

# ROLE OF SMALL SCALE INDUSTRIAL UNITS IN THE DEVELOPMENT OF CHHATTISGARH ECONOMY: AN OVERVIEW OF TRENDS AND CHALLENGES

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**Abstract:** This study investigates the vital role of small-scale industrial units (SSIs) in Chhattisgarh's economic development, with a particular focus on Bilaspur district. SSIs are crucial for creating jobs, utilizing community resources, and maintaining traditional skills with a low financial and technological requirement. With the help of government measures and a rise in both local and export demand, SSIs have demonstrated resilience in the face of the COVID-19 pandemic's negative consequences, which disrupted supply chains and decreased demand. The study evaluates the performance of SSIs from 1994 to 2010 using secondary data from the District Industries Centre of Bilaspur. The data indicates that registered units are growing at a favourable rate, despite ongoing operational and financial difficulties. The results show that SSIs have made substantial contributions to employment and investment, with considerable annual changes. The study emphasizes how critical it is to strengthen SSI support, including increased market access, faster regulatory procedures, better financing methods, and improved infrastructure and training initiatives. These actions are essential to guaranteeing the long-term sustainability of the SSIs and enhancing their contribution to the economic growth of the area. The study comes to the conclusion that SSIs, especially during the post-pandemic recovery phase, can make a substantial contribution to Chhattisgarh's economic growth if given the right support and strategic investments.

**Keywords:** *Small-scale industries, Chhattisgarh, economic development, employment generation, local resources, government support, investment trends*

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## 1. INTRODUCTION:

Small scale industry plays a significant part in a country's economic development. The significance of small scale industry is like to be its capacity of employment generation, low capital and technology requirement, use of traditional or inherited skill, use of local resources, and mobilization of resources. More chances than ever before exist for small-scale industries to grow and diversify across multiple sectors. The Indian market is expanding quickly, and Indian businesspeople are excelling in a variety of fields, including manufacturing, food processing, precision engineering design, pharmaceuticals, textile and apparel, retail, agriculture, and services. Approximately 40% of India's manufacturing output and 45% of its overall exports come from small-scale industries.

With over 120 million employees in rural and urban areas, SSIs are India's greatest employers, second only to agriculture. The COVID-19 Pandemic has also put a lot of impact in SSI sector which led to strong influence on the supply chain issue and reduced demand, but after the pandemic industry have shown renewed growth led by government support digital transformation, and a resurgence in domestic and export demand. The growth rate after the pandemic has been shown as was estimated to be around 8-10%, with variations across different sub-sectors.

## CONCEPT OF SSIS

With reference to the Micro, Small, and Medium Enterprises  
IMPACT FACTOR 6.228

Development (MSMED) Act of 2006, the definition of small-scale industries (SSIs) in India has changed. The criteria have been updated in recent years to more closely conform to international norms and the state of the economy. The most recent definition, which was updated in June 2020, makes a distinction between micro, small, and medium-sized businesses according to turnover and investment in plant and machinery or equipment.

Classification	Micro	Small	Medium
Manufacturing & Services	Investment < Rs crore and turnover < Rs 5 crore	Investment < Rs 10 crore and turnover < Rs 50 crore	Investment < Rs 20 crore and turnover < Rs 100 crore

## SSIs IN INDIA

Small scale enterprises are playing an integrated role in Indian economy. As per SIDBI Annual report 2019-20, there are 6.3 crore MSMEs are there in India, which provide 11 crore employment to the people. It also contributed around 30% of India's Gross Domestic Product (GDP) in the 2019-20 fiscal year.

The number of SSIs which are there in India which is been clearly explained in Table-1

**TABLE 1: DISTRIBUTION OF STATE-WISE DETAILS OF SSIS IN INDIA**

S.No	Name of State/ UT	No. of units in the Total SSI Sector	Percentage to Total
1	JAMMU & KASHMIR	73125	0.7
2	HIMACHAL PRADESH	76198	0.72
3	PUNJAB	376826	3.58
4	CHANDIGARH	22247	0.21
5	UTTARANCHAL	106484	1.01
6	HARYANA	223294	2.12
7	DELHI	177080	1.68
8	RAJASTHAN	441572	4.2
9	UTTAR PRADESH	1707977	16.23
10	BIHAR	519351	4.94
11	SIKKIM	368	0
12	ARUNACHAL PRADESH	1252	0.01
13	NAGALAND	13861	0.13
14	MANIPUR	47999	0.46
15	MIZORAM	11116	0.11
16	TRIPURA	24352	0.23
17	MEGHALAYA	22520	0.21

Source:- <https://www.dcmsme.gov.in/ssiindia/census/ch6.htm>, Third All India Census of SSIs (2003), Development Commissioner (SSI), Ministry of SSIs, GOI, New Delhi-11.

The total number of SSI units in the country is expected to be 1,05,21,190, distributed throughout its length and width. In India's rural areas, about 55% of these units were situated. In the whole SSI sector, 61 lakhs (57.74%) were SSSBEs and over 44 lakhs (42.26%) were SSIs. There were 2.98 percent ancillary units among SSIs. The industry for SSIs has consistently been dominated by small businesses with initial investments in plant and machinery up to Rs. 25 lakhs. Ninety-five percent of SSIs were small units, according to data from the Third Census.

### SSIs IN CHHATTISGARH

Chhattisgarh is among India's fastest growing states. The State's Gross Domestic Product for 2013–14 was Rs. 185682.48 crore, while estimates for 2014–15 place it at Rs. 210191.79 crore. The State's GDP, calculated using constant prices for the 2004–05 fiscal year, was Rs. 95262.45 crores in 2013–14 and is projected to reach Rs. 100842.47 crores in 2014–15. The number of MSMEs that are been there in the state is been shown in the below table:

TABLE 2: DATA OF MSMEs FROM 2007-08 TO 2014-15 IN CHHATTISGARH

Year	Micro	Small	Medium	Total
2007-08	1039	287	9	1335
2008-09	983	301	7	1291
2009-10	858	226	5	1089
2010-11	927	273	6	1206
2011-12	1595	143	3	1741
2012-13	1231	229	12	1472
2013-14	1344	207	5	1556
2014-15	1386	303	13	1702
2015-16 up to Sep15	617	196	7	820

Source:<https://industries.cg.gov.in/>  
<https://www.dcmsme.gov.in/>

As above seen in the table the number of industries have potentially increased from year 2007-08 the total number was 1335 units as compared to 2014-15 that was around 1702 data was there for the mid of September only so not included as the number of MSME enterprise is also been in emerging trend, Thus it is cleared that the number of units is been in the upward trend besides that a necessity exists from government support and assistance to these units.

### II.REVIEW OF LITERATURE

Sleuwaegen and Goedhuys (2002) The biggest barrier for SMEs is a lack of funding or insufficient capital, and most entrepreneurs must use their own resources to launch and grow their businesses. Typically, internal funding sources are inadequate.

Grimsholm & Poblete (2010) This Study shows the factors that hampering the growth of small and medium enterprises and the problems relates to the low cost, low value and labour intensive products, it also shows prospects related to barriers to trade management and research related to new technology.

Rathod, C.B. (2007) Understanding the development and trends of small-scale industries, as well as the causes of successes and failures, the impact of globalization, export potential, and the difficulties posed by it, are the goals of the study. The research has discovered that the performance of Indian small-scale industries will be enhanced by streamlined legal and regulatory frameworks, quick and inexpensive financing from commercial banks, the development of infrastructure, and a welcoming environment.

Bhavani T.A. (2010) the short-term approach of increasing employment generation volume at the expense of quality is refuted by highlighting the issue of quality employment generation by the SSIs. The author makes the case that the SSIs' creation of jobs could be very low in quality but high in quantitative terms. Modern technology would allow small businesses to produce high-quality jobs with better pay, benefits, and skill levels. In the short term, this structural change might slow the rate of employment creation, but over time, it would guarantee the creation of high-paying jobs.

Dr.Reetu Sharma (2012) the manufacturing sector is widely discussed globally, particularly with regard to export-oriented products. In a study done in the state of Haryana, he used primary and secondary data, with the main focus being on the issues that SSI units face. These monetary issue prevent them from operating their business profitably.

### III.STATEMENT OF THE STUDY

The district of Bilaspur in Chhattisgarh is among the most industrialized in the state.Bilaspur District falls under the "Plains of Chhattisgarh". Bilaspur district is full of coal, which

AND ENGINEERING TRENDS

led to the establishment of NTPC and SECL, Bilaspur. After these industries it has influenced many entrepreneurs to start SSIs, which will lead to availability of financial assistance, incentives and subsidies to these entrepreneurs. This paper aims at seeking how SSIs help in developing and contributing in the rapid economic development of Bilaspur district.

To find out the performance of the SSI units in Bilaspur district.

**HYPOTHESIS OF THE STUDY**

The growth of SSI units has registered a positive trend in Bilaspur district during the

Period 1994-2010.

**IV. RESEARCH METHODOLOGY**

This study is based on secondary data. Data has been collected from district industry centre of Bilaspur district. Descriptive research design is been followed as it describe the present condition on which the study is been conducted. The current investigation solely focuses on the existing condition on which SSIs operate and the economic benefits in the development of Bilaspur district.

**FINDINGS OF THE STUDY**

Bilaspur district is among the most developed district industrial district in Chhattisgarh. It is also the zonal headquarters of SEC Railway zone, and the presence of South Eastern Coalfields Ltd in the region has ensured thriving operations for the ancillary industrial units in the area. At present, this district retains 3rd position as per the total number of SSIs. The performance of the district is been shown in table-3

TABLE 3: YEAR WISE TREND OF UNITS REGISTERED IN BILASPUR

YEAR	NUMBER OF REGISTERED UNITS	EMPLOYMENT	INVESTMENT (lakh Rs.)
1994-95	919	2027	279.023
1995-96	923	1857	116.491
1996-97	1049	2374	419.160
1997-98	1058	2524	540.262
1998-99	838	1904	662.040
1999-2000	380	549	393.354
2000-01	215	451	109.213
2001-2002	318	680	40.352
2002-03	314	742	275.505
2003-04	343	1092	513.130
2004-05	325	1274	554.407
2005-06	190	925	980.098
2006-07	101	663	1242.829
2007-08	43	529	956.190
2008-09	45	569	1719.510
2009-10	61	565	1228.700
2010-11	45	390	1681.063

Source: District Industries Centre, Bilaspur

The "Year Wise Trend of Units Registered" table gives a thorough analysis of the number of MSMEs that were registered in Bilaspur district between 1994–1995 and 2010–2011, as well

as the employment effect and investment in lakh rupees. Here is a thorough breakdown of the information:-

The mid-1990s saw a surge in the number of registered units, with 1,058 in 1997–1998 being the highest. After 1998–1999, there is a discernible reduction in the number of units, reaching a low of 43 units in 2007–2008. The highest employment was created between 1997 and 1998, when 2,524 jobs were created, matching the peak number of registered units. Over the period, a total of 45,642 jobs were generated by these MSMEs. There are large swings in the values of investments; the largest documented investment was 1,681.063 lakh Rs in 2010-11, even though there were only 45 units registered in that year. In contrast to employment and unit count, investment exhibits a slightly rising trend in the later years, suggesting a potential increase in capital intensity per unit. The total investment over the period is 14,253.879 lakh Rs.

**V. SUGGESTIONS**

Support for MSMEs: - The number of new MSMEs is trending downward, which emphasizes the requirement for stronger support networks, such as simpler financing procedures, streamlined regulatory procedures, and improved market access.

**Investment Strategies:** - The rising cost per unit indicates high-value MSMEs may have potential. Growth in this industry can be accelerated by providing incentives and technological support to encourage such investments.

**Focus on Employment Generation:** - Given that employment is also declining, it is important to concentrate on MSME domain areas and industries with strong employment prospects.

**Infrastructure and Training:** - Reviving the MSME sector and increasing its competitiveness and sustainability can be achieved through improving infrastructure and offering training and skill development.

**VI. CONCLUSION**

As we know Bilaspur district has lots of big industries like SECL and NTPC, after this many industries the situation of small scale industries has also changed a lot better there is an improvement in the small business industries to carry out the day to day operations. Indeed there are lots of problems being faced by them but there is been local support provided by the state government to uplift these industries as they contribute to a major part in the economy. As there is a lot of scope for bringing necessary change to develop and promote small scale industry.

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