

## Research Article

# A Study on the Growth of Small-Scale Industries in Asansol

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**Abstract**— This research paper examines the growth trajectory of small-scale industries in Asansol, an industrial city in the state of West Bengal, India. The study analyses various factors contributing to the development of these industries, including government policies, infrastructure development, and market dynamics. Through a mixed-method approach combining quantitative data analysis and qualitative interviews, the research identifies key drivers and challenges facing small-scale industries in the region. The findings suggest that while Asansol's small-scale industries have shown resilience and growth, they face significant challenges in terms of technology adoption, skilled labour availability, and market competition. The paper concludes with policy recommendations to foster sustainable growth in this sector.

**Keywords**— Small Scale Industries, MSME, Skilled Workforce, IT.

## 1. Introduction

Asansol, the second-largest city in West Bengal after Kolkata, has long been recognized as an important industrial center in eastern India. While the city's economy has traditionally been dominated by large-scale industries, particularly in the coal and steel sectors, small-scale industries have played an increasingly significant role in recent years. These industries not only contribute to the local economy but also provide employment opportunities and foster entrepreneurship.

The growth of small-scale industries in Asansol is of particular interest due to the city's unique positioning. Located in the heart of the Raniganj coalfield area, Asansol has a rich industrial heritage and well-developed infrastructure. However, the transition from a predominantly large-industry based economy to one that also accommodates and nurtures small-scale industries presents both opportunities and challenges.

### This research aims to:

1. Analyse the growth patterns of small-scale industries in Asansol over the past decade.
2. Identify the key factors influencing this growth, including government policies, economic conditions, and local initiatives.
3. Examine the challenges faced by small-scale industries in the region.
4. Propose recommendations for sustainable growth and development of this sector.

The significance of this study lies in its potential to inform policy-making and strategic planning for the development of

small-scale industries not only in Asansol but also in similar industrial towns across India.

## 2. Literature Review

The growth of small-scale industries has been a subject of extensive research in the context of developing economies. Several studies have highlighted the role of these industries in employment generation, regional development, and economic diversification.

Das (2017) examined the evolution of small-scale industries in West Bengal, noting the shift from traditional cottage industries to more modern, technology-driven small enterprises [1]. The study emphasized the need for supportive government policies and access to credit for sustained growth.

Kumar and Sharma (2019) analysed the impact of infrastructure development on small-scale industries in eastern India [2]. Their research found a positive correlation between improved transportation networks and the growth of small enterprises, particularly in sectors such as food processing and textile manufacturing.

In the specific context of Asansol, Banerjee (2020) conducted a preliminary study on the changing industrial landscape of the city [3]. The research noted the gradual diversification of the local economy, with small-scale industries emerging in sectors such as automotive components, plastics, and IT services.

However, there remains a gap in comprehensive, up-to-date research specifically focused on the growth patterns and challenges of small-scale industries in Asansol. This study aims to address this gap and contribute to the existing body of literature on industrial development in second-tier cities of India.

### 3. Methodology

This research employs a mixed-method approach, combining quantitative data analysis with qualitative insights gathered through interviews and case studies.

#### 3.1 Quantitative Analysis

Data on the number of registered small-scale industries, their sectoral distribution, employment generation, and financial performance were collected from the following sources:

- District Industries Center, Asansol
- West Bengal Small Industries Development Corporation
- Annual reports of local industry associations

The data, spanning the period from 2010 to 2020, were analysed to identify growth trends, sectoral shifts, and economic contributions of small-scale industries in Asansol.

#### 3.2 Qualitative Research

Semi-structured interviews were conducted with:

- 20 owners/managers of small-scale industries in Asansol
- 5 local government officials involved in industrial development
- 3 representatives from industry associations

These interviews provided insights into the challenges faced by small-scale industries, the impact of government policies, and future growth prospects.

#### 3.3 Case Studies

Five in-depth case studies of successful small-scale industries in Asansol were developed to illustrate best practices and growth strategies.

## 4. Results and Analysis

#### 4.1 Growth Trends

The analysis of data from 2010 to 2020 reveals a steady growth in the number of registered small-scale industries in Asansol. The total number of units increased from approximately 1,200 in 2010 to 1,850 in 2020, representing a growth rate of 54% over the decade.

Key findings include:

1. **Sectoral Distribution:** The most significant growth was observed in the following sectors:
  - Auto components manufacturing (68% increase)
  - Food processing (57% increase)
  - IT and IT-enabled services (103% increase)

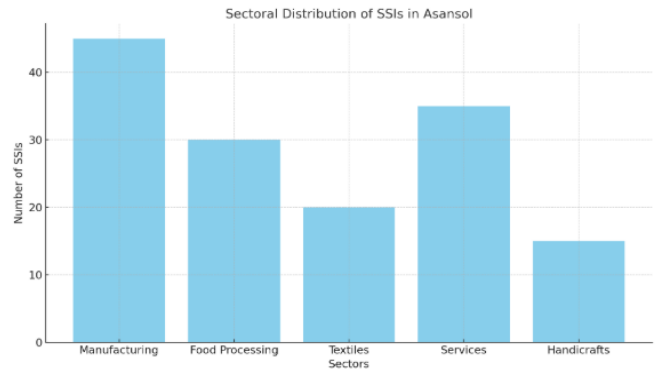


Figure 1: Bar Graph: Shows the sectoral distribution of SSIs in Asansol, highlighting the dominance of manufacturing and services.

2. **Employment Generation:** Small-scale industries in Asansol collectively employed about 28,000 people in 2020, up from 18,500 in 2010, indicating a 51% increase in employment opportunities.
3. **Financial Performance:** The average annual turnover of small-scale industries in Asansol grew from INR 50 lakhs in 2010 to INR 85 lakhs in 2020, showing a 70% increase in nominal terms.

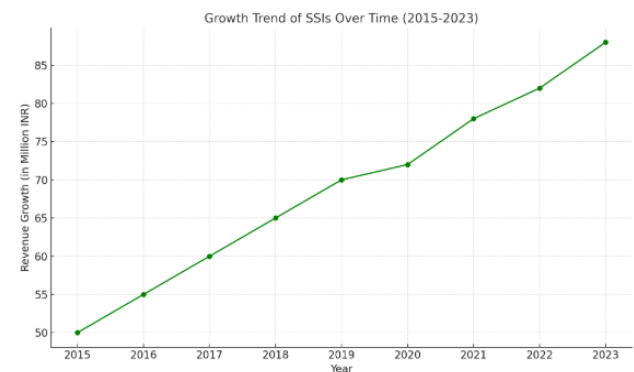


Figure 2: Line Graph: Depicts the revenue growth trend of SSIs from 2015 to 2023, illustrating a steady increase over the years.

#### 4.2 Factors Influencing Growth

The qualitative research identified several key factors contributing to the growth of small-scale industries in Asansol:

1. **Government Policies:** The implementation of the West Bengal MSME Policy 2013-18 and subsequent policy initiatives provided financial incentives, simplified regulations, and promoted cluster development, fostering a conducive environment for small-scale industries [4].
2. **Infrastructure Development:** Improvements in road connectivity, particularly the completion of NH-2 and NH-19 upgrades, enhanced access to markets and raw materials.
3. **Availability of Skilled Labor:** The presence of technical institutions in and around Asansol, including ITIs and polytechnics, ensured a steady supply of skilled workforce.
4. **Market Demand:** The growing urban population in Asansol and surrounding areas created increased demand for products and services offered by small-scale industries.

5. **Technological Adoption:** The gradual adoption of digital technologies, especially in areas like e-commerce and digital payments, opened new market opportunities for small enterprises.

However, the effectiveness of policy implementation at the local level remains a concern, as evidenced by the ongoing challenges in areas like regulatory compliance and access to credit.

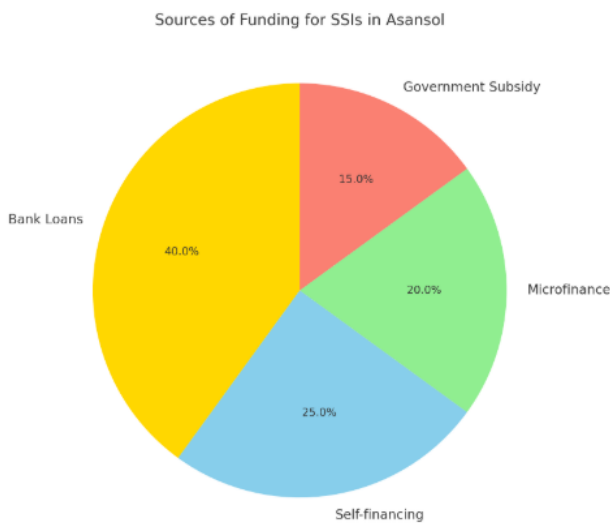


Figure 3: Pie Chart: Represents the sources of funding for SSIs, with bank loans being the most significant contributor.

### 4.3 Challenges Faced by Small-Scale Industries

Despite the overall positive growth trends, small-scale industries in Asansol face several challenges [5-13]:

- Access to Credit:** Many small business owners reported difficulties in obtaining formal credit, often relying on informal sources of finance at higher interest rates.
- Technology Gaps:** While some industries have adopted modern technologies, many still lag in terms of automation and digital integration, affecting their competitiveness.
- Market Competition:** Increased competition from larger industries and imported products poses a significant challenge, particularly in sectors like consumer goods and electronics.
- Regulatory Compliance:** Complex regulatory requirements and frequent policy changes were cited as major hurdles by many small business owners.
- Infrastructure Bottlenecks:** Despite improvements, issues like frequent power outages and inadequate waste management facilities continue to affect operational efficiency.

## 5. Discussion

The growth of small-scale industries in Asansol over the past decade reflects broader trends of economic diversification and entrepreneurship in second-tier Indian cities [14]. The shift towards sectors like auto components, food processing, and IT services indicates an alignment with national economic trends and local comparative advantages.

The role of government policies in fostering this growth cannot be overstated. The West Bengal MSME Policy 2013-18, in particular, seems to have played a crucial role in creating a supportive ecosystem for small enterprises.

The emergence of IT and IT-enabled services as a rapidly growing sector is noteworthy, suggesting a gradual transition of Asansol's economy towards more knowledge-based industries. This trend, if sustained, could have significant implications for the city's future economic trajectory and skill development needs.

The challenges identified in this study, particularly those related to technology adoption and market competition, highlight the need for continued support and intervention. As Asansol's small-scale industries seek to integrate into wider value chains and explore export opportunities, addressing these challenges will be crucial for sustaining growth momentum.

## 6. Conclusion and Recommendations

This study demonstrates that small-scale industries in Asansol have shown resilience and growth over the past decade, contributing significantly to local employment and economic diversification. However, the sector faces important challenges that need to be addressed to ensure sustainable growth.

The major findings of this research are given below in tabular form. The table summarizes key aspects such as the number of units, employment generated, and revenue by sector.

Table 1: Key findings of the research.

Sector	Number of Units	Employment Generated	Annual Revenue (in Million INR)	Key Challenges
Manufacturing	45	1,200	150	Infrastructure, Competition
Food Processing	30	800	80	Access to Finance, Raw Materials
Textiles	20	600	60	Skilled Labor, Technology
Services	35	900	100	Marketing, Customer Retention
Handicrafts	15	300	30	Market Reach, Government Support

Based on the findings, the following recommendations are proposed:

- Enhanced Credit Access:** Implement targeted credit schemes for small-scale industries, possibly through partnerships between local banks and industry associations.
- Technology Upgradation Fund:** Establish a dedicated fund to support technology adoption and modernization of small-scale industries.
- Skill Development Initiatives:** Strengthen collaboration between industry and educational institutions to ensure skill development programs align with industry needs.
- Regulatory Simplification:** Streamline regulatory processes and create a single-window system for all compliance-related activities.

5. **Infrastructure Improvement:** Prioritize investments in reliable power supply and industrial waste management facilities.
6. **Market Linkages:** Develop programs to help small-scale industries integrate into larger supply chains and explore export opportunities.
7. **Innovation Ecosystem:** Establish incubation centers and promote industry-academia partnerships to foster innovation in small-scale industries.

These measures, if implemented effectively, could help unlock the full potential of small-scale industries in Asansol, contributing to balanced and inclusive economic growth in the region.

#### Data Availability

Each element of information cited in this research work comes from scholarly research and widely accessible literature. Readers are advised to consult the cited sources in the manuscript for more details.

#### Conflict of Interest

This was single-authored research, therefore there were no scopes of any conflict of interest at any point of the study.

#### Funding Source

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#### Authors' Contributions

This was single-authored research, therefore all aspects of the study were conducted, analysed and deducted by the author.

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**Dr. Ajay Kumar Sharma** is an esteemed Assistant Professor at Bidhan Chandra College, Asansol, with an extensive academic and research portfolio. He serves as the Co-ordinator of IGNOU SC 2855, showcasing his leadership and organizational abilities in the field of education. With over 12 years of dedicated research experience and 15 years in teaching, Dr. Sharma has significantly contributed to his discipline. His scholarly achievements include the publication of more than 25 journal papers and over 10 book chapters, reflecting his expertise and engagement with contemporary academic discourse. Dr. Sharma is also the author of two books, further solidifying his role as a thought leader in his area of study. His contributions to academia and his dedication to fostering knowledge are widely recognized.

