

NEP 2020 prophesizes a better future for SSI

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Abstract-

Small-scale industries are known as the lifeline of an economy, which is very important for a developing country like India. SSI refers to those small entrepreneurs who are involved in production, manufacturing, and service at a micro-scale. Before the post-independence era, these industries played an essential role in India's economic and social development. The contribution of SSIs to the Indian economy in terms of creating employment, reducing regional imbalances, and exports, improving the standard of living of rural people, and economic growth potential has been quite marvellous. But SSIs are still struggling to make the best out of them but due to numerous problems and issues, their effort remains incomplete. From ancient times our country is well-known for its education system all over the world. Education is the base of anyone's career and future. The new National Education Policy was approved by the Cabinet of India on 29th July 2020. Near about after 34 years, our government is going to change the way, the system, and the pattern of education. This NEP replaces the previous National Policy of Education 1986. India is all set to implement the guidelines of National Education Policy 2020 throughout the country. This policy is predictable to bring a positive and continuing impact on the higher education

system and due to this, all sectors of the economy will be influenced positively. It will help Indian students experience the global quality of education in their very own country. From this research paper, it can be seen that this education policy will not only lead to the holistic development of students but also provide skilled labour for small-scale industries, and innovative entrepreneurs will come forward and contribute to the development of SSI.

Keywords- *Small Scale Industries, Role of SSI, Problems of SSI, Education, New Education Policy 2020*

Introduction

The economic development of any country is largely dependent on its industrial development. In India's economy, Small-scale industries constitute the backbone of any developing economy. It contributes significantly to the Indian economy in terms of output, exports, employment, and rural industrialization.

Objectives:

1. To study the role of SSI in the Indian Economy
2. To study the challenges faced by SSI
3. To study the role of education in an individual's life
4. To study the future impact of the new education policy on SSI

MEANING OF SMALL-SCALE INDUSTRIES

The main objective of small-scale industries is to create job opportunities, help in the development of rural areas, reduce the regional imbalance, improve the standard of living for people in rural areas, attain self-reliance, ensure equitable distribution of income and wealth, and adopt modern technology for producing better quality products at lower costs.

Revised Classification 1st July 2020

Composite Criteria: Investment in Plant and Machinery or equipment and Annual Turnover

Classification	Micro	Small	Medium
Manufacturing Enterprises and Enterprises rendering Services	Investment in Plant, Machinery, or Equipment is not more than Rs.1 crore. Annual Turnover is not more than Rs. 5 crore.	Investment in Plant, Machinery, or Equipment is Not more than Rs.10 crore. Annual Turnover is not more than Rs. 50 crore	Investment in Plant, Machinery, or Equipment is Not more than Rs.50 crore. Annual Turnover, not more than Rs. 250 crore

OPPORTUNITIES AND PERFORMANCE OF SMALL-SCALE INDUSTRIES

Small Scale industries constitute the backbone of the Indian economy with their effective, efficient, flexible, and innovative business spirit. SSIs are the second largest employment generator after the agriculture sector. Following are the prime motives of SSI in the Indian Economy.

1. Role in Employment Generation-

Employment is one of the most important factors that determine the growth of any nation. SSIs are labour-intensive in nature that's why these industries are one of the best sources of employment generation. The employment generation by SSI is shown in the following table:

2. Equal income distribution-

Small-scale industries by generating employment opportunities create equal income opportunities for the people of underdeveloped areas. This leads to the growth of the nation in terms of employment and human development.

3. Improvement in Export-

Small-scale industries contribute to around 40% of the total exports done by India, which forms a significant part of the revenue earned from the exports.

4. SSIs support women's empowerment-

SSIs provide employment opportunities to women in India. It also encourages entrepreneurial skills among women as special incentives are given to women entrepreneurs.

5. Complementary to Large-Scale Industries:

SSIs produce various types of components, such as spare parts, tools, and accessories, which are required by large-scale industries. In other words, these industries help in the

growth of large-scale industries by producing ancillary products for large industries.

6. **Regional Balance and Rural Development:** SSI helps the decentralized development of industries as most of the SSI industries are established in backward and rural areas. It helps to remove regional disparities by industrializing rural and backward areas and brings balanced regional development.

7. **To improve the standard of living-** SSIs provide job opportunities to skill and unskilled labour in rural people. So indirectly it helps in improving the standard of living of people residing in suburban and rural areas in India.

8. **Export Contribution-** The overall contribution of SSIs to the total export of India is approximately 35%. There is a huge demand for goods and services produced by SSIs. Thus, it reduces the pressure on the country's balance of payments. SSI earns valuable foreign exchange through exports. The major items of export by SSIs are low-skilled labour-intensive goods, such as readymade garments, leather products, gems and jewelry items, sports and plastic goods, chemicals, and processed food.

9. **SSI Meets Consumer Demands-** SSI produces a wide range of products required by consumers in India. SSI meets the demand of consumers without creating a shortage of goods. Hence, it helps as an anti-inflationary force by providing goods of daily use.

10. **SSI Helps in Mobilization of Local Resources-** SSIs

support mobilization and utilize local resources like small savings, entrepreneurial talent, etc., of the entrepreneurs, which might otherwise remain idle and unutilized. Thus, it helps in the effective utilization of resources.

CHALLENGES FACED BY SMALL-SCALE INDUSTRIES

- **Non-availability of timely and adequate credit** - Finance is the lifeblood of an organization and it is impossible for any organization, can function properly in the absence of adequate funds. SSIs have been facing issues like an inadequate and timely supply of credit facilities.
- **Problem of marketing-** SSI units are also exposed to market challenges. They are not in a position to get first-hand information about the competition, tastes, liking, and disliking of the consumers, and prevalent fashion. They are producing lower-quality products at higher costs. Therefore, in competition with large-scale units, they are placed in a disadvantageous position.
- **Labour-Related Problems-** SSI depends deeply on local rural workers. A successful manufacturing business depends on skilled labour. Small-scale industries face many challenges because of a lack of skilled labour in rural and undeveloped areas.
- **Problems of increasing competition** - There is massive competition between the large-scale industry and SSI and usually small-scale industries suffer a loss. Small industries have to compete in the same category as well as large industries also. As a result, many SSIs become sick.
- **Technological obsolescence-** Modern technology is not used in SSI because it is

expensive. Only traditional methods and techniques are being used. Due to this, they receive a very less margin of profit.

- **Inefficient management skills-** Professional managerial skills are required to run a business successfully. Managerial inadequacies pose serious problems for small-scale units. Small business units are operated by individuals or small groups of people. They don't have managerial skills and so they can't manage the business properly.

- **Problems of Sickness-** There is a lack of planning. Skilled and trained personnel is another obstacle. They have to sell on credit. But Their customers do not pay them on time. Thus, they fall short of working capital to keep the production process properly. This leads to sickness.

- **Lack of infrastructure facility-** Inadequate infrastructure, i.e., insufficient quality and quantity of transportation, communication, and other essential services, particularly in backward rural areas. Inadequate infrastructure unfavourably affects the quality and quantity of production.

Major changes implemented by New Education Policy 2020

Every person is born with special talents, special creativity, and special thinking. But all these together are useless if they are not guided by proper education which one receives at the school level education and college level education. These places nurture and polish the inherent qualities that help us to keep up with the highly competitive professional world. Education plays a very significant role in building a powerful nation. It decides the future of the nation and the destiny of its people. So we cannot ignore the role of education and its importance in our day-to-day life. Education is not necessary to achieve success. Success is based on an individual's skills, abilities, positive thinking, talent, innovation, proper decision-making

capacity and most important on an individual's hard work. But education is needed to shape these things properly. From ancient times our country is well-known for its education system all over the world. We all know of the Gurukul education system. We observed that after independence changes were made in our education system from time to time. The first education policy was introduced in 1968 then the second in 1986 and with small amendments in 1992. There are many changes planned in the new education policy 2020. Near about after 34 years, our government is going to change the way, the system, and the pattern of education.

The new National Education Policy was approved by the Cabinet of India on 29th July 2020 which is a complete framework for basic education to higher education as well as vocational training in both rural and urban India. This NEP replaces the previous National Policy of Education 1986.

India is ready to implement the plans of National Education Policy 2020 throughout the country to reform and make radical changes in school and higher education with the objective of creating a new education system that should empower youngsters and boost their confidence, create new knowledge, new skills, innovations along with human values, solve present and future problems and challenges of the cultured society by means of their enhanced innovative ability and tech-savviness. This policy is predictable to bring positive and continuing impacts on the higher education system and due to this, all sectors of the economy will be impacted positively. It will help Indian students experience the global quality of education in their very own country.

It is important to see the impact the new education policy will have on the development of small-scale industries. Today, small-scale industries play an important role in the Indian economy, but

these industries are facing many problems. Let's get an insight into how the new education policy 2020 will prove useful in solving these problems from the understated points.

- Framing of Nep 2020 will be useful for every sector of the economy because every student is going to enter these fields for work.
- Every industry including SSI is on the lookout for innovative and sustainable solutions. The holistic development of students through NEP will help us get rid of routine outdated and old methods of working. Already, Indian students are bright and NEP 2020 will surely lead them towards overall development increasing their productivity and creativity which in turn will have an effect on the performance of small-scale industries.
- As NEP looks to focus on the implementation of vocational training and experiential learning, it will be easier for students to catch up with industrial practices with much ease. They will become easily adaptive which is an important skill for survival in any environment.
- NEP emphasizes enjoyable learning and imparting life skills that encourage stress-free living/working culture. It will help students entering industries at a later stage of their lives to handle stress in a better manner and also help in minimizing organizational politics and misbehaviour.
- The National Education Policy 2020 also recognizes the importance of soft skills such as communication, teamwork, problem-solving, decision-making, analytical thinking, resilience, etc. as imperative life skills. All these skills acquired by students during their education will be applied in practice on SSI will help them as well as the industry to reach the pinnacle of success.
- Skill education has been given prime importance in NEP 2020. The aim of this policy is to make each learner empowered

with professional skills. Definitely, the skills acquired during the education period will prove to be useful in developing the areas wherever they are applied including SSI.

- NEP 2020 provides vocational education to school students from grade six which also includes an internship. The government believes that vocational training will provide new career options to students. For that National Committee for vocational education integration 'Lok Vidya' will be constituted. This will be very beneficial for small industry workers as well as small entrepreneurs.
- Online and digital education have been given an important place in NEP 2020. So, students will get used to digitalization. Some of these students will run or work in their own industries, they can take their business to the whole world through online platforms instead of limiting their business only to the country.
- Today modern product promotion activities like online advertisement are required to overcome the marketing problems in SSI. If the SSI wants to establish its position in the National and international market, it is necessary to do the online marketing process like the large and reputed industries. NEP 2020 will definitely benefit small industries by making every student digitally literate.
- In NEP, curriculum content will be reduced in each subject to its core essentials, to make space for critical thinking and make it more holistic, inquiry-based, discovery-based, discussion-based, and analysis-based learning. The stated content will highlight the major concepts, ideas, applications, and problem-solving. This will be beneficial for future small entrepreneurs.

Conclusion

The role of SSI is very important in the Indian Economy. SSI is scattered all over India. So, every SSI has its own identity. Today these industries are playing various

roles in the Indian Economy and are contributing to the development of the Indian Economy. But these industries have to face many kinds of problems. Therefore, the development of these industries is not taking place as it should be. India has announced a new education policy 2020. This education policy will not only lead to the holistic development of students but also provide skilled labour for small-scale industries and innovative entrepreneurs who will come forward and contribute to the development of SSI and the country as well.

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