

## Chapter 28

# A Factor Analytical Study of Safety and Health Issues in Select Small and Medium Manufacturing Concerns

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### ABSTRACT

*Safety and health are the important issues which must be taken up by the organizations to ensure satisfaction of the employees and also to ensure productivity in the organization. Particularly in small and medium enterprises, these issues demand more concern as due to small size of firm, they are often neglected. This chapter gives an overview of small and medium enterprises in India, their role in the development of economy. Moreover, this chapter focuses on the importance of Safety and Health in the organization, how they are taken up as major concerns of the organization by International Labor Organization in the form of providing various conventions and ratifications and what are the various provisions regarding the same in the Factories Act in India. The outcome of the chapter is the factors which are particularly relevant for ensuring safety and health of employees in small and medium enterprises. For determining the factors, Factor analysis was performed on the data collected from the respondents with the help of questionnaire comprising of statements on Likert scale.*

### INTRODUCTION TO SMALL AND MEDIUM ENTERPRISES

Small and medium enterprises are emerging as an important sector of the economy over the last five decades. (Rana, 2014) This sector can be considered as one of the most vibrant sector of the economy. Small and medium enterprises have a vital role to play in the economic development of the country. They can be considered as the backbone of Indian economy. They are the major contributors towards the

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gross domestic product as far as India is concerned. They not only help in industrialization of the rural and urban areas but also help in creating employment opportunities to the people of the country, thereby combating regional imbalances. (Rana, 2014). With the growing importance of Small and medium enterprises in the economy as a major contributor to the economy, Micro, Small and Medium Enterprises Act came into being in the year 2006. With the promulgation of Micro, Small and Medium Enterprises Act in 2006, the Small and Medium enterprises are all set to revamp with a large number of facilities provided to them by the government. Moreover, with the formation of the Act, scope of erstwhile small enterprises has expanded to Micro, Small and Medium Enterprises. It has thus broadened the scope in terms of production, exports and employment, thereby facilitating a breeding ground for entrepreneurship at grass root level.

Small and medium Enterprises are defined in different ways in different parts of the world. Some define them in terms of employment, some in terms of assets, sales or other. The definition of Small and medium enterprises is a contentious issue in India. In India, they are defined in terms of investment in Plant and machinery. Small and medium enterprises hold a special place in Indian economy.

As per MSMED Act 2006, the definition of Small and medium enterprises, most commonly referred to in as SMEs, in manufacturing sector can be broadly put as:

- Small enterprise is the one in which investment in plant and machinery is 2.5 million with a maximum ceiling of 50 million.
- Medium enterprise is the one in which the investment in plant and machinery is between 50 million to 100 million.

## **Small and Medium Enterprises in India**

Small and medium enterprises hold special place in the Indian economy as they contribute to 45% of industrial output, 40% of export, 42 million in employment generation, create one million jobs every year and produces more than 8000 quality products for Indian and International markets (The Role of SME Sector in Nation Development).

Small and medium enterprises in India contribute to 7.28 percent to the Gross Domestic Product. (Report of All India Fourth Census of MSME, 2013-14)

As per the Fourth All India Consensus of Small and Medium enterprises, the SME'S have increased from about 80000 units in 1940's to 1.564 million. They employ 2.775 million people (2.343 million in small and .432 million in medium enterprises) and contribute to 7075100 million production including highly technological products. Their contribution to exports is about 6791.4 million. The numbers are grossly adequate and apply to registered Small and medium enterprises.

As per All India Fourth Census of Micro Medium and Small enterprises (MSME), the sector contributes to 7% of GDP of India. The estimated value of manufacturing output of MSME and its share in total manufacturing output is given the Table 1.

The Table 1 shows the estimated value of manufacturing output of MSME sector and its share in total manufacturing output. The Table shows that the percentage contribution of MSME has decreased from 42.02% in 2006-07 to 37.52% in 2011-12 which represent the change in last six years. The Table also shows that GDP contribution has fallen from 7.73% in 2006-07 to 7.28% in 2011-12. This can be attributed to the fall in manufacturing sector of the nation But despite the fact that the percentage contribution towards GDP and total manufacturing output has fallen, the sector has performed extremely

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