

Problems for small scale Industries and Industrial sickness

Small Scale Industries(SSIs)

- According to Micro, Small and Medium Enterprises Development Act,2006
- ✓ A **Micro** enterprise is an enterprise whose **investment in plant, machinery and equipment** does not exceed **Rs.1 crore** and **turnover** does not exceed **Rs.5 crore**.
- ✓ A **Small** enterprise is an enterprise whose investment in plant, machinery and equipment does not exceed **Rs.10 crore**, and turnover does not exceed **Rs.50 crore**.
- ✓ A **Medium** enterprise is an enterprise whose investment in plant, machinery and equipment does not exceed **Rs.50 crore**, and turnover does not exceed **Rs 250 crore**.

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- SSI's are a major **source of employment** for developing countries like India.
- These enterprises account for almost **40-55% of the total production of goods and services** in India and therefore they are major pillars of growth and strengthening of the economy.
- Some **examples** of the small scale industries (SSI) include Bakeries, Candle making, Native or Local chocolates, Water bottles and Toys manufacturing, Leather belts, Bags, Clay products, Spinning and weaving, Coconut oil making, cashew nut processing etc

Problems of Small Scale Enterprises

- Poor capacity utilization
- Incompetent management
- Inadequate Finance
- Raw material shortages
- Lack of marketing support
- Problem of working capital
- Problems in Export
- Lack of technology up-gradation
- Multiplicity of labour laws

Industrial Sickness

- The **Sick Industrial Companies Act (SICA)** was enacted in 1985 which was repealed in part in 2016 to address a chronic problem of industrial sickness in Indian economy.
- The act defined a **sick industrial unit** as one that had existed for at least five years and had incurred accumulated losses equal to or exceeding its entire net worth at the end of any financial year.
- **Board for Industrial and Financial Reconstruction(BIFR)** was set up as an apex board to spearhead handling the industrial sickness issue, including reviving and rehabilitating potentially sick units and liquidating non-viable companies.

Reasons for Industrial sickness

