



Small Scale Industries & Generation of Employment for Youth – new perspectives

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Abstract: Small scale industries are a power tool of balanced regional development & small scale industries promote employment generation & youth can involve in these small enterprises. Small scale industries can become an answer for sustainability, rural development, employment generation, entrepreneurial support & self-confidence building. But the small scale industries as an answer to self-employment has been facing several challenges. Strengthening of the small scale sector is the immediate necessity as India is facing challenges due to economic liberalization. The issues of urban rural divide, digital divide, skill gaps, vocationalization etc., are causing threat to sustainable development. If equipped with the right skills, right mentors, right social networks, right technology and right finance support, young entrepreneurs can support the regional economic growth. Small scale industries can best answer this issue.

Keywords: Small scale industries, Micro finance, entrepreneurial support,

Introduction - In the aftermath of the global financial crisis, youth employment has been recognized as one of the major challenges. It is also a top policy priority for policymakers in India who are eager to improve prospects for decent employment among youth. The factors hampering youth employment in India are mostly structural and on the demand side of the labor market. Hence entrepreneurship, including youth entrepreneurship, can contribute to the solution of employment. If equipped with the right skills, mentors, social networks, technology and finance, young entrepreneurs could drive the regional economic growth and social progress. Small scale industries can best answer this issue. If youth are made to develop critical life skills through application of knowledge developing a sense of individual entrepreneurship they can achieve economic independence find

their identity in the context of globalization, weakening community structures, ill equipped educational system, total absence of life skills. Lack of skills impacts the rate of productivity & productive startups in the region. But reports show that (Global entrepreneurship monitor 2014) show that majority of the small scale entrepreneurship is driven by necessity rather than opportunity. Youth have less experience, fewer links, fewer networks, fewer trade relations which hampers their progression. This lack of business skills adversely affects their entrepreneurship pattern.

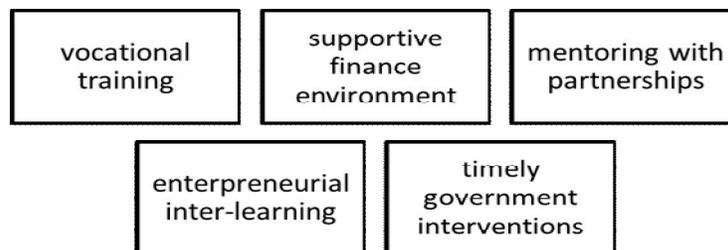
Key indicators: About 66 per cent of the total population being under the age of 35 (representing over 808 million are young people). According to 2010 -2011 population statistics, one in five young people in the world is an Indian.



Majority these young people are unemployed. Young people in the age group 20-24 living in urban areas in India, 9.7 per cent of young men and 18.7 per cent of young women were unemployed in 2009-10. In comparison, the unemployment rate for Indians aged 30-34 reached only 1.2 and 3.4 per cent for men and women, respectively. 12 million people enter the workforce each year, less than 10 per cent have had access to training, and whilst 90 per cent of jobs require vocational training, only 6 per cent of the workforce receives any form of workplace training. The government studies report that 12,000 trainers should be trained annually for working in Industrial Training Institutes (ITIs) and Industrial Training Centres (ITCs), with a further 27,000 required in other vocational areas. Given the current

and planned public sector capacity for training of trainers is less than 5,000 places a year, and that little additional capacity exists in the private sector, the shortage of trainers is set to develop into a critical constraint on the supply of skills in the short term.

Considerations: The focus of entrepreneurship building has been on technical, managerial and financial literacy training, with the programmes drawing on evidence that selected skills tend to be correlated with better performance. One of the key challenges in assessing such training programmes has been the lack of evaluation. Training also had a more positive impact on the performance of young rather than adult entrepreneurs. To be effective, measures should be well targeted and tailored to specific groups.



1. **Creating a supportive environment** -There is a need to create an environment which enables access to easy financing. Registering a small scale business should be an open process. Providing support packages to combine training, finance support, supervision & mentoring should accompany SSIs development. This will prompt youth to recharge their potentialities & prepare themselves for standalone situations.

2. **Inter-learning among entrepreneurs-** Inter-learning among entrepreneurs has been tested in western countries which have been proved a success. Youth learn by practical examples hence in inter-entrepreneurial learning should be made a possibility.

3. **working in partnership** -studies have suggested that working in partnership across all sectors, bringing together the knowledge of charity partners on the ground, business skills



and experience, and forward-thinking government policies focused on supporting young entrepreneurs is one way to work towards scalable and sustainable programmes. (National Sample Survey Organization (NSSO) Report: Status of Education and Vocational Training in India 2004-2005 (Report no.517, 61/10/03). India, Ministry of Statistics and Programme 2014).

Strengthening of TRYSEM

TRYSEM is the largest scheme launched by the Government of India to address the problem of training the rural youth for employment. Training was imparted through formal institutions, including industrial and servicing units, commercial and business establishments and through master craftsmen. The duration of a course did not exceed six months. The trainees were eligible for loans from the banks under the integrated rural development program, being implemented in all the districts of the country. The states bear 50 percent of the expenditure on the scheme, with the central government covering the rest. (In the union territories, the central government covers the entire expenditure). The government covers the recurring costs towards the stipend paid to the trainees, the honoraria for the trainers, etc.; and also assists the training institutions to develop the requisite infrastructure in the form of building, equipment, and training aids. The trainees are supplied free tool-kits during their training. The tool-kits are supplied to help the trainees to gain the practical experience in the use of their tools. TRYSEM is merged with a new self-employment program called Swarna

Jayanthi Gram Swarajgar Yojana (SGSY) with effect from 01-04-1999.

Government strategies to SSIs-

Government is supporting the growth of SSIs through a variety of programs

1. Entrepreneurship development programs
2. Incentive to acquire ISO 9000 & ISO 140001 certificate by SSIs
3. Quality up-gradation in small scale sector
4. Setting up mini tool room
5. Setting up technology business incubator
6. Setting up testing centers
7. Setting up training centers
8. Small industries cluster development programmes

Prospective support strategies -SSIs across India can be supported through several planned strategies.

1. Developing of New Industrial estates at Taluk levels.
2. Developing of Growth Centre at Industrially Backward areas.
3. Providing of effluent Treatment plants at required estates.
4. Rendering of Solid waste Management services.
5. Improving of Road and drains facilities at the identified developed estates out of Grants received from Govt. under Integrated Infrastructure Development Scheme
6. Distribution of industrial raw materials to SSI units established at Taluk levels on freight to pay basis.
7. To act as catalyst for export units.
8. To extend Hire Purchase Machinery Assistance



9. To encourage establishment of Mini Tool Rooms and Testing Centers at all the developed estates.

Capacity building strategies - Capacity building strategies should include the to gain following inputs assistance.

1. Ability to mobilize and marshal rural & local resources,
2. Ability to accept changes in right time,
3. Ability to access and alertness to latest scientific and technological information through market research ,
4. Ability to innovatively,
5. Ability to stimulate self-preparedness ,
6. Ability to quick and effective decision making skill, ability to instill strong determination and self-confidence .If youth are given training & awareness

programs, surely there will be a difference in SSI sector. Karnataka government is addressing the problem of lack of entrepreneurial governance & attending SSIs legislations. Government is prioritizing funding pattern to SSIs. It is enhancing funding for SSIs through budgetary allocations. Government is often accused of lack of participation in SSIs infrastructure development activities but there is a great participatory support by the government. (Report of the Karnataka state Small scale industries 2012 Kassa)

1. Policy interventions SSI sector
2. Education research in SSI sector
3. support through service providers SSI sector
4. Financial support SSI sector
5. Budgetary funding to SSI sector



A clear plan to include youth in entrepreneurial training will promote the SSI sector. Potentialities of the youth have to be harnessed in right direction to make the SSI sector dynamic & revitalized. The policies have to be more inclusive reach all youth irrespective of demographic differences. SSI sector should be strengthened with supporting

system for sustainable access to all kinds of financial services. SSIs should be sponsored through supportive & strategic partnerships both governmental & nongovernmental. SSIs should be promoted by encouraging new partnerships like NGOs & innovative access plans to hold youth towards small scale sector. SSIs should be made an



attractive sector with thorough & meticulous plans, the outreach the benefits of micro finance & funding. All these strategies will make SSIs more supportive to youth empowerment & the college level curriculum should be revised to include entrepreneurship building through SSIs.

Conclusion: Various programmes to sustain, modernize and further develop this group of industries were initiated soon after the independence and the modern small-scale industry scheme has gradually emerged out of this programme. The Small Scale Industries have provided opportunities for self-employment to educated young men and experienced technicians from the middle level of society and contributed full to the growth of industrial entrepreneurship in our country. integrated Infrastructural Development (IID) Scheme for Small Scale Industries. There is an urgent need to develop and implement a national strategy to address this constraint so that all government agencies and ministries, alongside targeted private public partnerships, can increase the recruitment, training and certification of teachers and trainers that meet minimum technical standards so that the planned increase entraining capacity can be realized.

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