

Answer Key-IAT- III – November 2018

or IT Industry			
min's	Max Marks:	Sem / Sec:	5 th /A,B,C

Answer any FIVE FULL Questions

Small Scale Industry.

features which distinguish them from large-scale industries. The different characteristics of SSI are

workers.

semi-urban areas

production of light consumer goods, specific industrial components, simple-to-process food items.

local resources although the market for its products can be far and wide

could be very simple.

very soon.

women and children, are exploited.

usually very small. Scaling becomes a problem.

return is low.

contribute to economic development.

DEVELOPMENT

contribute to the development of Indian economy in the following ways:

SSIs are more labour intensive and less sophisticated technologically, they provide employment on large scale. Since India has

abundant unskilled labour, this helps the cause of development. In fact, SSI accounts for 75% of total employment in the industrial sector

and is widely employed in SSI in India.

SSI uses local resources with respect to raw materials, labour, talent, savings etc., thus improving local economy, SSI also

develops traditional skills and handicrafts and therefore facilitates the identification and growth of local entrepreneurs.

Small scale industries complement the large scale industries by providing them parts, components, sub-assemblies,

and help to improve India's balance of payments in two ways:

ing of sophisticated equipment thus saving foreign exchange.

and earn foreign exchange. In recent years, there has been a substantial increase in exports from Indian SSI's which accounts

SSI's help an equitable distribution of India's income and wealth by creating more small business than large business.

Since SSI's can be set up in rural and semi-urban areas of the country, they help promoting a balanced regional

development in cities, migration of villagers to cities, pollution in cities etc.

Small Scale Units requires less capital per unit of output produced. They also provide quick return on investments due to shorter gestation

period (to produce goods). Both these factors help capital utilization and profitability.

Existing and successful small scale industries inspire many more entrepreneurs to start on their own which improves quality

of Indian economy.

Small Scale industrial undertaking with effect from 21.12.1999 as follows:

Investment in fixed assets, plant and machinery does not cross Rs.10 million is treated as a SSI unit. This is irrespective

of ownership terms, on lease or on hire purchase."

What is a Small Scale Industry.

SMALL SCALE INDUSTRY

In a small scale industry, the entrepreneur must familiarize himself on the following aspects:

1. Government incentives offered by various States.

2. SIDBI etc., which help budding entrepreneurs. d) Government Incentives available for starting a new industry.

3. Government incentives.

4. Government policies on imports, exports, laws (legal and industrial), taxes etc.

5. Government of a small scale industry can now be listed as follows:

6. Government

7. Government ownership

8. Government report

9. Government Report

10. Government - fixed and working

11. Government clearances

12. Government structure

water supply

n

tions (IPRs).

ades, encouraged the small sector because of its numerous advantages. The government's objectives and intention towards industries in particular have been made clear through Industrial Policy Resolutions (IPR). These resolutions were announced in 1947. These were followed by some more policy resolutions in 1999 and 2003. Let us now see how government policy towards small and other resolutions.

and under the influence of Mahatma Gandhi, the Government understood the need to protect cottage industries and nurture them to solve the acute problems faced by small producers with respect to raw material, skilled labour, capital, transportation,

aimed at "Protection Plus Development". In a way, this resolution initiated the modern SSI in India. For the first time, certain items were reserved for exclusive production in small scale sector. Five year planning had already started (in 1951) and IPR of 1956 distinguished small scale sector with that of large scale sector.

"Protection Plus Development Plus Promotion" of small sector. In fact, this IPR for the first time classified all small scale units into two categories for promotion purposes.

number of reserved items to 504 for exclusive production in small sector.

following with respect to small sector

from Rs.1 lakh to Rs.2 lakhs in case of tiny units, from Rs.10 lakhs to Rs.20 lakhs in case of small scale units and from Rs.10 lakhs to Rs.20 lakhs in case of cottage industries.

industries to improve rural economy as well as to be compatible with the environment.

Following IPR, 1990 were as follows:

Small scale industries was raised from Rs.35 lakhs to Rs.60 lakhs.

Medium scale industries was raised from Rs.45 lakhs to Rs.75 lakhs.

as raised from Rs.2 lakhs to Rs.5 lakhs provided the unit was

of less than 50000 as per 1981 census.

for exclusive manufacture in small sector.

SSI, the government started Small Industries Development Organization(SIDO)

Bank of India(SIDBI) was started to extend credit facilities for SSI's.

to encourage the youth as well as woman entrepreneurs.

economy under Narasimha Rao in 1991, the government came out with a new IPR called 'The New Small Enterprise

effects of this policy were:

and growth of the small sectors to improve Indian economy.

is required to start a SSI.

to de-bureaucratize with a view to remove obstacles.

to come up anywhere in the country.

SSI.

products was taken in.

opened in SIDO.

9

investment limits, facilitate foreign participation, promote exports, announced incentives for quality improvements,

the industries was created to focus better attention on SSI.

anced from 4 crores to 5 crores.

industrialization was announced, with a target of 100 rural clusters every year.

3

in SSI sectors.

anced by 2%

l.

out.

Industries Development Bank Of India" (SIDBI)

DEVELOPMENT BANK OF INDIA . It was established in 1990 under Act of Indian Parliament as a principal financial institut
s in Lucknow. SIDBI is among the top 25 development banks in the world.
and other support services

l develop small scale sector in India.

sions of other institutes engaged in similar activities

rastructure projects.

jects

gradation and modernization of existing units.

SSI products in India and abroad.

opment to suit the SSI sector needs

tions District Industries Centre (DIC).

ENTRE. Launched in 1978 in all districts of each state. There are about 400 DIC's in India.

onsultancy Services. Industrial Inputs.

cottage and small-scale industries in rural areas and small towns.

ncy to help the entrepreneur with all the information under one roof.

ative frame work at the district level for industrial development.

ess the potential of a district with respect to industrial development taking into account availability of raw material,
product etc. This survey provides a basis for advising budding entrepreneurs.

plan for the industrial development of the district.

vestment proposals received from entrepreneurs.

in selecting appropriate machinery and equipment.

in marketing their products and assess the possibility of export promotion.

entrepreneurial activities for product innovation.

ng programs.

stry”.

TRY

e of activities and the type of products that come under the

activities that SSI's are normally involved in are:

5

ties

provided by the Government, by the way of reservation. This means that the Indian Government has made a list of 114 items which are reserved for the small scale sector. No large scale industry may produce any of these items reserved in favour of SSI's. The main objective of this policy is to protect the small scale sector from unequal competition with large industrial establishments. Although this policy has some negative effects, by and large it is considered as the essential features of a sound control system.

essentials of a sound control system.

Management. The main objective of control is to identify the variations between the set standards and actual performance and to correct them and prevent such deviations in future.

Everything occurs in conformity with the plans adopted, the instructions issued and principles established. It has for its object the rectification of deviations and the prevention of their recurrence."-Henri Fayol.

Control System

are as follows:

of adjusting future actions based upon the information regarding past performance. Feedback makes the control system

be objective and understandable. Objective controls specify the expected results in clear and definite terms and leave little room for discretion.

They avoid aristocracy.

Controls should be appropriate to the nature and needs of the activity. The controls used in production are different than the ones used in sales.

Each organization should evolve suitable control system that serves specific needs.

The control system should provide for prompt and timely reporting without any delay. Delayed reporting may lead to ineffective control.

Managers should be empowered to take immediate corrective action before the problem occurs.

The control system must focus on how the future actions will conform to plans.

Standards should be revised from time to time. Hence the control system should be flexible in accordance with the modified standards.

The benefits derived from the control system should be more than the cost involved in implementing it.

The control system should be simple to understand and implement.

The control system should not only detect deviations but should also provide solutions to the problems that cause deviations. It must identify the causes of deviations.

Managers should identify the causes of deviations, who is causing them and how they should be dealt with.

The control system should motivate people to achieve higher performance. The control is to be so designed that it induces positive results.

The primary objective of control is to prevent and not to punish.

between PERT & CPM.

based project management techniques, which exhibit the flow and sequence of the activities and events. Program (Project) PERT) is appropriate for the projects where time needed to complete different activities are not known. On the other hand, CPM is appropriate for projects which are recurring in nature.

Common approach for designing the network and for ascertain its critical path. They are used in the successful completion of a project. However, with each other. Nevertheless, the truth is that CPM is different from PERT in a way that the former concentrates on time while the latter concentrates on cost. In the same manner, there are many differences between PERT and CPM, which we are going to discuss in this article

PERT	CPM
Project management method to manage activities of a project.	CPM is a statistical technique of project management that manages well defined activities of a project.
Method of planning and control.	A method to control cost and time.
Model	Activity-oriented
Research & development project	Evolved as Construction project
Model	Deterministic Model
	Time-cost trade-off
Estimates	One time estimate
One time estimate	Reasonable time estimate
Activities	Predictable activities
Repetitive nature	Repetitive nature
Differentiation	Differentiated
Development	Non-research projects like civil construction, ship building etc.
Applicable	Applicable

PO2	PO3	PO4	PO5	PO6	PO7	PO8	PO9	PO10
								5b
						1b		5a