

Importance of Small Scale Industries in the Economic Development of Telangana State

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Abstract: The small-scale industries sector plays a vital role in the growth of the state. The small-scale industries sector contributes significantly to the manufacturing output, employment and exports of the state. It is estimated that this sector has been contributing about 40% of the gross value of output produced in the manufacturing sector and the generation of employment by the small-scale sector is more than five times to that of the large-scale sector. Industrial Development has greater potential in expansion of economic activities and it will eventually help in development of assets. This paper is an attempt to analyse, growth about small scale industries need of industrialization and industrial sector and especially its role in the development in Telangana

Key words: industries, employment, economic development.

I. INTRODUCTION

Economic Development of a country is directly related to the level of Industrial growth. The expansion of Industrial sector leads to a greater utilization of natural resources, production of goods and services, creation of employment opportunities and improvement in the general standard of living. India has also been striving to develop the country's industrial base since independence. It has framed various policies aimed at development of industries in the public and private sectors. Special emphasis has been laid on Small Scale Industries. Small Scale Industries plays a key role in the planned development with its advantages of low investment, high potential for employment generation, diversification of the industrial base and dispersal of industries to rural and semi urban areas. The Small-Scale Industries sector has been appropriately given a strategic position in planned economy for socio-economic, equitable growth. Telangana State has setup district Industries Centres (DIC), the nodal agencies to provide all required approval / clearance for setting up industries under the single window system, implement the Micro Small and Medium Enterprises Development Act, 2006 and issue Entrepreneur Memorandum (EM) for MSME besides maintaining effective liaison with various financial institutions in facilitating the required credit. The government of Telangana announce the new industrial incentive scheme T-IDEA in 2014 Telangana State Industrial Development and Entrepreneur Advancement for the general category entrepreneur and T-PRIDE (Telangana State Program for Rapid Incubation of Dalit Entrepreneurs) of 2014 for Scheduled Caste and Scheduled Tribes entrepreneurs extending various incentives for MSME. The Micro, Small and Medium Enterprises Development Institute (MSME-DI) Hyderabad offers a wide range of service for the Micro, Small and Medium Industrial Sector in the State of Telangana during the period 2001 to 2017 (up to February 2017) total units 63,993 MSME's were Established with an investment of Rs.1948122 (in Lakhs) providing employment to 7,83,665 persons. Telangana Government released its new Industrial Policy for the year of 2015 on 12th June. This new Industrial

Policy mainly concentrated on quick, time bound and transparent permissions to MSME's project proposals.

II. OBJECTIVES

1. To examine the growth and performance of small scale industries.
2. To study recent trends in Small Scale Industrial Sector.
3. To analyse the problems of Small Scale Industries.

Data collection:

The present study is confined to Telangana state of Ten districts. The Data will be analysed based on the information obtained from Commissionerate of Industries, Hyderabad and the data has been collected for the period of three years from 01-04-2014 to 02-02-2017. The study is analysed with the help of available secondary data.

III. REVIEW OF LITERATURE:

The study of review literature is very important aspect of any research. A brief review of such important studies is made here:

Ahmed (2000), assessed that to emerge prominently on exports front marketing innovations are essential for Small Scale Industrial sector, along with effective application of quality and delivery in production process. These measures would provide the necessary cutting edge for the sector to boost the exports.

Small Industries Development Bank of India (SIDBI) report (2001), "addressed to ensure sustained growth of Small Scale Industrial sector to withstand emerging pressures which includes issues related to delayed payments, increase in the limit of turnover, exemption from excise duty to Small Scale Industrial units using third party brand name, building competitive strengths, technology up gradation, information dissemination and quality improvement.

Bhavani (2002), studied the impact of globalization on the different sub-sectors in Small Enterprises and viewed that, to survive Small Scale Industrial should improve Productivity,

Quality, reduce cost and should substantially improve their Technology.

Charles P. Kindleberger and Bruce Herrick (1971) argued, "Economic development is generally defined to include improvements in material welfare, especially for persons with the lowest incomes, the eradication of mass poverty with its correlates of illiteracy, disease and early death, changes in the composition of inputs and outputs that generally include shifts in the underlying structure of production away from agriculture towards industrial activities, the organization of the economy in such a way that production employment is general among the working age population rather than the situation of a privileged minority; and the correspondingly greater participation of broadly based groups in making decisions about the directions, economic and otherwise, in which they should move to improve their welfare".

IV. ROLE OF SMALL SCALE INDUSTRIES IN EMPLOYMENT GENERATION

Small and Medium Scale Industries play an important role in terms of Employment Generation and growth of Indian Economy. Small and Medium Enterprises have achieved steady progress from last decades it facilitates the tapping of resources which otherwise would remain unused. In low capital cost, Small and Medium Enterprises create employment opportunities especially in rural and urban areas. Small and Medium enterprises help to alleviate poverty and proper sustainable growth in rural areas. The problem of surplus manpower in non-agricultural sector, Small Scale Industries provide additional employment opportunities for growing population in rural and urban areas.

Telangana was formed because of the split of erstwhile Andhra Pradesh. Services have been the fastest growing sector of the state. The capital city of Hyderabad is a hub for Information Technology (IT) and Pharmaceutical Sectors. Hyderabad accounts for approximately 20 per cent of India's total pharma exports. Other major industries of the state include Textile, Mines and Minerals.

Table 1: TYPES OF ORGANIZATIONS

ORGANIZATION	COUNT	PERCENTAGE
Co-Operative	1	0.02
Hindu Undivided Family	1	0.02
Others	4	0.07
Partnership	773	13.35
Private Limited Company	597	10.31
Proprietary	4358	75.28
Public Limited Company	51	0.88
Self-Help Group	2	0.03

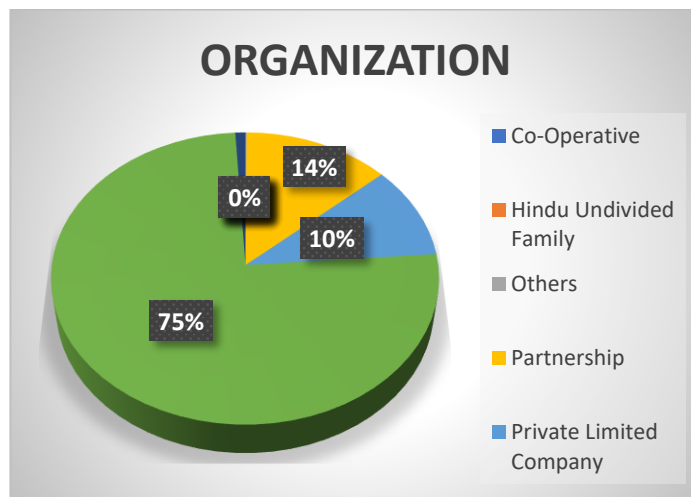


Figure 1

The above figure 1 shows that most of the Small Scale Sector units are proprietary ship, units of 4358. When compare to other organization like partnership, private limited company and public limited company, etc.,

Table 2: TOTAL BUILDING STATUS

BUILDING STATUS	COUNT	PERCENTAGE
LEASED	891	15.39
OWNED	2326	40.18
RENT	2570	44.39

The below figure shows Small Scale unit where established in Rented premises only.

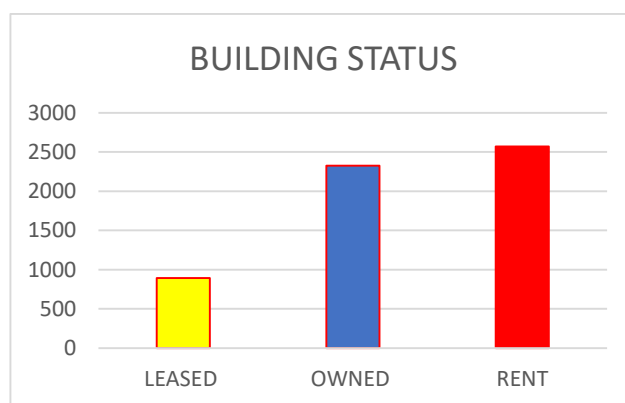


Figure 2

Table 3: Small scale Industries in Telangana

Name of the Districts	Units	Investment (Rs In Lakhs)	Employment
Adilabad	819	42105	6579
Hyderabad	3433	220264	68037
Karimnagar	1752	110639	23977
Khammam	888	45059	7898
Mahbubnagar	655	59706	8043
Medak	1320	149012	25107
Nalgonda	1550	122593	17002
Nizamabad	741	45512	6271
Ranga Reddy	6362	485085	111484
Warangal	2142	128324	12252

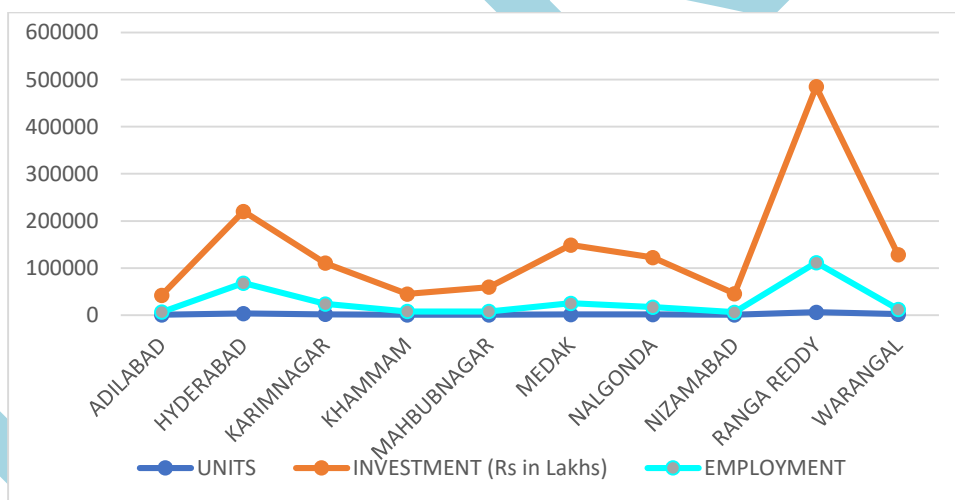


Figure 3

from the above figure, it shows the district wise number of employment under Small Scale industrial sector of the state, it has been observed that Ranga Reddy district continues to be the most industrialised district in the state and has the maximum number of employment is 111484 (38.89%), with an Investment of Rs.485085 (in Lakhs) (34.44%) and the number of units are 6362 (32.35%) other important districts accounting significant number of employment are Hyderabad district 68037(23.73%), Medak district 25107 (8.75%), Karimnagar district 23977 (8.36%), Nalgonda district 17002(5.93%),Warangal district 12252(4.27%), The percentage of all other district like Mahabubnagar, Khammam, Adilabad, and Nizamabad district are less than 4% compared to the state of the whole. The investments in Hyderabad is Rs.220264(in lakhs), Medak district investment

of Rs.149012 (in lakhs), Nalgonda district investment of Rs.122593(in lakhs), Warangal district investment of Rs.128324(in lakhs), Nalgonda district investment of Rs.122593 (in lakhs), Karimnagar district investment of Rs.110639(in lakhs), The percentage of all other district like Mahabubnagar, Khammam, Adilabad, and Nizamabad district are less than 4% compared to the state of the whole. While compared the district wise number of units under different industrial sectors of the state, it has been observed that number of units in Hyderabad district have 3433, Medak district 1320, Nalgonda district 1550, Warangal district 2142, Karimnagar district 1752, All other district like Mahabubnagar, Khammam, Adilabad, and Nizamabad district are less than compared to the state of the whole.

Table 4 : Medium scale Industries in Telangana:

Name of the district	UNITS	INVESTMENT (Rs in Lakhs)	EMPLOYMENT
Adilabad	12	6360	261
Hyderabad	118	62283	8420
Karimnagar	25	11337	1191
Khammam	8	4538	239
Mahbubnagar	13	7759	598
Medak	57	37945	4087
Nalgonda	37	23870	1779
Nizamabad	17	7626	5090
Ranga reddy	114	70784	9977
Warangal	33	14465	1009

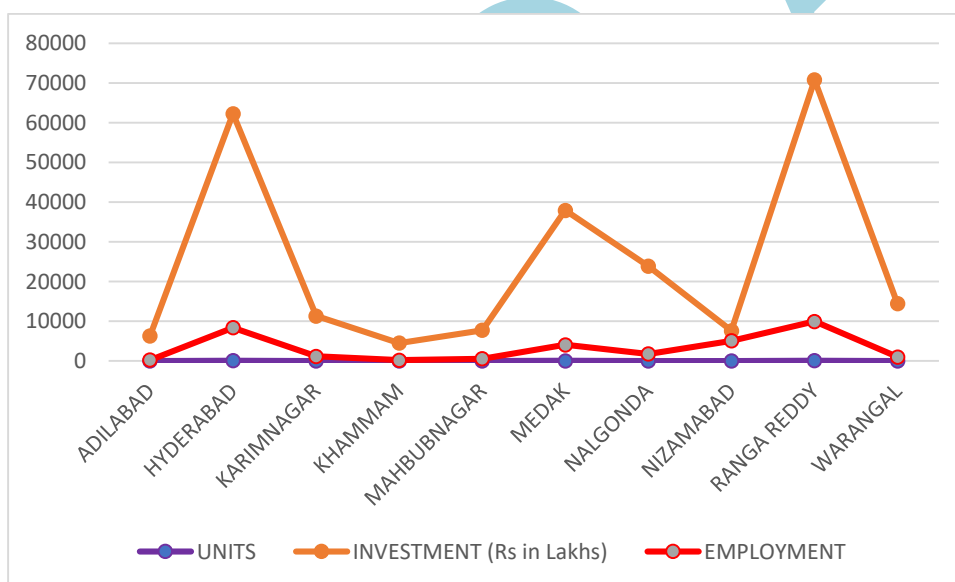


Figure 4

From the above figure, it shows that the district wise number of employment under Small Scale industrial sector of the state, it has been observed that Ranga Reddy district has the maximum number of employment of 9977(30.55%), investment of Rs.70784(in Lakhs) (28.66%) and the number of units are 114 (26.26%).

Other important districts accounting significant number of employment are Hyderabad district 8420(25.78%), Medak district 4087(12.51%), Karimnagar district 1191 (3.64%), Nalgonda district 1779(5.44%), Warangal district 1009(3.09%), The percentage of all other district like Mahabubnagar, Khammam, Adilabad, and Nizamabad district are less than 2% compared to the state of the whole. The investments in Hyderabad is Rs.62283(in lakhs), Medak district investment of Rs.37945 (in lakhs), Nalgonda district investment of Rs.23870(in lakhs), Warangal district investment of Rs.14465(in lakhs), Nalgonda district investment of Rs.23870 (in lakhs), Karimnagar district investment of Rs.11337(in lakhs), The percentage of all other district like Mahabubnagar, Khammam, Adilabad, and

Nizamabad district are less than 2% compared to the state of the whole. While compared the district wise number of units under different industrial sectors of the state, it has been observed that number of units in Hyderabad district have 118, Medak district 57, Nalgonda district 37, Warangal district 33, Karimnagar district 25, All other district like Mahabubnagar, Khammam, Adilabad, and Nizamabad district are less than compared to the state of the whole.

Cumulative growth in employment in the year 2015-16 was 319301 persons in small and medium scale industries in the Telangana state. As per the provisional data of 2016 census the population of the district is 35193978, It reveals that only 0.90% persons are engaged in Small and Medium Scale Industries in Telangana state.

V. CONCLUSION

As per comparisons of Small and Medium scale. In these years' investment in this sector was increasing as well as increased in no. of units and the employment opportunities through these units. In the final analysis, all the policies and

programmes meant to bring about the growth of Small Scale Industries would be said to have succeeded in their objective, if they make this sector economically and technologically viable and see that they can successfully stand on their own feet without any concessions and support and successfully compete for all types of markets. It can be referred that the picture of Medium and Small-Scale Industries is not encouraging. There is need of more employment opportunities units for human resource development and to enhance social economic condition.

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