel industry at Kulti, Near Jharia, West Bengal - Bengal iron works company in 1870.
- First large scale steal plant TISCO at Jamshedpur in 1907 followed by IISCO at Burnpur in 1919. Both belonged to private sector.
- The first public sector unit was “Vishveshvaraya Iron and Steel works” at Bhadravati.
- All these are managed by SAIL (at present all important steel plants except TISCO, are under public sector)
- Steel Authority of India Ltd (SAIL) was established in 1974 and was made responsible for the development of the steel industry.
- Presently India is the eighth largest steel producing country in the world.[5,6]

#### 2. Jute industry

- Jute industry is an important industry for a country like India, because not only it earns foreign exchange but also provides substantial employment opportunities in agriculture and industrial sectors.
- Its first modernised industrial unit was established at Reshra in West Bengal in 1855.
- The jute industry in the country is traditionally export oriented. India ranks number one in the raw jute and jute goods production and number two in export of jute goods in the world.

#### 3. Cotton and textile industry

- Oldest industry of India, and employs largest number of workers.
- It is the largest organised and broad-based industry which accounts for 4% of GDP, 20% of manufacturing value-added and one third of total export earnings.
- The first Indian modernised cotton cloth mill was established in 1818 at Fort Gloaster near Calcutta. But this mill was not successful. The second mill named “Mumbai’s Spinning and Weaving Co.” was established in 1854 at Bombay by KGN Daber.[7,8]

#### 4. Sugar industry

- Sugar industry is the second largest industry among agriculture-based industries in India.



· India is now the largest producer and consumer of sugar in the world. Maharashtra contributes over one third of the Indian total sugar output, followed closely by Uttar Pradesh.

#### 5. Fertiliser industry

· India is the third largest producer of nitrogenous fertilisers in the world.

#### 6. Paper industry

- The first mechanised paper mill was set up in 1812 at Serampur in West Bengal.
- The paper industry in India is ranked among the 15 top global paper industries.

#### 7. Silk industry

- India is the second-largest (first being China) country in the world in producing natural silk. At present, India produces about 16% silk of the world.
- India enjoys the distinction of being the only country producing all the five known commercial varieties of silk viz Mulberry, Tropical Tussar, Oak Tussar, Eri and Muga.

#### 8. Petroleum and natural gas

- First successful Oilwell was dug in India in 1889 at Digboi, Assam.
- At present a number of regions with oil reserves have been identified and oil is being extracted in these regions [9,10]
- For exploration purpose, Oil and Natural Gas Commission (ONGC) was established in 1956 at Dehradun, Uttarakhand

## II. DISCUSSION

Classification of Small scale industries:

As per the MSMED Act 2006: Classification of the Manufacturing process

An industry is a small enterprise if investment in plant and machinery is more than 25 lakhs but does not exceed five crores.

As per the MSMED Act 2006: Classification of service enterprises

An industry is a small enterprise if investment in equipment is more than ten lakhs but does not exceed two crores

Ancillary small industrial unit: Minimum 50% of the production to be supplied to the parent unit and investment in plant and machinery should not exceed one crore.

Small scale industries owned and managed by women entrepreneurs: Women entrepreneurs have share capital not less than 51 % (individual or jointly) [11,12]

In small scale industries, manufacturing industries grow very fast due to the natural supply of raw materials and huge demand in public. In south India, the summit held where KSSIA (Karnataka Small Scale Industries Association) was also present in January 2019, had a motive to discuss the key issues and find a solution to them at





the same time provide the right environment for the growth and development. The major Small scale industries in Tamilnadu and small scale industries in Kerala are spinning and weaving, coconut oil making, cashew nut processing, clay products etc. Small scale ancillary industries in Hyderabad have a vast number of employment due to various multinational companies. Foreign investment is as essential as it creates a huge no. of ancillary small scale industries and thereby creating work.

Some examples of small scale industries are: Agarbatti making, Chalk making, Biodiesel production, Sugar candy manufacturing, Wood making, Rice mill, Potato chips making, Toys making, Microbrewery, Liquid soap making, Honey processing, Slippers making, Detergent powder making, Fruit juice production plant, Spices making, and Chocolate making.

These are some of the ideas from a different industry and a variety of products.

Administrative bodies for Small scale enterprises

There are government bodies set up for the welfare of the member of small scale industries. Ministry of small scale industries designs policies, schemes and program to promote the small scale industries. Ministry of Agro and rural industries coordinate and help in the development of villages and khadi industries, micro and tiny industries in rural and urban areas.[13]

Significance of large scale industries:-

Large scale industries offer the following advantages:

1. Large scale industries use the latest machinery and technology, which helps in improving the production. Due to large scale production, the companies benefit as well as it is beneficial for the economy as a whole.
2. Large scale industries help in the development of industries in the economy, which is essential for industrialisation.
3. Large scale industries require skilled workers and therefore, the development of large scale industries help in the development of a skilled workforce in the country.
4. Large scale industries require large amounts of raw materials, which opens up employment opportunities in the related sectors.
5. As large scale industries are involved in large scale production, it provides an opportunity to reduce the cost of goods and services as these are produced in bulk.
6. Large scale industries help in the development of small scale industries, as the requirement of items cannot be met only by a single industry.

Hence, small scale industries are required to produce the ancillary products and therefore small scale industries thrive on the growth of large scale industries.

7. Large scale industries can incur expenses required for research and development as they have a high influx of capital. Such research will help in generating more profits in future.
8. Large scale industries also help improve the quality of life of its employees by providing them with adequate remuneration and other benefits.[14]

Roles and importance of small scale industries in India:

1. Employment generation: Small scale industries are one of the best sources of employment generation in India. Employment is one of the most important factors that determines the growth of a nation. Therefore, development of small scale industries should be encouraged for the development of more employment opportunities in the nation.



2. Less Capital Requirement: Small scale industries are less capital intensive than the large scale industries. Capital is scarce in developing countries like India and therefore, small scale industries are most suitable for maintaining the balance.
3. Use of resources and development of entrepreneurial skills: Small scale industries allow for the development of entrepreneurial skills among the rural population which is not having the scope of large scale industries. These industries help in the appropriate use of the resources available in the rural areas, which leads to development of rural areas.
4. Equal income distribution: Small scale industries by generating employment opportunities create equal income opportunities for the youth of the underdeveloped areas. This leads to the growth of the nation in terms of employment, human development.
5. Maintains regional balance: It has been seen that large scale industries are mostly concentrated in the large cities or restricted to areas which leads to migration of people in search of employment to these cities. The result of such a migration is overcrowding of the city and damage to the environment. For sustaining a large population, more of natural resources need to be utilised.
6. Short production time: Small scale industries have a shorter production time than the large scale industries which results in flow of money in the economy.
7. Supporting the large scale industries: Small scale industries help in the growth of the large scale industries by producing ancillary products for the large industries or producing small components that will be useful for the assembling of final products by the large scale industries.
8. Improvement in Export: Small scale industries contribute to around 40% of the total exports done by India, which forms a significant part of the revenue earned from the exports. Small scale industries work towards increasing the forex reserves of the country that reduces the load on balance of payment of the country.
9. Reduce the dependence of agriculture: Most of the rural population will be dependent on agriculture and this creates a burden on the agricultural sector. Small scale industries by providing employment opportunities to the rural population provides more avenues for growth and also paves way for a more arranged distribution of occupation.[15]

### III. RESULTS

Ministry of Micro, Small & Medium Enterprises, popularly known as the engine of growth in the country and incubators of entrepreneurship has emerged as the torchbearers of women empowerment on a global platform. Last year, on the eve of International Women's day 2018, Ministry of MSME launched Udyam Sakhi, a network for nurturing social entrepreneurship creating business models revolving around low-cost products and services to resolve social inequities. The portal cater needs of around 8 million Indian women who have started or running their own businesses through its platform for entrepreneurship learning tools, incubation facility, training programs for fundraising, providing mentors, one-on-one investor meet, provide market survey facility and technical assistance. To put it in nutshell, it can be easily inferred that Indian Govt has been incessantly involved in revolutionising the role of women outside the four walls of their home. Women, nowadays, take risks, trust their vision and settle for nothing less. Women empowerment in ancient India transports to a terrain of mixed views. In ancient India, women enjoyed equal status with men and were trained in the art of warfare by choice. The story of Rani Abbakka Chowta is a classic example of women empowerment in the country. Women empowerment in India gathered much momentum after January 26, 1950, following adoption of the Constitution of India that carries several clauses and sections that eliminate ambiguity over status of women. When Oxford Dictionaries declared "Nari Shakti" as Hindi word of the year 2018. Evidently, we can estimate the influence women are having on the world during all these years. Gone are the days when women would end up their entire life within the 4 walls of the house. Like the male counterparts, women nowadays are writing fresh stories of unprecedented success, with their wit and hard work. More and more women are expanding their entrepreneurial horizons and venturing into an unprecedented range of



business areas. The greater choices now available to women in the fields of employment has been the major driving force for their upheaval as bureaucrats, professionals and executives. They have now begun to enter the fiercely competitive world of business - and economic independence. The fact that such a large percentage of them had entered the non-traditional areas attests to female entrepreneurship being a fairly recent phenomenon boosted by programmes and schemes of Indian Govt aimed at reinstating women empowerment in the long run. The Traditional female skills are being turned into a livelihood, by starting a home based business encompassing textiles, catering, embroideries, boutiques, crafts and many more. Look at the world around you that women are empowered is evidence by their prevailing presence in courts and public offices, corporate houses and parliament, and what not Name entrepreneurs and writers, scientists, and social activists, actors and directors; they are everywhere

Ministry of MSME, which recently held its first Conclave on Empowering Women Entrepreneurs of marginalised Sections' received colossal applications – has emerged as the premier institution responding to the phenomenon of female entrepreneurship. Aimed at awakening the country to issues of hidden disparities and discuss a range subjects to highlight the evolving role of women entrepreneurship in India, the conclave witnessed multiple sessions wherein influencers from various walks of life came together to discuss and deliberate on key issues. The conclave turned out to be huge hit amongst SC/ST women entrepreneurs. With the gradual shift of mind-set amongst the stakeholders in MSME, Ministry awarded path breaking women entrepreneurs and outstanding women achievers in varied fields on the occasion of Int'l Women's Day 2019. The move intends to celebrate women who are breaking the regressive restraints that society and circumstance have placed on them, and are choosing to be financially independent, while continuing in their traditional roles as primary caregivers. Women are the pillars of society and when women are empowered, the whole world is empowered Ministry of Micro, Small and Medium Enterprises (MSME) is empowering women entrepreneurs through its different schemes helping women spark their talent and build their own identity. 1.38 lakh projects have been set up by the women entrepreneurs under Prime Minister's Employment Generation Programme (PMEGP) Scheme since inception and upto 23.01.2019. The projects set up by women entrepreneurs are about 30% of total projects set up under PMEGP. Under the scheme, women entrepreneurs are covered under Special Category and are entitled to 25% and 35% subsidies for the project set up in urban and rural areas respectively. For women beneficiaries, own contribution is only 5% of the project cost while for general category it is 10%. during 2016-17 and 2017-18, under the Khadi Programme of KVIC, women entrepreneurs have set up 30437 projects for which margin money of 85,305 lakh Rupees have been disbursed.

Not only MSME, the Government of India has taken various steps towards women empowerment and safety. Initiatives like Beti Bachao, Beti Padhao, Stand Up India, Mission Indradhanush, Mudra Yojana Scheme, TREAD (Trade Related Entrepreneurship Assistance and Development) Scheme, Mahila Udyam Nidhi Scheme, Annapurna Scheme, Stree Shakti Package for Women Entrepreneurs, Bhartiya Mahila Business Bank Loan, Dena Shakti Scheme, Udyogini Scheme, Cent Kalyani Scheme and many more have added to the welfare of the women population in India.[16]

Many of the barriers to women's empowerment and equity lie ingrained in cultural norms.

It is ironical that a country, which has recently acclaimed the status of the first Asian country to accomplish its Mars mission in the maiden attempt, is positioned at the 108th rank among 146 countries in World Economic Forum (WEF) gender gap index, same as 2017. India has the second-largest artificial intelligence (AI) workforce but one of the largest AI gender gaps, with only 22% roles filled by women which is equally disheartening.

For Indian women, empowerment can be an uphill task: they need to strike astute balance with customs and traditions. While the Indian Govt is incessantly working for the upliftment of women, we, too, need to become aware of their rights, schemes and benefits that can help achieve overall empowerment. The illiterate and semi-literate women entrepreneurs from both rural and urban areas, have availed benefits of certain schemes under Indian Govt to help start or run a company. The story of two women entrepreneurs- Priyashri Mani and Nishita Vasanth wroughing their own enterprise in Pali hills in Kodaikanal district of Tamilnadu by availing loans under Scheme of Indian Govt is an apt example of the steady but sure mindset shift among the stakeholders in the MSME and startup ecosystem. With logistics as the major challenge, and the honey harvesting tribe based out of Pali Hills, the duo scaled up their operations by hiring more women and ended setting up 'Hoopoe'- honey harvesting startup. Bringing



honey to your doorstep, the story gives an insight to the budding women entrepreneurship in the country with women donning several roles ranging from rainmakers to changemakers and social capitalists. Swami Vivekananda, one of the greatest sons of India, quoted that, "There is no chance for the welfare of the world unless the condition of women is improved, It is not possible for a bird to fly on only one wing." Therefore, the inclusion of 'Women Empowerment' as one of the prime goals in the eight Millennium Development Goals underscores the relevance of this fact. Countries around the world have taken the theme to their heart and kick-started a conversation about sexual assault in the beginning of the year, and this lead to #MeToo Movement. Surprisingly, this movement turned out to be a table talk throughout the year, and sent accusers behind the bars for good reasons. Treading the path, in order to achieve the status of a developed country, India too needs to transform its colossal women force into an effective human resource and this is possible only through the empowerment of women.[13,14,15]

#### IV. CONCLUSIONS

Enterprises by business size is measured as the number of employees in the manufacturing sector. An enterprise is defined as a legal entity possessing the right to conduct business on its own, for example to enter into contracts, own property, incur liabilities and establish bank accounts. An enterprise may be a corporation, a quasi- corporation, a non-profit institution, or an unincorporated enterprise. Enterprises can be classified in different categories according to their size; for this purpose, different criteria may be used, but the most common is number of people employed. In small and medium-sized enterprises (SMEs) employ fewer than 250 people. SMEs are further subdivided into micro enterprises (fewer than 10 employees), small enterprises (10 to 49 employees), medium-sized enterprises (50 to 249 employees). Large enterprises employ 250 or more people. Starting a business covers two factors which are important when starting a business: Financial account holders : This indicator is the number of men (women) aged 15+ who report having an account (by themselves or together with someone else) at a bank or another type of financial institution, or report having personally used a mobile money service in the past 12 months, divided by the total number of men (women) aged 15+. Borrowing : This indicator is the number of men (women) aged 15+ who report borrowing money to start a business over the last 12 months, divided by the total number of men (women) aged 15+ in this sex. This indicator is measured by gender in percentage of total employed men or women.[16]

#### REFERENCES

1. Compare: Fischer, Eileen; Reuber, Rebecca (2000). Industrial Clusters and SME Promotion in Developing Countries. Issue 3 of Commonwealth trade and enterprise paper, ISSN 2310-1369. London: Commonwealth Secretariat. p. 1. ISBN 9780850926484. Retrieved 18 November 2020. In most countries, small and medium-sized enterprises (SMEs) make up the majority of businesses and account for the highest proportion of employment.
2. ^ Olorunshola, Damilola Temitope; Odeyemi, Temitayo Isaac (2021-01-01). "Virtue or vice? Public policies and Nigerian entrepreneurial venture performance". *Journal of Small Business and Enterprise Development*. ahead-of-print (ahead-of-print). doi:10.1108/JSBED-07-2021-0279. ISSN 1462-6004. S2CID 249721896.
3. ^ "Chile", *Financing SMEs and Entrepreneurs 2016*, Financing SMEs and Entrepreneurs, OECD Publishing, 2016-04-14, pp. 155–173, doi:10.1787/fin\_sme\_ent-2016-11-en, ISBN 9789264249462, retrieved 2018-10-01
4. ^ Rijkers et al (2014): "Which firms create the most jobs in developing countries?", *Labour Economics*, Volume 31, December 2014, pp.84–102
5. ^ United States. Commission for Assistance to a Free Cuba (2004). Report to the President. Department of State publication, volume 11164. Colin L. Powell. U.S. Department of State. p. 233. Retrieved 18 November 2020. In the United States, small business accounts for 50 percent of jobs, 40 percent of GDP, 30 percent of exports, and one-half of technological innovations.
6. ^ Compare: Antoldi, Fabio; Cerrato, Daniele; Depperu, Donatella (5 January 2012). *Export Consortia in Developing Countries: Successful Management of Cooperation Among SMEs*. Berlin: Springer Science & Business Media (published 2012). p. v. ISBN 9783642248788. Retrieved 18 November 2020. Small and medium-sized enterprises (SMEs) are highly significant in both developed and developing countries as a





proportion of the total number of firms, for the contribution they make to employment, and for their ability to develop innovation.

7. ^ Olorunshola, Damilola Temitope; Odeyemi, Temitayo Isaac (2021-01-01). "Virtue or vice? Public policies and Nigerian entrepreneurial venture performance". *Journal of Small Business and Enterprise Development*. ahead-of-print (ahead-of-print). doi:10.1108/JSBED-07-2021-0279. ISSN 1462-6004. S2CID 249721896.
8. ^ Cueto, L. J.; Frisnedi, A. F. D.; Collera, R. B.; Batac, K. I. T.; Agaton, C. B. (2021). "Digital Innovations in MSMEs during Economic Disruptions: Experiences and Challenges of Young Entrepreneurs". *Administrative Sciences*. 12 (1): 8. doi:10.3390/admsci12010008. ISSN 2076-3387.
9. ^ Aga et al. (2015): SMEs, Age, and Jobs: A Review of the Literature, Metrics, and Evidence, World Bank Group, November 2015.
10. ^ P.E. Petrakis, P.C. Kostis (2012), "The Role of Knowledge and Trust in SMEs", *Journal of the Knowledge Economy*, DOI: 10.1007/s13132-012-0115-6.
11. "Compliance-as-a-service platform Laika raises \$35M". *VentureBeat*. 2 November 2021. Retrieved 3 November 2021.
12. ^ Daso, Frederick. "WorkOS Unlocks Equal Access For B2B Startups Selling To Enterprise Customers". *Forbes*. Retrieved 3 November 2021.
13. ^ Forbes.com. "The Largest German Companies." Accessed 29 December 2012.
14. ^ Forbes.com. "The U.K.'s 40 Largest Companies." Accessed 29 December 2012.
15. ^ OED, big business: "1905 F. C. Howe City p. ix We are beginning to realize that the same self-interest is the politics of big business." <https://www.oed.com/view/Entry/18833?redirectedFrom=big+business#eid21080471>
16. ^ Timothy P. Carney (2 July 2006), *Big Business and Big Government*



# INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY RESEARCH IN SCIENCE, ENGINEERING, TECHNOLOGY AND MANAGEMENT



+91 99405 72462



+91 63819 07438



ijmrsetm@gmail.com

[www.ijmrsetm.com](http://www.ijmrsetm.com)