



# INDIAN SCHOOL DARSAIT DEPARTMENT OF COMMERCE



Subject : Business Studies  
Study Material

Topic: Small Business  
Class: XI C & D

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## SMALL BUSINESS

A business which operates on a small scale and requires less capital, less labour and less machine is called small business

### Types of small business

1. Traditional industries
2. Modern industries

### 1.Traditional industries

- a. Handloom
- b. Coir
- c. Khadi
- d. Handicrafts
- e. Sericulture
- f. Village industries

### 2. Modern Industries

- a. Small scale industries
- b. Power looms

### Small Scale Industries ( SSI)

1. Manufacturing Enterprises: Micro, Small & Medium
2. Service Enterprises: Micro, Small & Medium

### Classification of Small business as per investment in Plant & Machinery

Classification	Manufacturing Enterprise	Service Enterprise
Micro	Up to 25 lakhs	Up to 10 lakhs
Small	25 lakhs to 5 crores	10 lakhs to 2 crores
Medium	5 crores to 10 lakhs	2 crores to 5 crores

### ROLE OF SMALL BUSINESS IN INDIA

1. 90 % of industrial units in India are small industries
2. Contribute 40 % production & 45 % export
3. Backbone of Indian economy
4. Play important role in India's position in international market
5. Best suited to our economy due to surplus of labour, scarcity of capital & unemployment
6. Large employment opportunities



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7. Wide variety of products
8. Balanced regional development & remove disparity
9. Platform for new enterprises
10. Low cost of production
11. Use of local resources
12. Customized products

### **GOVT. AGENCIES FOR DEVELOPMENT OF SMALL SCALE INDUSTRIES**

1. Ministry of Micro, Small and Medium Enterprises:
2. Small Industries Development Organisation ( SIDO):
3. Ministry of Agro & Rural Industries
4. Khadi & Village Industries Commission (KVIC)
5. State Directorate of Industries
6. District Industrial Centres ( DIC)
7. NABARD ( NATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT)
8. RURAL SMALL BUSINESS DEVELOPMENT CENTRE ( RSBDC)
9. NATIONAL SMALL INDUSTRIES CORPORATION ( NSIC)
10. SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA (SIDBI)
11. NATIONAL COMMISSION FOR ENTERPRISES IN THE UNORGANISED SECTOR ( NCEUS)
12. RURAL & WOMEN ENTREPRENEURSHIP DEVELOPMENT ( RWED)
13. SCHEME OF FUND FOR REGENERATION OF TRADITIONAL INDUSTRIES ( SFURTI)

#### **NATIONAL SMALL INDUSTRIES CORPORATION ( NSIC)**

- Set up in 1955
- Under Ministry of Micro, Small & Medium Enterprises
- Supply indigenous & imported machines in easy installments, imported raw materials and export products of SSI
- Marketing: helps small industries to market their products
- Registration for SSI's for government purchase
- B2B Web portal for SSI's for marketing
- Provides marketing information to SSI's



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- It facilitates SSI's to participate in exhibitions & trade fairs
- Organises buyer- seller meets  
e.g.: railways, defence, large companies etc meet small enterprises & provide knowledge about quality standards
  - Supply imported machines & scarce raw materials
  - Export the products of small industries
  - Develop software technology parks
  - Provide ' Performance & credit rating' scheme

### DISTRICT INDUSTRIAL CENTERS

- Set up in 1978
- Provides assistance to small, village & cottage industries at district level
- Identifies schemes, prepares feasibility reports, arranges credit, machinery, raw materials etc.
- Supports rural artisans, craftsmen & handloom operators
- Organize seminars, trade fairs etc.

### GOVERNMENT INCENTIVES

- **Land:** provide developed plots without rent in initial years or accept payment in instalments
- **Power** : 50 % subsidy or free in initial years
- **Water** : 50% concession or no profit, no loss basis or free for 5 years
- **Tax Holiday:** no tax for 5 to 10 years for industries in backward, hilly & tribal areas
- **Raw material:** Industries in backward areas get preference in getting scarce materials
- **Finance:** loans at concessional rate and 10 to 15 % subsidies for buying fixed assets
- **Industrial Estate:** set up in backward areas.