

IMPACT OF Globalisation on SSI
in India: ~~Liberalisation & Privatisation~~
The economy of India had undergone significant policy shifts in the beginning of 1990's. The new model of economic reforms is commonly known as the LPG or Liberalisation, Privatisation and Globalisation model. The primary objective of this model was to make the economy of India the fastest developing economy in the globe with capabilities that help it match up with the biggest economies of the world.

The chain of reforms that took place with regards to business, manufacturing, & financial services industries targeted at lifting the economy

of the Country to a more proficient level. These economic reforms had influenced the overall economic growth of the Country in a significant manner.

Liberalisation : refers to the slacking of government regulations. The economic liberalisation in India denotes the continuing financial reforms which began since July 24, 1991.

Privatisation and Globalisation:

Privatisation refers to the participation of private entities in businesses and services and transfer of ownership from the public sector

(Government) to the private sector as well. Globalisation stands for the Consolidation of the various economies of the world.

Liberalisation, privatisation & Globalisation (LPG) process started in India in July 1991 that had changed the face of industry. It has attracted new areas of development, foreign direct investments and new business areas which were unheard before 80's. This made Indian economy to grow to new heights. past 3 decades Indian economy is growing at an average steady rate of 5% of per capita income, The exports have increased.

Liberalisation had made import of scarce and non-available raw materials easy. This had led to many new openings. New entrepreneurs have started many SSIs which otherwise was not possible due to non-availability of certain raw materials & resources, liberalisation helped getting them from abroad and use them. The best example for effect of liberalisation is electronic and computer industries that have seen tremendous growth in past-two decades.

Privatisation: also helped the growth of SSIs in a big way. Earlier, certain products/services were produced only by Government organisations

and no competition existed. With privatisation, it then open to many challenging entrepreneurs to produce similar goods & service at much competitive price and of better quality. One example of privatisation was the production of telephones. Hitherto, Bangalore based Indian Telephone Industries (ITI) was producing the telephones. With the privatisation, many players had entered the arena producing better, good looking phones with additional facilities. The other important development due to privatisation is life insurance sector which was earlier monopolized by LIC. Now there are many private

agencies offering Life Insurance, Health insurance and others.

Globalisation has helped in setting many small scale industries. It made possible the export of goods produced in SSI. Industries of service providers are going global from India. Indian entrepreneurs in pharma sector, I.T. sector, steel sector have gone to many countries to start new ventures. Indian entrepreneurs have used the globalisation for the growth of service sector. Accordingly investments and profitability levels in service sectors have increased. The spectacular growth is observed in Business process outsourcing (BPO).

transport, repair services, entertainment, and hospitality sectors.

There has been a big growth of entrepreneurial activities in rural India in the areas like food processing, ready-to-eat and packed food, export of food products like fish, meat, prawns, etc., due to LPG.

Government policies towards MSME's

Government of India has started various programmes for the development of MSME's. Government has announced several objectives and intentions towards MSME's through IPR's (Industrial Policy Resolutions).

IPR 1948 : - Importance of SSI in overall industrial development of the Country was accepted for first time in IPR 1948.

- The main thrust was to provide protection to SSIs.

IPR 1956 : - Aimed to ensure that decentralised sector gained enough self support.

- About 128 items were reserved for exclusive production in small sector.

- IPR 1956 for SSIs aimed at "protection and development" & initiated the medium SSI in India.

IPR 1977 : - main thrust was on effective promotion of cottage & SSI's widely spread in rural & urban areas.

IPR 1980 : It was defined as facilitating an increase in Industrial production through optimum utilization of installed Capacity & expansion of industries.

- Emphasized on the promotion of village & rural industries to generate economy in the villages.

IPR 1990 : It gave lot of scope and importance for SSI's to generate wage and self-employment based opportunities in the country.

- SIDBI was established in 1990

- Emphasis to establish Special Cell in SIDO for developing & training women entrepreneurs

New Small Enterprise policy 1991: Policy measures for promoting & strengthening & supplementing small, tiny & village enterprise.

- To setup Technology development Cell in SIDO.
- Setup export development Centre in SIDO.

IPR 2000: It was actually a comprehensive policy package for SSI's & tiny sectors.

- Coverage of ongoing Integrated Infrastructure Development (IID) was enhanced to cover all areas in the country with 50% reservations for rural areas & 50% earmarking of plots for tiny sector.

IPR 2001-02: - Market Development Assistance Scheme was launched exclusively for SSI sector.

IPR 2003-04 : - Banks were directed to provide credit to SSI Sector within interest rate band 2% above & below their prime Lending rates (PLR).

- Laghu Udyami credit Card scheme was liberalized.

IPR 2004-05 : - The National Commission on Enterprises in the unorganised Informal Sector was set up in September 2004.

IPR 2005-06 : - Ministry of SSI's has identified 180 items for dereservation.

- Small & Medium Enterprises were reorganized in the services sector & were treated on par with SSI's in the manufacturing sector.