

## **An Analytical Study On Sustainable Development Activities Small Industries In India**

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### **Abstract:**

This paper examines India's minor industries. This paper's main argument emphasizes the value of small businesses and their contribution to the economy. Despite their significance, tiny businesses pollute and deal with a variety of issues, both significant and petty. Technical and financial concerns can be solved internally, but external issues like adherence to laws and regulations need to be effectively managed. This essay aims to provide some light on the environmental performance of small manufacturing sectors. Focusing on "a sustainable vision," or a trade-off between economic growth, profitability, and a sustainable environment, an attempt is made to address some measures that can improve environmental quality within these tiny enterprises.

**Key Words** - Sustainable Development, Small Industries, India, Eco-System.

### **Introduction**

Companies are finding it difficult to keep up with the increased attention being paid to environmental effects (Gupta & Sharma, 1996). As this pattern persists, the issue of how best to maintain production while also boosting profits without harming the environment in the industry arises. Indian firms must deal with this dilemma in addition to figuring out how to deliver products that are ecologically benign while also effectively utilizing their existing processes. Among the many environmental effects harming the ecosystem through overuse of resources and environmental degradation, industrial pollution is considered the worst in India. One of the deadliest industrial accidents in history was plainly highlighted by the Bhopal (India) tragedy. However, the relevance of

this incident goes well beyond simply needing to stop environmental pollution and preventing such a catastrophe. Large manufacturing companies in India (such as Reliance Industries, Tata Chemicals, Indian Petrochemicals Corp., etc.) have all vowed to support the environmental fight since Bhopal's legacy. The main issue, however, is the pollution that small and medium-sized businesses produce. The harmful environmental practices of these companies have long gone unchecked, despite the fact that the Indian government actively promotes them and that they have a significant impact on the economy due to the high number of jobs they provide. It is evident that the overall environmental harm caused by tiny enterprises may be substantially greater than anticipated.

This paper examines India's minor industries. The main goal of this essay is to emphasize the value of small businesses and their contribution to the economy. Despite their significance, a study has shown that they are the worst polluters and deal with a variety of issues, both significant and little (Nyati, 1988). Internal solutions can be found for technical and financial constraints, while external ones like legislative and regulatory compliance pose more difficult challenges. This paper discusses the importance of industrialization, the role of small-scale industry, its importance in countries like India, and related issues. Finally, I will discuss India's biggest problem, the relationship between population and environment. This article attempts to shed light on small manufacturing and its environmental performance. A sustainable vision, H. A compromise between economic growth, profitability, and a sustainable environment.

### **Importance of Industrialization from India's Perspective**

Industrialization is the core driving force for most countries. This is a key growth target for India's planned economy, with significant investments being made in this sector. The manufacturing industry has the highest labor productivity. This accelerated the growth of national income. This is a prerequisite for agricultural development and induces the development of other sectors (Tiwary & Singh, 1990). Prosperity through industrialization has been a long-term strategy of the Indian government, as the importance of industrialization for economic development is essential for a populous and growing economy like India. Communities, businesses, and governments have debated the consequences of industrialization. This debate continues to grow unabated. With its reliance on agriculture and large population base impoverishing India, industrialization

is almost synonymous with economic development as a means of overcoming poverty and creating jobs.

India's population growth exceeded 1 billion in May 2000 (Vedantam, 2000), putting further pressure on the Indian environment. India's successful economic development contrasted with rapidly deteriorating environmental conditions, especially urban and industrial environments, make the country a test of its sustainable vision. India's focus on growth is plagued by two problems. One is population, the other is industrialization. India realizes some changes needed to boost economic growth more independently. In the 1980s, India moved away from its intended market and emphasized industrial growth. The economy grew about 5.5% annually. The 10 million new jobs needed each year require growth of 8-9% (US-Asia Environmental Partnership [US-AEP], 1996).

Through industrialization, India will make optimal use of its resources, diversify its economic base, improve the standard of living of its people, and achieve balanced regional development through financial incentives and concessional lending to lagging regions. At the same time, industry contributes significantly to environmental pollution. Small businesses have made significant contributions to both urban and rural facilities. Raising environmental concerns is not seen as an issue in large industries because they are more likely to support environmental concerns, but it is more pronounced in smaller industries. These small industries seem to have serious environmental problems.

### **Importance and Constraints of Small Sector Units in India**

As industrialization progressed, so did the growth of small-scale industries. Smaller units play an important role in the Indian economy as they are labour-intensive and create employment opportunities. Small businesses are defined as businesses with capital equipment of less than \$180,000 (US-AEP, 1996). They offer higher capital productivity than capital-intensive firms because they invest less per worker. They help decentralize industry, and rural development and decentralize economic power. All of these are necessary to promote and distribute economic growth.

In addition, SMEs support entrepreneurial talent and skills, stimulate personal savings, help develop innovative and relevant domestic technologies, provide dynamism, and contribute to competition (Rajendran, 1989). Therefore, these industries are supported and actively promoted by the government. A public or private company with more than 100 employees cannot go out of business (US-AEP, 1996). The government has taken

several policy initiatives and process simplifications to support the sector not only in job creation but also in enhancing competitiveness. Governments have also provided measures such as greater infrastructure support, more readily available credit, lower tariffs, technology upgrades, support for entrepreneurial talent development, quality improvement facilities, and export incentives (Parthasarathy, 1996).

The contribution of small-scale industries (SSI) to India's industrial production, exports, and employment are significant. About 3 million of his SSI units employ about 16.7 million people and account for 35% of India's total exports and about 40% of its industrial production (SIDBI Report on the Small Industry Sector, 1999, 1999, p. 6). In real terms, the SME sector registered a growth rate of 10.1% in 1994-95 compared with 7.1% in 1993-94 and 5.6% in 1992-93. By 2025, if left unchecked, the sector will grow even more rapidly (Parthasarathy, 1996).

The government's primary task was to promote the growth of these industries, often ignoring environmental considerations. Industrial wastewater mainly comes from his three million small businesses scattered across the country, especially the production of paper, sugar, leather, and chemicals. Unfortunately, only about half of medium to large industries have partial or complete wastewater treatment. From 1963 to 1991, the industry grew four times as much as he did, resulting in a six-fold increase in toxic emissions. Heavy industries such as steel producers account for almost 70% of the toxic waste emitted, but only 20% of industrial production. Industrial disposal of contaminated wastewater is carried out through open drains in streams and reservoirs or by underground injection. Most industrial zones do not have wastewater treatment systems (US-AEP, 1996).

Besides the pollution problem, SMEs have another problem. One is facing internal problems- technical, managerial, and financial - and the other is external problems due to non-compliance with regulations and legal actions.

### **Techno-Managerial and Financial Constraints**

Compared to large industries, small industries lack environmental commitment, technical expertise in environmental management, and financial capacity to address environmental issues. They also lack standards and effective treatment options and services (Nyati, 1988). Interestingly enough, one might imagine that small businesses get a lot of support from the government, so funding or funding for environmental protection measures shouldn't be a problem.

Also, small industries do not have extra space for environmental protection facilities. Getting technical support from a knowledgeable consultant is difficult. Since most units are distributed, they find it difficult to group together for a common or common sewage treatment plant. Concerns about low-profit margins and reduced competitiveness prevent these companies from adopting environmental protection measures. The emphasis is on new investments, production, and other profit-oriented opportunities. Low-interest loans for environmental measures are unprofitable. Subsidies to invest in environmental protection are offered as incentives, but the impact of these incentives on these units is small or non-existent as they do not change the cost-benefit analysis to favor investment in environmental protection. (Nyati, 1988).

### **Corporate Governance Issues faced by Small Sector Units**

A study by Pargal, Mani, and Huq (1997) on industrial plants in India showed that high levels of pollution provoke formal regulatory responses in the form of inspections, but these inspections have no impact on emissions. doesn't seem to give Inspections are likely to be ineffective in bringing about the desired behavioural changes due to bureaucratic or other issues. They suggest that we must explicitly acknowledge the environmental quality trade-offs in applying

Regulatory compliance was a key issue for these units. Environmental laws in India, like those in other developed countries, appear to be stringent, but they are not well enforced. Multinationals and large domestic companies are monitored, but underfunded regulators find it almost impossible to monitor millions of small businesses. Bribery of underpaid inspectors is reported to be common (Roberts, 1995).

Environmentalists have viewed law enforcement as lax, despite regulatory frameworks and oversight by central and state agencies. Poor monitoring and enforcement of environmental regulations have provided no incentive to invest in environmental protection efforts. It is primarily small industries that continue to lack incentives to install treatment plants or to operate already installed plants, and the operation of these plants is more likely than non-compliance. is also expensive (Dasgupta, Laplante, & Mamingi, 1998). Apparently, the scarcity of natural resources is less of a problem in India than its misuse. The pressure to be profitable prevails. Porter and Linde (1995) suggested that environmental regulation can encourage innovation that increases product value and reduces overall costs. The economic and environmental trade-offs regarding production processes, customer needs, and technology are dynamic and complex. Porter and Linde

suggest that innovation-friendly regulation can improve the productivity and competitiveness of resources, but the problem is that small industries are cooperating and that this is not a short-term goal but a long-term goal. is to be viewed as a viable solution.

### **Environmental Laws**

India started developing certain forms of environmental laws and regulations in the 1970s. India's first modern environmental law was the Water (Prevention and Control of Pollution) Act, of 1974, which established Central and State Water Pollution Control Boards. Water Tariff Act of 1977. Air (Prevention and Control of Pollution) Act 1981. The latter is a comprehensive law intended to provide a framework for central government. The problem assumed here is not inadequate laws and environmental regulatory bodies capable of controlling pollution, but as the World Bank noted, these bodies "have suffered from poor enforcement due to political interference. However, as in other enforcement activities in India, corruption is serious and pervasive (US-AEP, 1996).

Its mandate is to set environmental standards for all facilities in India, set environmental standards, and coordinate the activities of State Pollution Control Boards (SPCBs). Unfortunately, the implementation and enforcement of environmental laws are also decentralized and thus the responsibility of SPCBs (Mani, Pargal & Huq, 1996). This is another random way of tackling the problem.

Additionally, contamination methods have had little success. Courts have been slow to respond to enforcement actions by state environmental agencies. The board itself was underfunded, and allegations of corruption were regular and widespread. Large industries achieve pollution compliance more easily than smaller industries (US-AEP, 1996). The reason is that they are afraid to take risks. A study by Lau and Srinivasan (1997) to identify drivers of better environmental performance highlights the fear that current efforts in environmental management may impose penalties by governments for violating environmental laws. However, Cornell and Shapiro (1987) explained that a firm's value depends on the costs of its explicit and implicit environmental claims. The explicit claims of shareholders are accepted, but the implicit claims of the company cannot be ignored. Implicit contract parties, such as consumers and regulators, can force companies into burdensome explicit contracts if they refuse to fulfill their social responsibilities and quality service. Cornell and Shapiro's explanation is broadly

applicable to large companies, but for smaller companies, the above literature suggests that it can be dismissed entirely by resorting to other means.

### **Impact of Environmentalism in Comparison to Population**

Finally, India has a huge population problem. To sustain this growth, economic development and industrialization are factors that impose environmental burdens. The approach first used by Ehrlich and Ehrlich (1990, pp. 132-134) was to examine her per capita environmental impact on citizens. Their idea that we find ourselves living in a finite world where euphoric economic growth and population growth will eventually deplete our natural resources is not without controversy. Stikker (1992) extends Ehrlich and Ehrlich's approach to define environmental stress as Looking at the population, GNP, and the environmental impact per unit of GNP, India is growing annually by the population of several European countries, with an annual population growth rate of the 1.91%. India's population has doubled he he over the past 30 years and is projected to overtake China's population by the early 21st century (US-AEP, 1996). In an individualist approach, India and China would be the most burdened countries when looking at individual country populations. Stikker, Ehrlich and Ehrlich propose that in order for the industry to operate at a level of undegraded global environmental quality, it must reduce its impact on the global environment. Peattie's proposal (1995, pp. 1-15) on the concerns of Ehrlichs and Stikker focused on the problem of depletion of economically important resources. The problems that emerged in the 1980s were not related to inputs, but to the environmental impact of products from indiscriminate economic growth.

Resources are required to sustain population growth as well as the results of industrialization and economic growth. Said (1997) presents two logical solutions to his Erlich theory. Long-term changes in lifestyle and consumption patterns can be effective, but unless the industry itself adopts environmental attitudes and priorities and measures are put in place to stem population growth, it will directly address its environmental impact. I cannot do it.

### **Conclusions and Discussions**

The main environmental problems in India today are the side effects of poverty and population growth, as well as increased industrial activity. As long as poverty remains the main obstacle, industrialization offers hope for a significant improvement in living standards. One of the most talked about policies that could be recognized in these

industries is sustainable development. Poverty eradication and environmental protection are two sides of the coin of sustainable development (Dwivedi & Khator, 1995), but policymakers, governments, politicians, and industry have different sets of values and assumptions that underlie sustainability. The question many of Sustainability or sustainable development can also be described as development or progress that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Although, industrialization is seen as a solution to providing economic growth and increasing employment levels, irrespectively, industries, whether large or small, low-tech, or hi-tech, manufacturing, or agricultural, all inevitably produce discharges and wastes that are capable of polluting. Where high population and economic growth demands-resources (inputs) and discharges (outputs) in the form of pollutants, not many industries have arrived at suitable suggestions on sustainable measures, thus putting pressure on the environment. Hart (1997), in fact, recognized the problem of a growing population, rapid economic development in emerging economies, and political and social issues that exceed the mandate and the capabilities of any corporation. However, the suggestion that learning to balance ecological principles, economic growth, and social responsibility be priorities of businesses (Johannson, 1994) does eventually make more sense. Sustainable development challenges the industry to produce high levels of output while using lower levels of inputs and generating less waste with a more effective use of raw materials in production that would eventually result in diminishing costs. This green corporate image can lead to increased market share (Welford & Bhargava, 1996). Hart (1997) notes that the business logic of greening is largely operational or technical, with billions of dollars saved by bottom-up pollution control programs, but the real environmental opportunities Few realize can be a major source of revenue. Indeed, Hart's proposal and the concept of sustainable development should be made central to the operation of small-scale industries.

Small businesses can also go a step further to commit to a sustainable vision. H. A compromise between economic growth, profitability, and a sustainable environment. Within the industry, management needs to be held accountable for the company's implementation of this concept of sustainable vision. One such measure is Johannson's (1994) sustainable economics triad. It is based on the concept of reconciling the environmental, economic, and social factors embedded in an industry's value system and



business planning or design stage to benefit from environmentally sound products, processes, or services. increase. In the complex relationship between population, economy, industry, and ecology, managing environmental responsibility is a key issue in India. The population will always be a problem unless properly constrained, but in the case of industrialization, there is a growing need for a sustainable vision in which industry is held accountable for its actions. With today's technology and strategic management systems, the industry can effectively reduce the severity of the environmental impact. Green challenges are relevant topics for all industries, large and small. All companies are under pressure to improve their environmental footprint.

When it comes to regulatory pressure and compliance, many companies spend more time-fighting regulation and not taking a proactive and strategic approach to environmental management (Schoemaker and Schoemaker, 1995). Although Indian courts have closed about 1,000 factories over pollution problems and the Supreme Court has fined 15 factories, including some multinationals (Shaman, 1996), this regulatory pressure and the effectiveness of compliance have Not yet been evaluated. Johansson (1994) describes a "green company" as one that does not consider regulatory or legal compliance as a first step. So, the ability to ensure that a company is "compliant" is a bad tactic and highly cost-effective. You can trust managers who understand environmental laws. In other words, regulation, compliance, and environmental laws are naturally handled when managers adopt the industry's sustainable vision or environmental goals. Much of the literature seeks to establish that there is an acute need for regulatory and legal measures. However, pressure for sustainable vision in these small industries lies within themselves. They must realize the importance of environmental management and quality and that it could be highly effective if it is administered by the small units themselves.

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