# **Difference Between Small Scale and Large Scale Industries**

In general, any industry can be classified as a small scale industry or large scale industry as per the investment made in procuring the plant and machinery for manufacturing goods. In this way, **small scale industries** are said to be the ones whose investment in the capital assets is limited to the amount specified by the Government of the country.

On the contrary, those industries which make an investment in their plant and machinery beyond that limit, are considered as **large scale industries**.

Nevertheless, there are several other factors like a number of workers employed, the geographical area occupied, the volume of the output, etc. which can also be used to classify the industries. Let’s move further to understand the difference between small scale and large scale industries.

### Comparison Chart

| **BASIS FOR COMPARISON** | **SMALL SCALE INDUSTRY** | **LARGE SCALE INDUSTRY** |
| --- | --- | --- |
| Meaning | Small scale industry is an industrial undertaking in which there is a definite capital investment in its plant and machinery. | Large scale industry encompasses big industrial units whose investment in their plant and machinery is beyond the limit specified by the Government. |
| Industry type | Labour-intensive industry | Capital intensive industry |
| Geographical area covered | Small | Large |
| Skills required | It requires semi-skilled labours. | It requires highly skilled labours. |
| Technology used | Indigenous technology | State-of-the-art technology |
| Raw materials | Procured from the local suppliers | Procured from various suppliers of raw materials are there from within and outside the country. |
| Objective | To generate employment opportunities with less investment. | To produce consumer goods and capital goods within the country, to make it self reliant. |

### Definition of Small Scale Industries

Small Scale industries, as the name suggests are the industries wherein the production process is undertaken at a small or say micro level. It is often set up by private individuals, usually with the help and support of their family members and hiring local workers who understand the work. It uses simple machinery, tools and equipment.

These are small enterprises which are known for the manufacturing of the products using light machinery, and less manpower, however, it depends on the production scale.

These industries play a crucial role in rural industrialization as well as in providing subsidiary employment to rural people.

Its aim is to create employment for local residents while using less capital. It helps in eradicating backwardness from rural areas, which results in decreasing regional imbalances, as it raises the income level and improves the standard of living.

Moreover, it mobilizes as well as uses the hidden and untapped resources of the country. In addition to this, it encourages indigenization.

### Definition of Large Scale Industries

Large scale industry refers to undertakings which have a vast infrastructure, and employee base along with heavy power-driven machinery and huge capital investment. To manage and operate these industries effectively, complex management is required.

It embraces both manufacturing concerns and others that make use of both indigenous and imported technology to manufacture the products, so as to cater the domestic as well as international markets.

In these industries division of labour and specialization principles are followed, with the aim of improving productivity. Further, modern capital assets are used for manufacturing goods to reduce cost. These industries get the benefit of economies of scale due to the high volume of output.

Large scale industries are the backbone of the economy, as they facilitate in the production of those consumer goods and capital goods which are imported from abroad, which encourages self-reliance. Further, they provide employment to a large number of people belonging to different areas. In addition to this, exports are promoted which increases the country’s revenue.

## Key Differences Between Small Scale and Large Scale Industries

The difference between small scale and large scale industries can be drawn clearly on the following grounds:

1. Small Scale Industries are the undertakings that undertake manufacturing, processing and conversion of goods and involves investment in the fixed asset, i.e. plant and machinery, up to a specified amount. Conversely, large scale industries imply those industrial undertaking which is set up to manufacture consumer goods and capital goods on a substantial level, for which huge investment is made in the plant and machinery.
2. Small Scale Industries are labour intensive, as their dependency on the labour force is high, but they also require capital for its operation and expansion. On the contrary, Large Scale Industries are capital intensive, as they require huge capital investment to establish and operate it.
3. When it comes to the geographical area, small scale industries are established in a limited area generally at the location from where the raw material and labour supply is easily available. On the contrary, large scale industries are set up in a vast area, indeed they are located in multiple locations in the country.
4. Small scale industries require skilled or semi-skilled workers. As against, skilled workers are required in large scale industries and so proper training is given to the workers on the way in which they can operate machinery.
5. Small scale industries use indigenous (native) technology for manufacturing the products. As against, large scale industries use advanced technology to create the products, so as to reduce the cost and maximize profit.
6. Small Scale Industries purchase raw material from the local suppliers and sometimes from external suppliers. In contrast, large scale industries procure raw materials from different suppliers from within and outside the country.
7. Small scale industries aim at generating employment opportunities with less investment. Contrastingly, the aim of large scale industries is to produce consumer goods and capital goods within the country, to make it self reliant.

### Examples

**Small Scale Industry**

Bakery, Cashew processing, Bread production, Biscuit making, Incense sticks making, Coconut oil manufacturing, Candle making, Cotton buds making, Custard powder production, Envelope making, Eraser making, Fruit bar making, Ice cream making, Jam jelly making, Leather bag making, Microbrewery, Paper cup making, Palm oil processing, Pickles making, Slipper manufacturing, Soap manufacturing, Woodworking, etc.

**Large Scale Industry**

Tea Industry, Textile Industry, Iron and Steel Industry, Jute Industry, Cement Industry, Paper Industry, Petrochemical Manufacturing, Oil refineries, Food Processing, Automobile, Silk Industry, Fertilizer Manufacturing, Sugar Industry, Paper Industry, Chemicals and Pharmaceuticals, Distilleries and Breweries, Gul making, Metal Processing, Aviation industry, Shipbuilding, Construction, etc.

### Conclusion

Both Small Scale Industries and Large Scale Industries occupy a significant place in the development of the country, not just because they provide employment to a large number of people but also because they contribute to the country’s GDP. Moreover, they help in raising the standard of living of the people.