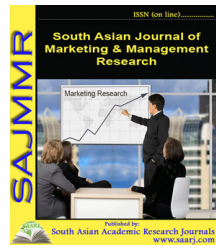




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## INFLUENCE OF MICROSCALE ENTERPRISE IN GROSS DOMESTIC PRODUCT

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### ABSTRACT

*The industries are regarded as life stream of the economy of any nation. This sector is divided into micro, small and big industries, the big industries require the skilled worker who have some kind of specialization whereas small and micro industries are able to accommodate the less skilled or unskilled worker as well, even these companies doesn't require any special kind of expertise from their worker. This is the reason why these businesses are mass recruiter of the individual from a specific class as people living in poverty don't have any formal education and skills. Apart from this, this sector involved in manufacture of such goods which are of everyday use in home and also having a market in India as well as abroad and create a decent flow of money from one hand to other. This industry contributes substantially in GDP (Gross Domestic Product) of nation and also accumulate the foreign money that would improve the economy of country. Therefore, it is essential to develop and safeguard this sector of business.*

**KEYWORDS:** *Development, Economy, Growth, Industry, Skilled Worker.*

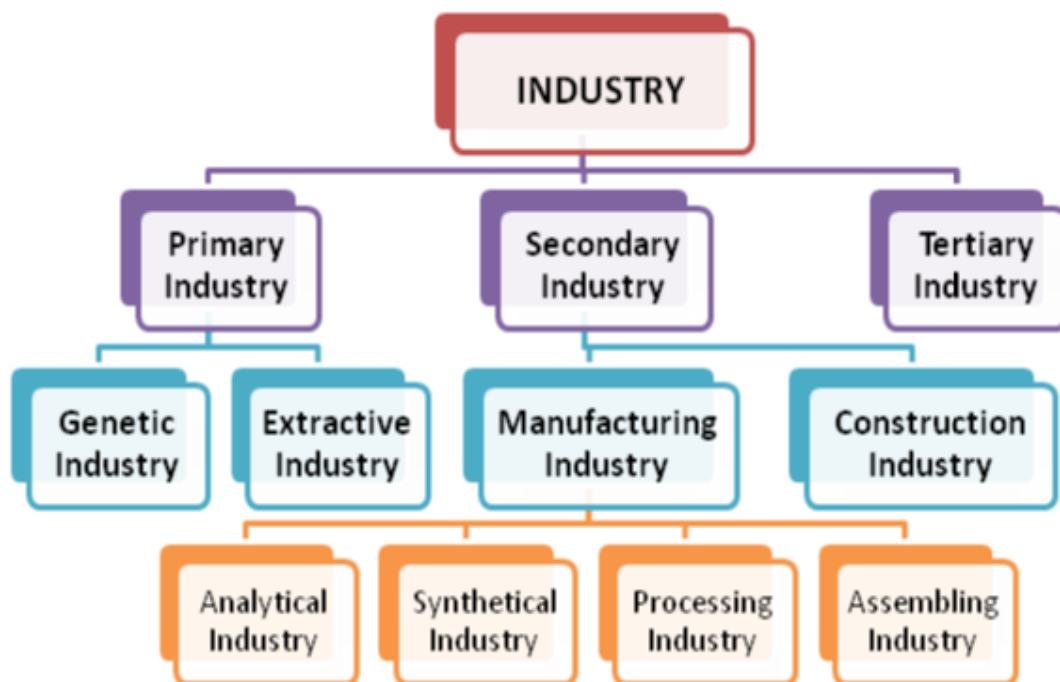
### INTRODUCTION

The industrial revolution in India has been begun by the small scale enterprises. The major industry did not existing in India at the time of the freedom, this was the opportunity to start with a fresh beginning to match the pace with the global development. The India was depend on its manual power since a long time, however, heavy machineries have been introduced in Indian industrial scene during the British empire and a minor manual burden of working had been transferred on the machines. Although, many industry remained still operating on manual power (Figure 1). The advent of the light and heavy machines altered the manner of functioning of Indian industry[1].



**Figure 1: Representation View of a Small-Scale Industry in Indian Industry**

The Indian small scale industries market is extremely wide and the reason behind this flexibility is that population is key element in giving the manual labor at affordable cost than any other nation and second significant aspect is to availability of the raw material. In ancient period, India has excellent commercial connection with outside world and this heritage has been preserved by the subsequent ruler[2]. But with the creation of the British Empire, much of the wealth has been transferred to English but work was being done by the Indian. This trend has backward India and its indigenous people in contrast to rest of the globe. After India's independence, Real struggle had been begun for the creation of the Indian industry by the really Indian government and its people.



**Figure 2: Basic Structure of Industries in Any Nation to divided the Different Occupation Work**

The structure of the Indian industries has been shown in Figure 2. The entire industry has been classified into three categories as main, secondary and tertiary based upon the number of workers involved and what is being produced over there. These categories are further split into number of

distinct domain depending on industries kind. The Indian businesses had been established at modest level and with time certain industries grow into large one. There are numerous instances of businesses who have begun their company at modest level but subsequently became a conglomerate of several companies under the same roof.

The small scale industries may be described as the industries which are involved in the production, manufacturing and similar rendering operations on a micro or tiny size. In capital wise, their investment in equipment and everything must not exceed the limit as set by the government i.e. 10 crore and per year turnover should be equal or less than the 50 crore[3]. The definition of the small scale industries has provided as per the government rules as government all has many policies which offer the money and other associated facilities to these businesses based upon their investment and annual turnover made in a financial year. The government has have a dedicated department i.e. department of industrial policy and promotion, this department effortless engaged in development of the industries in addition to promote the invention as well as innovation that will in turn proved fruitful for the country and contribute a good part in the gross domestic product (GDP) of India.

**TABLE 1: TYPE OF INDUSTRIES AND THEIR BASIC INVESTMENT LIMITATION[4]**

Type of Industry	Investment Limit(Rs)	Remarks
Small scale industry	One crore	For specific products it is five crores (71 products so far)
Ancillary industry	One crore	50% of output supplied to the parent unit
Tiny enterprise	25 lakhs	No location limit
Service and Business (industry related) enterprises	10 lakhs	No location limit
Women enterprise	Any of the above	51% equity holding by women and managed by women
Export Oriented Units (EOU's)	One crore	100%, EOUs can sell 25% in domestic markets.

This should be matter of proud that approximately 7600 large and 12.7 million small industries have been incorporated in the nation building and a good population have been engaged in employment in these small and micro industries, in addition to that some companies out of these industries have been collaborated with foreign client and enterprise to promote further growth and development of the nation and its people. It is projected that as many as 30.5 million individuals have been engaged and earning their livelihood (Table.1). After independence, government's business strategy supported small size companies, threatened them from hostility from big industries, and prolonged tax assistances. To be eligible for tax refunds, many little sector owners remained to suffer tiny. In addition, these efforts mainly rehashed conservative, sometimes obsolete know-how; these did not adapt and feel it necessary to engage in zones of excellence or service[5].

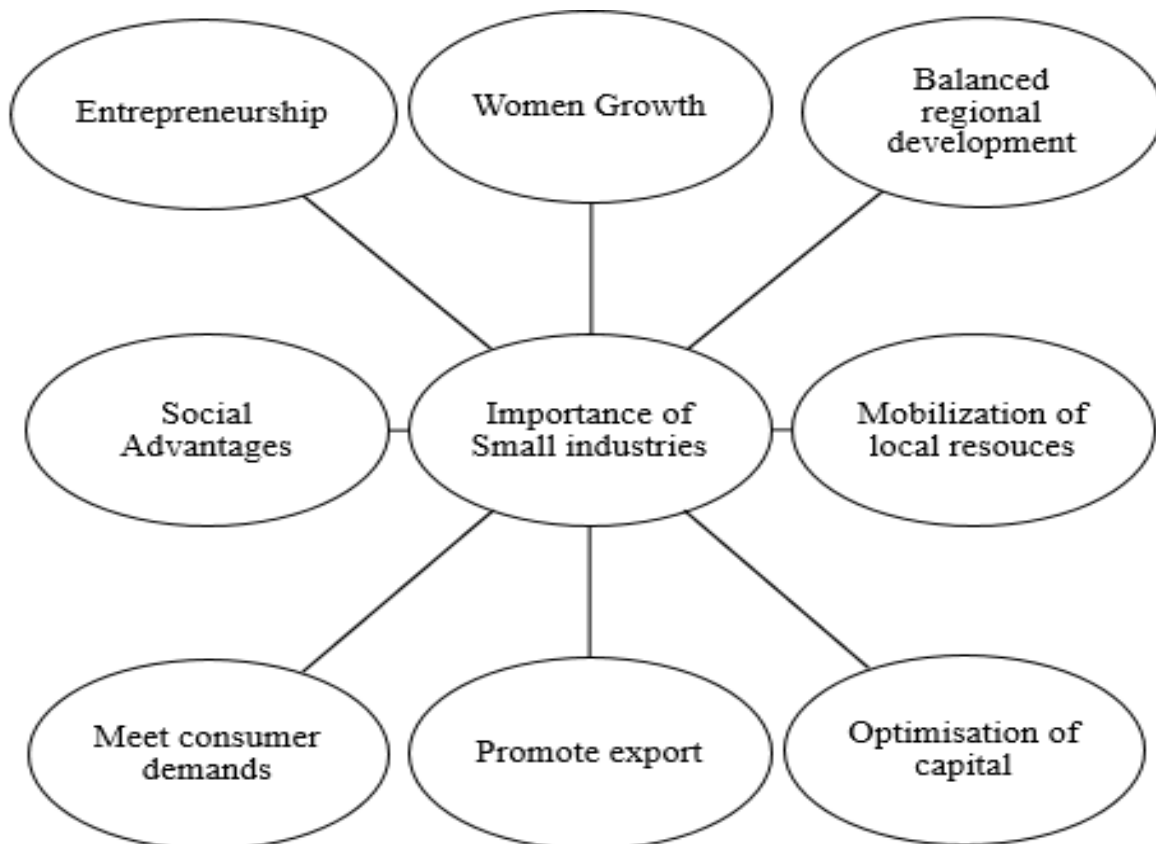
Systematic educations of industries to assess degree to which formal HRM organizations have been established and experienced are modest. In spite of push of competence and vital to contend

being recent expansions, it is predicted that grade of validation would remain low in Indian businesses. It is too anticipated that lesser businesses would have smaller formalization than middle scope enterprises.

### **ROLE OF HUMAN RESOURCE DEPARTMENT IN SMALL INDUSTRIES**

The connection between the owner and the employee of industry is a vital element to accomplish desired goal of the company, furthermore it is also important to operate business smoothly without any mayhem caused by the worker' union. The ambition of the owner is the essential input in converting the company into a good place to work where top management may be able to obtain the output from the worker in order to maximize the revenue, in turn, profit. On the other hand, worker require a decent pay in addition to some kind of security in term of provident fund, gratuity life insurance cover etc. To accomplish all these job in a collaborative manner, a human resource department (HRD) is required in order to play a function of mediator between the workers and employer[6].

The Small industries were typically family run plus having disconnected with management structure; they were not participate in devoted technical in addition to professional skills. Though, following liberalization in initial 1990s administration altered its tactics with adoration to defense and has encouraged towards scarcer regulations. Accordingly, several SMEs twisted ill moreover were powerless to continue in open market. Others have gradually capitalized on improved understanding, company processes in addition to marketing. Amongst tiny businesses, in certain sectors as information knowledge, more respect is being given to humanoid resource organization methods.

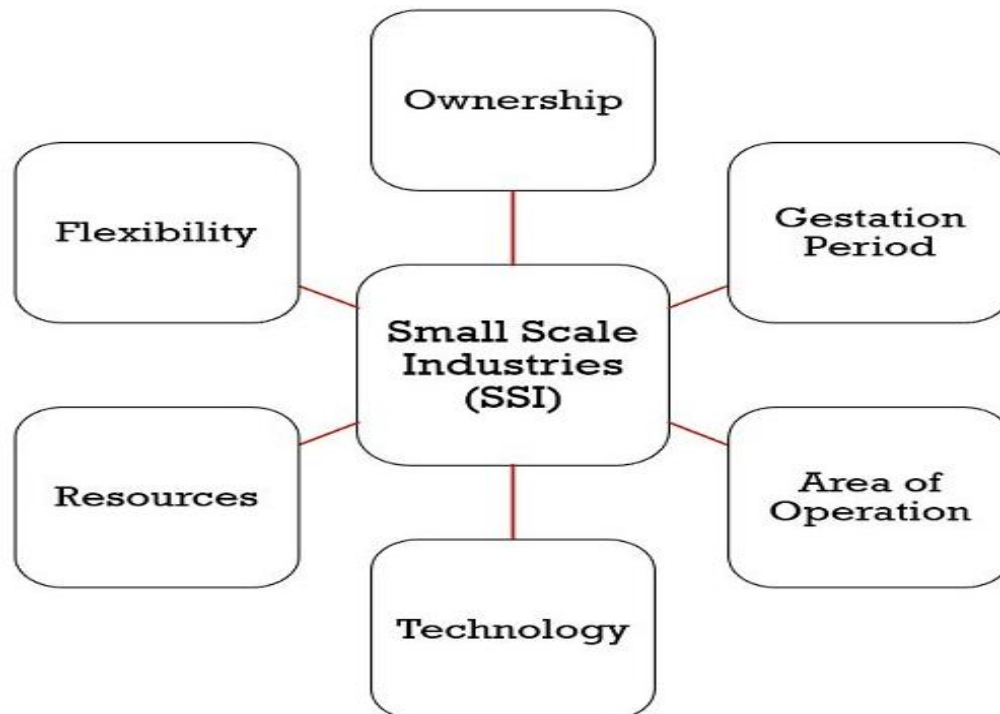


**Figure 3: Importance of Small Industries for Growth of a Nation**

The Figure 3 has been demonstrating the advantages of promotion of a small scale as well as micro scale businesses in a country. It is well known truth that there are a lot of work in such type of industries which does not require the special type of training or does not require the skilled worker, the benefit of this is to engage the many people who don't have good training or good exposure in working in industries, these people can be trained over here. In Indian context, other essential point is that all women don't have excellent education and technical exposure, thus these tiny and micro businesses are a good location to obtain employment and develop. This is the method by which unemployment issue of nation may be sort out up to some degree.

The other benefit is to minimize the social unbalance and regional development as these are several locality in India, where only a small business can be get success as these are very backward and some big industry can be start over there as biggest advantage to incorporate the indigenous people in small scale industries is to solve the problem of language barrier[7]. There are high possibility that owner of small industry is also belong to same region and he can easily connect with their worker in the same vernacular language and it would be simple to encourage the workers and also easy to taught them. India is a country of numerous traditional knowledge and that may be completely used in building the micro and small business.

#### IMPORTANCE OF INDUSTRY IN DEVELOPMENT AND GROWTH



**Figure 4: Attributes of Small Industries to Increase the Adaptability at Work Place**

The industry has a power to promote the employment and capital in the market and this is finest method for increasing the financial inclusion amongst the people. Department of industrial promotion and policy is committed to create a frame work to encourage the small scale businesses since these sectors has less income by affecting the society at big scale (Figure 4). This is the main segment to offer the job to millions of people in country and also responsible for movement of resources between the state and people the center and state government are very keen to promote industry and also inviting the foreign firm for technology transfer so that Indian firm can also implement the new techniques and innovation in industry[9].



**TABLE2: TYPES OF INDUSTRY IN SMALL AND MICRO SEGMENT**

SL. NO.	TYPE OF INDUSTRY
1	<u>Chocolates</u>
2	<u>Paper Napkins And Toilet Rolls</u>
3	<u>Sanitary Napkins</u>
4	<u>Candle Making</u>
5	<u>Phenyl Making</u>
6	<u>Disposable Cups And Plates</u>
7	<u>Excise Notebooks</u>
8	<u>Spices</u>
9	<u>Soaps And Oils</u>
10	<u>Camphor and Incense Sticks</u>
11	<u>Chips and Biscuits</u>
12	<u>Papads And Fritters</u>
13	<u>Simple Medical Requirements</u>
14	<u>Cottage Cheese</u>
15	Match box
16	Light Machine and tools

The government has raised the money limit given to the small and micro scale business as these industries are giving the employment to the unskilled person and also promote the India's traditional product and art. The scope of these industries has been growing to accommodate more people in addition to new creative concept to broaden its scope for product variety (Table.2). This will boost revenue creation and contribute more in GDP. The second function of the small scale industry is to improve the per capita income of the population that will increase their purchasing power parity. the developing nations has a fair number of people ,who live below the poverty line or at the edge of poverty line , small scale industries are performing well to relieve the people's poverty by giving them a good chance to work[10].

## DISCUSSION

The industrial development is as essential for a country as a governing body. The net cash inflow and out flow is a fundamental indicator of development of the company since foreign money determine the future of industrial revolution in a nation in term of sustainability. The number of companies and their turn over is an essential indicator for growth of the country. The industrial development is closely linked with the growth of the people of the country as issue of the employment can only be addressed through a good exposure of industry and the number of industry is proportionate to the number of job accessible in the market. The GDP and Per capita income may be beneficial to improve the happiness index of the people and boost their life style. The economic power of a country and for an individual are essential as money may alter the mindset of a person and drive him to do more actively for this nation and its people as many businessmen are doing.

## CONCLUSION

The evaluation of the impact of small industries over the economic condition of the nation has been done, particularly effects have been studied over the GDP, per capita income as well as buying power parity. The role of the small scale enterprises in the economy of country is important not only for producing the capital but also addressing the issue of unemployment. The center as well as state government have been pushing this sector of business and also introducing new regulations for promotion for this small scale enterprises. This study have concluded that small scale businesses may be beneficial to relieve poverty and also competent to improve the lives of those who dwell at bottom of ladder of poverty. Thus, Apart from contribution in GDP, this sector may address the issue of unemployment as well. The industrial development is an only method which may guarantee a multi-dimensional growth for the country.

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