

GLOBALIZATION AND ITS IMPACT ON SMALL SCALE INDUSTRIES IN INDIA

Prakash Gangadharrao Kadrekar

Associate Professor , H.O.D & Vice Principal , Degloor College , Degloor ,
Dist - Nanded (MS)

Abstract:

Globalization alludes to the procedure of incorporation of the world into one immense market. It gives a few things to a few people with expulsion of all exchange hindrances among nations. Globalization occurs through three channels: exchange merchandise and administrations, development of capital and stream of fund. Globalization in India is by and large interpreted as meaning "incorporating" the economy of the nation with the world economy. The genuine push to the globalization procedure was given by the new monetary approach presented by the Government of India in July 1991 at the command of the IMF and the World Bank. Globalization has prompted an 'Unequal Competition'- an opposition between 'goliath MNC's and diminutive person Indian ventures'. The little scale segment is an essential constituent of general modern division of the nation. The little scale segment shapes a prevailing some portion of Indian industry and adding to a huge extent of generation, fares and business. Along these lines, the present review investigates the effect of globalization on Indian Small Scale Industries. The principle subject of the paper is to assess the execution of SSI, previously, then after the fact progression and contrast them and normal yearly development rates, to know the effect of Globalization on the execution of SSI. The time of the review is 1973-2007 and in view of auxiliary data.

KEYWORD:

Globalization, Small Scale Industries, Exponential Growth, Production, No. of Units, Export and Employment.

INTRODUCTION

Globalization signifies a process of internationalization plus liberalization, in which the world has become a small village due to the concept of globalization. The competition has become intense in every field. Nations fight with game plan to sustain their economy, by introducing new policies and announcing incentives to support mainly their economic- indicators. After the world economy was open to attack, the Indian economy has initiate to concentrate on the development of small industrial base, which had contribute positively to the India's GDP; India's GDP growth is better than other developing countries with the developed small industrial sector.

So as to give greater essentialness and development to little scale segment, a different approach explanation has been declared for little, small and town undertakings on sixth August, 1991. This strategy explanation was a jump forward in light of the fact that it was the first occasion when that Government had issued a different approach proclamation for the little and decentralized area. Before, little scale segment justified just a few sections in the more broad modern approach proclamations. The way that Government thought of it as important to put forth a different approach expression for little undertakings was an

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appreciated acknowledgment to the dynamic and lively nature of the area. This approach articulation proposed some way breaking measures to moderate the impairments that were confronted up by little endeavors in regard. Legislature of India presented an extensive number of creative special measures to inspire the development of little scale part. Significant components of the Small Industrial arrangement of 1991:

- 1.Emphasis to move from shabby credit to satisfactory credit.
- 2.Equity investment by different endeavors (both local and remote) upto 24 percent.
- 3.Introducing of considering administrations by banks.
- 4.Marketing of mass utilization products under basic brand name.
- 5.Setting up of sub-contracting trades.
- 6.Establishment of innovation improvement cell.
- 7.Opening of value directing and innovation data focuses. 8. New innovation up degree programs.

GLOBALIZATION

With the end goal of the contention in this paper, and in addition seeing a portion of the reactions to globalization, it is essential to characterize what mean by globalization. This is all the more urgent on the grounds that regardless of the possibility that we forget the unambiguous supporters of globalization in its present shape the individuals who hold that it is simply gainful, and the advantages will 'stream down' naturally to poor people there are still broadly varying originations of this procedure. The individuals who either restrict globalization, or are on edge about its possibly hindering consequences for work and destitution, incorporate a wide political range. The outrageous right contradict it from the stance of monetary and social patriotism, and liberals may lament the loss of national power since it lessens the adequacy of state intercession to control capital and work, ease destitution et cetera.

Globalization is the way toward incorporating different economies of the world without making any deterrents in the free stream of products and enterprises, innovation, capital and even work or human capital. The term globalization has, in this way, four parameters:

- 1.Reduction of exchange boundaries to allow free stream of merchandise and enterprises among country states;
- 2.Creation of condition in which free stream of capital can occur among country expressed;
- 3.Creation of condition, allowing free stream of innovation; and
- 4.Last, however not the minimum, from the perspective of creating nations, production of condition in which free development of work can occur in various nations of the world.

SMALL SCALE INDUSTRY AND ITS IMPORTANCE

Monetary advancement of a nation is straightforwardly identified with the level of modern development. The development of modern part prompts a more prominent usage of normal assets, generation of merchandise and enterprises, production of work openings and change in the general way of life. India has likewise been endeavoring to build up the nation's mechanical base over since freedom. It has confined different strategies went for improvement of ventures in people in general and private areas. Exceptional accentuation has been laid on little scale enterprises. Smallscale enterprises assume a key part in our arranged advancement with its focal points of low speculation, high potential for business era, broadening of the modern base and dispersal of ventures to country and semi urban territories. The little scale ventures division has been properly give a vital position in our arranged economy towards the satisfaction of the financial targets especially in accomplishing impartial development. P.N.Dhar and H.F.Lydall in prologue to their book, "The Role of Small Enterprise in Indian Economic Development" have watched that 'The advancement of little scale businesses has been broadly suggested as a standout amongst the most suitable methods for creating industry in over populated in reverse nations'.

NEED AND OBJECTIVES OF THE STUDY

Little Scale Industry in India has been gone up against with an inexorably aggressive condition because of: (i) advancement of the speculation administration in the 1990s, favoring remote direct venture at the universal level, especially in communist and creating nations; (ii) the development of the World Trade Organizations (WTO) in 1995, compelling its part nations (counting India) to radically downsize quantitative and nonquantitative confinements on imports, and (iii) household financial changes. The total effect of every one of these advancements is a momentous change of the monetary condition in which little industry works, suggesting that the segment has no alternative however to 'contend'. To contend in the worldwide market, the Indian Government Announced a different Industrial Policy for Small, Tiny and Village Industries on sixth August, 1991 and began some improvement programs for the advancement of Small scale Sector. The principle target of the present review is to investigate the effect of globalization on

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the development of little scale businesses.

METHODOLOGY

In the present review an endeavor has been had to break down the effect of globalization on the development of little scale ventures. For this, the development example and a few parts of efficiency in SSI division in India have been figured. The review has been directed with reference to the information identified with Performance of Small Scale Industries in India. The SSI segment has been examined with the conviction that they hold the biggest share of Industrial Sector in India. The reference time frame for the examination of the information has been taken from 1973-74 to 2006-07. The review time frame has been separated into two sections: pre progression (1973-74 to 1989-90) and post advancement (1990-91 to 2006-07) to know the effect of globalization after progression. For this, a near examination of Average Annual Growth Rates for pre and post globalization periods has been completed for key development and execution parameters like number of units, creation, business and fares. The review has been founded on auxiliary data. The information for the review reason has been taken predominantly from 'Service of Micro, Small and Medium Enterprises, Government of India' distributed by Reserve Bank of India in Handbook of Statistics on Indian Economy.

LIMITATION OF THE STUDY

Every one of the pointers identified with the development of little scale ventures has been registered from 1973 to 2007, in this 1973-74 to 1989-90 (17 years) are taken under pre-globalization period and 1990-91 to 2006-07 (17 years) are goes under post-globalization period. Implies 17 – 17 years of execution of pre and post globalization has been thought about. In this review there is just a single constraint that on account of fares we can think about 17-16 years of pre and post separately. Sends out in 2006-07 are not accessible.

REVIEW OF LITERATURE

Different reviews have been directed every now and then in various conditions of India on various parts of little scale businesses. The majority of the reviews are identified with budgetary perspective, development of little scale enterprises, business in SSIs, WTO administration and little scale ventures and furthermore identified with little industry and globalization. An audit of imported reviews is displayed beneath:

Mathew, M.C. (2004) highlighted the explanation behind frenzy in all India registration cover smallscale ventures. The review watched that the energy and dynamical of the part expected under a time of deregulation and de-reservation remaining to a great extent hidden. The review expressed that the nation needs a solid little and medium ventures arrangement, which was firmly connected to its global duties. The review proposed that at the procedure level, there were should be system by which the demography of little and medium endeavors segment itself turns into a matter of open security.

Rajyalakshmi, N. (2004) surveyed the efficiency mindfulness among SSI units in Visakhapatnam locale of Andhra Pradesh at smaller scale level and investigated little scale business visionaries, how they gauged profitability in their units. The review in view of essential information gathered by utilizing organized calendar through individual meetings. An example of 200 SSI units has been chosen for the review. The review found that Chemical units were more capital serious and it was low in nourishment and agro units. Efficiency mindfulness was not seen in the SSI units. The review inferred that Success in little industry will be best accomplished if the profitability culture will be unmistakably comprehended by every one of the representatives.

Subrahmanyabala, M.H. (2004) highlighted the effect of globalization and residential changes on little scale ventures segment. The review expressed that little industry had endured regarding development of units, work, yield and fares. Scientist highlighted that the arrangement changes had additionally tossed open new open doors and markets for the little scale ventures division. The creator proposed that the concentration must be swung to innovation advancement and fortifying of money related framework with a specific end goal to make Indian little industry universally aggressive and add to national salary and work.

Sudan, F. K. (2005) depicted the difficulties in Micro and Small Scale Enterprises Development and strategy issues by emerging distinctive inquiries identified with Micro and Small Enterprises. The review clarified the significance, favorable circumstances, issues and arrangement choices of MSE segment. The review inferred that every one of the approaches which were selected by GOI were the endeavors to frame an element MSE part and a differentiated economy giving extended work chances to retain all new work drive and offer energizing profession openings.

Rathod, C. B. (2007) depicted the significance of little scale mechanical area and furthermore the commitment of Indian little scale business visionaries in world economy. The primary target of the review

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was to concentrate the development and example of the SSI segment and distinguish the explanations behind achievement/disappointments, to assess the effect of globalization on SSIs and fare opportunity, to recognize the boundaries and imperatives that SSIs were confronting to adapt to globalization. The review investigated that SSI segment in India has been showing a striking fare execution; send out had grown up to twofold digit from the most recent ten years. The review inferred that both open doors and difficulties were raised as the effect of globalization on Indian Industry in general and the little scale division specifically. The review found that a noteworthy segment of our fares would need to adapt to the new time of limit less economy. The review has recommended that there was requirement for rearranged legitimate and administrative structure, great administration, adequate and open fund, appropriate foundation and focused condition.

GROWTH OF SMALL SCALE INDUSTRIES IN INDIA: PRE AND POST GLOBALIZATION

The little scale ventures assume a huge part in boosting the general monetary development of an economy. The little scale ventures set-up by the business people in various states and Union Territories of India have added to the expanded partakes in general generation, settled speculation, fares, Employment and limit Utilization of SSI Units, and so on. The significance of SSI division in giving expansive scale business is of vital significance. The strategy structure ideal from the main arrangement has highlighted the requirement for the improvement of SSI segment keeping in view its vital significance in the general monetary advancement of India. The effect of Industrial advancement and deregulatory approaches on the development of little scale enterprises has been caught by registering and in this way looking at the development rates amongst pre and post globalization period. In this segment, the general execution of SSI area has been inspected inside and out on the premise of the distinctive parameters, for example, number of units, creation, business and fares.

CONCLUSION AND FINDINGS

In this review, an endeavor has been had to investigate the effect of globalization on the development of little scale ventures. The near examination of development example of key parameters amongst Pre-and Post – Globalization periods uncovers that the "globalization" ha negatively affected the development of little scale division measured as far as number of units, creation, business and fares. A fall in the rate of development of number of units and business era in post progression period involves genuine sympathy toward the arrangement producers and organizers. The outcome demonstrated that globalization is very nearly a total disappointment on development front. To finish up, we can state that the current pattern of development of SSI division demonstrated the trust of Indian economy on globalization and progression, which has neglected to render a positive effect on the development of Indian Small Scale Sector. No pointer demonstrates the positive effect, for each situation the normal development rate is less in post-globalization period than pre-globalization period. The primary discoveries of the review are:

1. In 1990-91, the development of number of units is excessively expanded. It is increment from 6.43 to 273.08 percent. The units are expanded from 1.82 million to 6.79 millions in numbers.
2. The development rate of creation is diminished at a high rate in 1990-91; it demonstrated the negative pattern of development and came to at - 40.44 percent development rate of generation. On account of open market external nation sold their item effortlessly in our nation at less costs which decrease the request of nation items thus that creation had additionally influenced.
3. In the primary year of globalization the development rate of work has been expanded which demonstrated that after globalization business openings were expanded because of open market and advancement of building up units in India by the untouchables which produce work for our nation.
4. The estimation of fares has expanded after the globalization implies Indian SSI division more focus on pitch their items in out of nation to gain increasingly wage.
5. In 2005-06, the estimation of fares is excessively expanded and the development rate of fares is most noteworthy in 199-92 because of resulting change in Indian economy.
6. Overall, the effect of globalization on the development of little scale area is negative which a genuine matter is for organizers.

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