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## **MICRO, SMALL AND MEDIUM ENTERPRISES (MSME): ENGINES OF GROWTH OF CHANDRAPUR DISTRICT**

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### **Abstract:**

*Building a strong industrial sector has always been on top of the agenda of policymakers and those who rule India. Industries not only provide goods for internal consumption and export, but they have also played a paramount role in employing the youth of the district. Large industries such as iron and steel, cars, and electronic products take center stage when discussing gross domestic product (GDP) and economic growth, but there is also a sector of smaller industries, which play a significant role in both manufacturing products and creating jobs. But remains hidden from the view of economists and policymakers. This is the area of Micro, Small, and Medium Enterprises (MSME) i.e., small and cottage industries. The MSME sector in Chandrapur district employs crores of people and contributes to the GDP. This sector manufactures everything from cottage products like khadi kurtas, honey, and jute to be worn on special occasions and various accessories used in industrial production. But there are many challenges before this sector such as non-availability of credit on time, lack of infrastructure, technology for upgradation and resources to get skilled manpower, the proper market not available, etc. The problem of getting adequate funds for small and medium sector units comes because the institutions providing financial assistance do not believe that the units will be able to run. In this research paper, a study has been done on how micro, small, and medium-scale industries are working as engines of development in the Chandrapur district.*

**Keywords:** *Micro, Small and Medium Enterprises (MSME), Employment, Gross Domestic Product (GDP), Economic Growth, Khadi and Village Industries Board, Economic Assistance*

### **Research Methodology:**

The research paper has depended on secondary data.

### **Objective of Research:**

- 1) To study the impact of micro, small, and medium-scale industries on economy of Chandrapur district.
- 2) To study the contribution of micro, small, and medium-scale industries in Chandrapur district.

### **Introduction:**

Recognizing the importance of cottage and small-scale industries after attaining independence, the government has laid special emphasis on the development of these industries. It was realized that these industries could make a significant contribution to the removal of unemployment and poverty and reduce inequalities. The first industrial policy of India announced in 1948, highlighted the importance of small and cottage industries. Bearing the responsibility of the development of small and cottage industries, the Central Government has established a separate department for the development of these industries. An All-India Cottage Industries Board has been set up for the direction and advice of this department. Prominent among these are the All-

India Handloom and Handicraft Board, All India Khadi and Village Industries Board, National Small Industries Corporation, Small Development Board, District Industries Centre, etc.

The government has also played an important role in the field of providing capital and other financial assistance to the capital of small and cottage industries. The State Governments have substantially increased the credit facilities for these industries under the State Industrial Assistance Acts. Now these industries are being easily provided loans by the state governments on relatively easier terms. The government also helps in the marketing of goods manufactured by cottage industries. Showrooms or emporiums have been set up at various places for the sale of goods manufactured by the central and provincial governments and specialized corporations. Through these goods are sold in domestic and foreign markets. Adequate technical assistance is provided by the government to small-scale industries. For this, Small Industries Development Organization has been established, under which 28 Small Industries Service Institutes, 30 Branch Institutes, and 4 Regional Training Centres have been established. Entrepreneurs are sent by the government for training abroad and foreign experts are also invited to impart training in India. Tax exemptions are provided by the government to small and cottage industries. Production or similar other taxes are not imposed on the goods produced by these industries, if they are imposed, their rates are very low. The Government and the Commission accept the fact that industrial cooperatives can be proved in the nature and rapid development of small and cottage industries and mainly through these industries can benefit from cooperative assistance.

The Central Government provides loans to the State Governments for the establishment of industrial settlements to provide all the facilities to the cottage and small-scale industries in one place and for their systematic development. Taking another important step regarding the development of small and cottage industries, the government has tried to save these industries from the unfair competition from big industries. In this regard, the government has reserved some areas for small-scale industries.

Small Industries Development Bank of India has been established on 2 April 1990 as a subsidiary of the Industrial Development Bank of India. Its main function is to provide financial assistance to small-scale industries. 30 branches of this bank have been established in different states. In June 1992, a Small-Scale Industries Board has been constituted under the chairmanship of the Prime Minister. The board has 130 members drawn from various ministries and organizations. The main function of this board is to advise the government on the development of small-scale industries. With a view to the development of small and cottage industries, the Central Government has established the National Equity Fund. For this fund, Rs.5 crore has been provided by the Central Government and Rs.5 crore has been provided by the Industrial Development Bank of India. This fund is managed by the Industrial Development Bank of India. Rural Industrial Projects were started by the Central Government in 1961-62, to develop the technology of setting up profitable units in the rural environment and reducing the disparities in the development level in different areas. Two new schemes have been implemented to encourage technology upgradation in small-scale units. A. Credit Guarantee Scheme for Small Scale Industries - Credit Guarantee Scheme for loans up to Rs.25 lakhs given by commercial banks, regional rural banks, and other financial institutions. No third-party guarantee will be required. Under the new small-scale industry policy, a technical upgradation program has been considered with the aim of improving productivity, efficiency, and cost-effectiveness in the small-scale sector. For this, Indian technical institutes and selected engineering colleges have been told to

fulfil the responsibility of technology information design and development centres in their respective areas.

For the successful operation of small-scale industries, the government runs entrepreneurship development programs for different types of enterprises. To promote entrepreneurship development in different parts and societies of the district, it has been thought of taking cooperation from various industry organizations in the program. Provision has been made to conduct special training programs for training women entrepreneurs to promote women's participation in the industrial sector.

### **Micro, Small and Medium Enterprises (MSME): Engines of Growth of Chandrapur District:**

Small and cottage industries have an important place in the economy of the Chandrapur district. In an economy like Chandrapur district where lack of capital, poverty, and unemployment reign, cottage and small-scale industries are the cornerstone of industrial development from all economic, social, and political aspects. Regarding the importance of small-scale industries, it is said that small-scale industries are the key to Chandrapur district's capabilities and its future development, through which its vast unexploited resources can be harnessed and the production capacity of lakhs of people can be used. The solution to many of today's burning problems lies in small-scale industries. The salvation of Chandrapur district lies in its cottage business. Such industries provide full or part-time employment to the rural people who remain unemployed most of the time.

The problem of unemployment is widely found in Chandrapur district due to the abundance of population. Small and cottage industries are labor-intensive; therefore employment can be increased substantially even with the investment of less capital by these industries. Chandrapur district is an agricultural district. About 58.2 percent of the working population here depends on agriculture, but farmers do not get work throughout the year. From this point of view cottage and small-scale industries are very useful and are conducive to the rural economy of the district. People associated with the agriculture business can increase their income by engaging themselves in such business in their spare time. And can contribute significantly to the national income of the district.

The ownership of cottage and small-scale industries is in the hands of more and more people. Due to this, there is no centralization of economic power. Apart from this, there is no exploitation of labor in these industries, which leads to more equal distribution of income. Cottage and small-scale industries help in the decentralization of industries in the district. Large-scale industries can be established only in some industrial centers because they require special conditions and facilities. The burden of the population on agriculture is continuously increasing in Chandrapur district. Every year about lakhs of people increase to depend on agriculture which leads to subdivision and fragmentation of agriculture. Small and cottage industries are very useful from the point of view of solving this problem.

Cottage and small-scale industries protect traditional and artistic items. This work has been earning fame in the Chandrapur district since ancient times. In the establishment of cottage and small-scale industries, less capital, as well as less technical knowledge, is required and the work can be done by giving less amount of training to the employees. Thus, it is best for the economy of Chandrapur district. Rapidly productive industries are such that production can be obtained only after some time of establishment, hence they are called rapid productive industries. There is

a general shortage of commodities in the Chandrapur district, which can give a significant contribution to removing it. For the last few years, the export of goods manufactured by the cottage and small industries in Chandrapur district is increasing, which is helping the district earn valuable income. In setting up big industries, sometimes for technology, sometimes for machines, and sometimes for raw materials, one must depend on foreign countries and must import them. There is no such thing in the cottage and small-scale industries. Neither machines nor technology nor raw materials must be imported for these industries. Thus, the dependence on imports in these industries remains less.

Many industrial problems persist in big industries which help in reducing production along with the unrest in the district, such as strikes of workers, lockouts of owners, retrenchment of workers, demands for wage hikes and bonuses, and service conditions. Improvement etc. Small and cottage industries can act as adjuncts or supplements to large industries. For example, cottage and small-scale industries can make semi-manufactured goods that can be used by large industries to produce finished goods. Small and cottage industries use local resources. If these small and cottage industries are not there, then the local resources will be useless. These industries help in making rural and small people entrepreneurs. Along with this, these industries are also helpful in appropriating rural savings.

The marketing problem of the cottage and small-scale industries is very important in the district. These industries face difficulties in selling their products due to changes in public tastes, limited means of advertising and publicity, competition from machine-made goods of mass industries, etc. Goods manufactured by large industries are relatively cheap, of good quality, and attractive. Large-scale industries not only use modern scientific methods of production, but they are also resourceful in the areas of marketing, etc. Due to these small-scale industries are not able to survive in the competition. The goods manufactured by these industries are not of any fixed standard, and as a result of which they do not get a fair price for their products. These industries do not get proper information related to their business in time and there is a lack of institutions to give them advice. Due to these reasons, these industries are not able to progress.

One of the major problems of the cottage and small-scale industries is the lack of power. These industries do not get the proper quantity of electricity etc. at a cheap rate. In the absence of this, they are not able to produce properly. Small-scale industries are often established by small businessmen who do not receive any special training related to management and organization, which affects the development of these industries, in addition to this, small-scale industries in Chandrapur district also must face some other difficulties. Such as lack of transport facilities, lack of advertisement, high local taxes, lack of general education and technical knowledge, lack of research, sick units, and lack of mutual organization among industries, etc.

The central and state governments are paying proper attention to the problems of small-scale and cottage industries and many steps have been taken in this regard during the planning period, but some suggestions can be given from the point of view of future development. In the future, proper attention should be given to improving the production technology of these industries, only then these industries will be able to provide good quality goods to the consumers while facing the competition of big industries. Adequate advisory services should be arranged for the establishment, development, and use of machines, etc. of small-scale industries in the district. Small-scale industrial cooperatives should be developed more and more in the district and these cooperatives should provide advanced equipment and raw materials to their members at

reasonable prices. As far as possible, coordination should be established between large and small-scale industries. Research programs should be arranged with a view to increasing the productivity and production capacity of small-scale industries and improving the variety. More and more small-scale industry exhibitions should be organized in the district. These exhibitions should not be confined only to big cities and should be organized in different parts of the district so that consumers can get detailed information about the products of these industries. Proper control should be kept on the production type of these industries to export the goods produced by the small-scale industries in the district and to maintain confidence in the consumer. For the development of small-scale industries, it is necessary that proper education and training should be arranged for the people related to these industries so that they can use modern scientific methods easily. For all these, training centers should be established in villages and towns. To meet the financial needs of small and cottage industries in the district, financial institutions should be expanded in rural areas and towns. For the development of these industries, it is also necessary to have facilities related to sales and marketing. If the produced goods are not sold in the markets at a reasonable price, then there is disappointment among the producers, due to which the production is affected. Therefore, for the sale of the products of these industries, a central sales organization should be set up, which would get the goods prepared from different organizations according to the fixed standards and decide to sell them.

### **Conclusion:**

Small and cottage industries have a very important place in the economic life of the Chandrapur district. Therefore, it is necessary to take some measures by which the competition between these industries and big industries can be reduced and coordination can be established. Small-scale industries in the district should be brought into a position to stand on their own feet by providing financial assistance, providing raw material and driving power at a cheap rate, providing tanning and technical knowledge, and giving tax exemption so that the competition of large-scale mechanized industries can be increased. Can face About those industries which can be run on both large and small scales, such arrangements should be made so that unnecessary competition between both types of industries can be avoided. Some procedures are related to the same industry and for small and cottage industries and some procedures should be kept safe for large-scale industries. The production of some items belonging to the same industry can be assigned to large industries and the production of some items to small-scale industries. To a certain extent, the production of a particular item should be reserved for large industries and the production beyond that should be prepared by small and cottage industries. Joint production programs can also be developed. According to which the parts or parts of an item can be manufactured by the industries and by mixing them, big industries can do the work of manufacturing the final item. In this way, if coordination is established between small and large-scale industries, then production will increase in the district. There will be regional development and the problem of unemployment and under-employment will also be resolved.

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