Smalindustry

VOL VI No. I

JAN.-FEB. 1962

Fourth Madras Small Scale Industries Conference

It is with pardonable pride we say that the Fourth Madras Small Scale Industrialists' Conference held at Salem on 30th and 31st December 1961 was a success in all respects. It spot-lighted the need for such Conferences in moffussil cities, the enthusiasm now evinced in the rural areas for starting Small Scale Industries, the scope for such industries particularly in areas where big Industries are located and the healthy and heartening effect of the presence of most of the Officers of the various Departments concerning the Small Scale Sector.

The previous four Conferences were held only in Madras City and it is correct that a lead has been given by our Madras Small Scale Industries Association in having the Conference in a moffussil city so that other Associations in this as well as other States can follow this example and make the entrepreneurs in rural areas take to small industries with more confidence and earnestness.

The Resolutions which were passed in the Conference are published separately in this issue. The Conference followed the procedure of the Federation of Associations of Small Scale Industries in drafting the resolutions in a detailed and precise manner so that the implications and the purpose for which these resolutions have been passed may be clearly understood by the Small Scale Sector as well as the Govt. Departments. The resolutions cover the inadequacy of the supplies of raw materials, the improvements that are needed for credit facilities, the urgency and the advantages of Export promotion, the importance of applying productivity methods to increase production at lesser cost and the scope for development of Small Scale Industries in the Madras State in rural and urban areas.

All the important problems concerning Small Scale Sector are comprised in the above resolutions, and the discussions that followed (both in English and Tamil) clearly indicated the knowledge gained so far by the Small Scale Sector in the moffussil areas and their earnestness in improving the same at a rapid pace.

The idea of establishing Industrial Estates in as many centres as possible either by Co-operative method or by the formation of Joint Stock Companies has stuck in the minds of all small Industrialists. It is gratifying to observe that Small Industrialists from Salem, Tiruppur and Komarapalayam are making representations to start Industrial Estates in their respective places.

The presence of the high-placed officers from the Central and State Governments and also the State Bank, the interest they took in the deliberations of the Conference and the earnestness with which they explained the functions that are being done by each Department in simple language to be understood by all were one of the high-lights of the Conference. They also explained in detail the facilities that are offered by each Department to encourage the Small Scale Sector in all ways and assured in Small Industrialists of their assurance at all times.

There is no doubt that such frequent contacts between the Government and the Small Industrialists will certainly solve many small problems that concern the Small Industry today besides the psychological effect of such contacts. Let us hope it will be possible for us to sponsor such Conferences in moffussil places once in 6 months, to spread the message of the importance of Small Scale Industries in the national economy of the country and the necessity of promoting and developing such Industries both in urban and rural areas.

INDUSTRIAL ESTATES

Co-operatives Proposed

As many as 100 Industrial Estates will be set up on a co-operative basis during the Third Plan Period. According to an official press release, avenues are also being explored to get institutional finance for these co-operative industrial estates.

Special attention, has of late, been given to the question of providing adequate finance, a factor of vital importance for the development of industrial co-operatives on a much larger scale. Co-operative Banks are now being used for routing Government loans in several states.

A scheme has been sponsored for sanctioning share-capital loan by the Government to members of industrial co-operatives. These loans are repayable in easy instalments through monthly contributions deducted from members' earning.

The Reserve Bank has offered facilities of financial accommodation available to the co-operative banks to the handloom co-operatives as well. With a view to allowing the co-operative banks to lend to industrial co-operatives at concessional rate of 2½ per cent, the Government has offered a subsidy to cover the difference between the bank rate and the concessional rate.

Guarantee Scheme

A guarantee scheme has also been evolved, under which 90 per cent of the loss incurred by the co-operative banks on loans to the industrial co-operatives would be borne by the Government. This scheme is separate from the Credit Guarantee Scheme which the Reserve Bank is operating in selected districts for the promotion of small industries.

Another step which has been taken relates to the setting up of industrial co-operative banks at the State level in Mysore, Uttar Pradesh, Rajasthan and Madras and at district or regional levels in Gujarat, Maharashtra and Mysore.

NEWS AND NOTES

APPLICATIONS FOR LICENCES

In order to ensure speedier consideration of applications for licences under the Industries (Development and Regulations) Act, 1951, the Union Ministry of Commerce and Industry has advised the industrialists that while submitting their applications to the Ministry the parties should forward a copy each of their applications to the Director of Industries of the State concerned and to the Technical authorities such as Development Wing or Textile Commissioner or Iron and Steel Controller etc., as the case may be. While forwarding a copy of the application, it may be indicated that the original together with the requisite treasury receipt, has been forwarded to the Ministry of Commerce and Industry. Similarly the original applications submitted to the Ministry of Commerce and Industry should indicate the authorities to whom copies of the applications have been sent.

TRAINING FACILITIES

Training facilities for meeting requirements of technical and managerial personnel in the field of village and small scale industries are proposed to be considerably enlarged. Emphasis is being laid on the introduction of improved tools and equipment, process of manufacture, design etc. Credit facilities essential for proper development, are proposed to be organised on a large scale to be made available on reasonable terms and with the minimum of procedural delay. The progressive enlargement of programmes of positive assistance is expected to make it possible to reduce the role of subsidies, sales relations etc. Special attention will be paid to promote small industries as ancillaries. Various aspects of integration between large and small industries will be considered in detail for each industry.

TRAINING IN DOLL MAKING–CENTRE FOR MADRAS

Government have sanctioned Rs. 48,200 for the opening of a Training Centre at Madras to impart advanced training in the making of dolls and toys. The objects of the scheme are to develop the doll and toy making industry in the State and to improve its quality to stand comparison with similar products made in advanced countries like Japan, and to give advanced training to a few candidates who are already proficient in doll designing and doll making and who have already had some training and are actually in touch with the industry. Under the scheme fifty such candidates will be trained in Madras for a period of six months in the art of doll making under a team of Japanese instructors consisted of one expert and one technician. The candidates will be paid a stipend of Rs. 60 per mensem each for the period of their training. The question of continuing the Centre beyond six months will be considered, after watching the result of its working.

Engineering Titbits

Speed Control for Motorists

A new, trouble-free concept of speed control which gives the motorist more positive throttle response and eliminates complicated accelerator-carburettor linkage problems for the car manufacturer, has been developed by Dunlop. The new development, which the firm says is already arousing great interest in British and American firms, is a pneumatic throttle control which uses air to transmit the control movements from the driver's foot to the engine. The only connection between the accelerator pedal and the engine is a ¼-inch diameter flexible plastic tube which eradicates the manufacturers' difficulty of fitting mechanical linkage into the engine compartments of modern low profile cars. As the throttle control is free from friction, it assures motorists more positive control throughout the whole range of throttle openings. Depression of the pedal forces air through the tubing into a rolling diaphragm actuator which is connected to the carburettor.

Novel Material for Bearings

Scientists of the Ford Motor Company have developed a new range of materials for bearings. They are made from graphite and metal bonded together in powder and sintered. Details of the process and product are given by Dr. M. Humenik in a paper to the American Institute of Metallurgy, Mining and Petroleum Engineers at its 42nd Natural Metallurgical Congress. The institute is ready to give information from its addrese at 29, West 39th Street, New York 18. If the material is rich in graphite but stronger than the pure element because of the metal present it is suitable for use as an unlubricated bearing. If the metals predominate the resulting product is suitable for bearings that are normally lubricated. It withstands temperature increases beyond the range of wholly metal bearings. One very special aspect of the process of manufacture is the addition of a powdered calcium-silicon alloy to the bulk material when, during the sintering process, it is liquefied.

Plastic Screw Cap

A plastic screw cap for sealing bottles and vessels full of liquids liable to build up high vapour pressures during storage and transport is manufactured by a Dutch firm. The screw cap embodies a plunger which rises automatically when there is an overpressure of a maximum of 0.2 atmospheres in the bottle. Vapour can then escape from inside via small flues along the side of the plunger. As soon as the pressure in the container has levelled off to an overpressure of 0.05 atmospheres, the plunger is reseated by a spring. When this happens, a small collar at the bottom of the plunger seals the bottle hermetically. The overpressure of 0.05 atmospheres following vapour release prevents a vacuum forming in the bottle when it cools down. Owing to the hermetic seal after vapour release, no dirt or water can find its way into the bottle. These plastic screw caps can be supplied in any desired finish, including models for metal vessels, and, if desired, the overpressures at which the automatic vapour release mechanism operates can be determined to suit customers' requirements.

Printing without pressure

A method of printing which involves the use of an electrostatic charge, resinous ink and stencils, but eleminates the need to use pressure, has been developed in America for marking bottles and similar fragile objects. The printing "plate" is a stainless steel mesh of 200 wires to the inch which carries a static electric charge of about 1,500 volts. The surface to be printed has an opposite charge, A stencil placed between the "plate" and steel mesh outlines the letters to be printed. During the printing operation, a revolving brush puts dry, powdered ink on the screen. The ink particles pick up the charge from the screen and when this is brought close to the surface to be printed they are attracted by the opposite charge and jump across. The printed matter is then heated to bond the resinous ink to the surface. The sponsors of the process claim that it is cheaper than conventional printing and that it will work on low grade newsprint equally as well as on containers and pharmaceutical products.

Ball Valves

A new line of ball valves, in combinations of metals, seats and seals to handle practically any fluid, has been announced by Homestead Valve Manufacturing Co. of Coraopolis, Pa. Featuring adjustable stem seal, a self-adjusting ball which seals with flow in either direction, and stem shoulder to prevent ball from being forced downward, the valves are available with Navy G bronze or semi-steel cast bodies; or brass, steel and 303 or 316 stainless steel bar stock bodies. Sizes range from ¼" to 2½" for pressures up to 400 pounds water-oil-gas, and temperatures to 450° F.

Foam Rubber Sheets

The N. V. Rubatex of Weesp, Holland, has put on the market foam rubber sheets of any length with a thickness of ¼" to four inches, and a width of up to 2½ yards. These sheets have no large cavities, but numerous holes at regular intervals. This feature is said to result in a 20 per cent saving in materials and also provides a rough surface, thereby preventing the covering from shifting. The sheets are especially suitable for use in the furniture industry.

Music Boxes

Transitrade Ltd. (P. O. Box 165 Rive, Geneva 3, Switzerland) has announced a line of Swiss music boxes incorporating moving photographs or animated figurines. The pictures and figurines are synchronized to operate in time with the music, the manufacturer states. A special line of plastic music boxes for children have animated cows or cats.

Leather Grainer

Robert Buerkle & Co. (of Freudenstadt, West Germany) has designed an electrolydraulic leather graining and pressing machine for use in leather dressing, Supplied in modern welded steel construction, this machine can be adapted to the customers' specific requirements regarding pressure and pressing surface area.

Wire Fasteners

Bayerische Schrauben- und Federnfabriken Richard Bergner (of Schwabach nr. Nuremberg, West Germany) has marketed a collar spiral suitable for the fastening of conductor wires to pin-type insulators. The collar spiral offers high mechanical strength as well as the advantages of oscillation and electric arc protection, and it makes rapid mounting possible.

Rust Remover

Schering AG (Galvano-Bedarf Division) (of Berlin N. 65, West Germany) has developed "Pertoxal," an electrolytic rust-removing and de-scaling bath. It will not attack the basic material from which the rust is removed and, consequently, even workpieces ground to size may be subjected to this process without impairing the accuracy of their size. It also acts as an electrolytic degreasing bath.

Transistor Tape-recorder

Austrian engineers have brought on the market a new tape-recorder fully transistorised

(Contd. on Page 8)

Indian Industry Pushes Forward

Foreign Collaboration at Bangalore.

An Indo-German joint venture for manufacture of precision coil springs has been inaugurated by Shri K. C. Reddy, Union Minister for Commerce and Industries in Bangalore. The Minister assured entrepreneurs in Small Scale Industry, Central Government help in procuring finances, raw material and machinery as also export and indigenous markets. He also assured a fair deal to foreign collaborators.

Clock Factory at Madras.

Sri R. Venkataraman, Industries Minister, Madras, during his recent visit to the USA in connection with the United Nations Work, visited the famous Westclox "Big Ben" Time Piece Factory. As a result of the visit, arrangements for the setting up of a modern clock-making unit in Madras by a Madras firm in collaboration with the above 'Westclox' firm are under way. The Unit when it goes into production is expected to turn out one lakh timepieces yearly, with all the components to be progressively manufactured in India.

Teleprinter Factory for Madras.

The land offered by the Madras Goʌernment for the teleprinter factory in Madras was found unsuitable.

They had now promised to acquire some other land which would be suitable for the factory, the Minister for Transport and Communications, Dr. P. Subbaroyan, told the House.

Replying to Mr. Chandra Shankar, Mr. K. T. K. Thangamani and others, the Minister said that the factory was at present located in temporary premises and teleprinters were being assembled there. He could not say how long it would take to produce a 100 per cent indigenous teleprinter.

Small Tools Plant near Madras

A public limited company under the name and style of Hind Small Tools Ltd. is expected to be floated shortly in Madras State with an authorised capital of Rs. 1 crore.

It will undertake manufacture of small tools of various descriptions such as sets of fitters, electricians and carpentry, automobile and other general tools required for various engineering works as well as cutting, threading, boring and counter-sunk works.

Application for necessary industrial licence has been made by the sponsors and the plant is proposed to be set up near Arkonam in Madras State.

The annual production capacity in the first instance is placed at 400 tons of tools per year and the sponsors have a phased programme to raise production.

Industrial Estate near Wall Tax Road

A small industrial estate on the lines of the Guindy industrial estate is likely to be established on a ten-acre plot near Wall Tax Road, Park Town, for the benefit of small entrepreneurs.

The Government of Madras is actively considering proposals to that effect, especially in view of the necessity of shifting the workshops of small industrialists in Park Town area on account of the scheme for further expansion of Central Station in the Wall Tax Road area.

A proposal to establish an industrial estate along with the provision of alternative sites for the location of such workshops is engaging the attention of the Government.

Site Offered for KGF Industrial Estate

The K.G.F. Sanitary Board has decided to make available about 12 acres of the land belonging to the Board to the Director of Small Industries Service Institute, Bangalore, for starting an industrial estate there.

Addressing a joint meeting of the members of the Board and the local industrialists with Mr. N. H. Parthasarathy, Deputy Commissioner and Chairman of the Board, in the chair, Mr. S. M. R. Askari, Deputy Secretary of Commerce and Industry, said that the construction of sheds for the industrial estate would be started immediately after a suitable site was selected. He appealed to the local industrialists to take advantage of the industrial estate, as they could run their business very economically there. A nominal rent of only 7 naye paise per square foot would be charged in the estate and a common service centre would also be set up to provide very cheap machinery repair facilities.

Mr. Parthasarathy, thanked the visitors for their help in getting the estate set up.

NEEDLE FACTORY IN KERALA

Agreement with Japanese Firm

A number of Japanese firms have either entered into agreements with local firms to start joint Indo-Japanese ventures in Kerala, or have been exploring the possibilities of technical and other collaboration with local industrialists to start industries in the State.

The latest to enter into an agreement with a local firm is the Nippon Needle Manufacturing Company to start a sewing machine needle manufacturing concern in Kerala. Mr. Masato Tamurav, president of the Japanese firm, has finalised the agreement under which the Japanese will provide the know-how and machinery needed for the Rs. 30 lakh factory, which will be established either in Trivandrum, Alleppey, or Palghat. A technical team of the Japanese firm will shortly visit the State to select a site.

Steel Wire Plant

Another Japanese firm, Kokoku Kosensaku Co Ltd., Tokyo, has entered into an agreement with the Aluminium Industries Ltd., Kundra, to start a steel wire plant attached to the industries there.

This company has also entered into another agreement with a private firm in Alwaye to provide technical and financial collaboration for the starting of a wire rope factory, estimated to cost about Rs. 2 crores. A licence for this has already been obtained from the Government.

SMALL-SCALE INDUSTRIES

Participation by Kerala Govt.

The Kerala Government has formulated a scheme for investment or participation in the share capital of small industries in the State, it is officially announced here.

The scheme, according to an official spokesman, envisages assistance to the extent of 50 per cent of the share capital but not exceeding Rs. one lakh in the case of every small-scale industrial unit. The Government will in turn nominate a representative to serve on the board of directors of all such assisted concerns and also insist on the employment of a full time official of its choice to manage them.

The scheme is designed to encourage the development of small industries which may be handicapped for want of finance.

Precision Instruments Factory in Kerala

The Minister of Industry, Mr. Manubhai Shah, told Mr. Kodiyan in the Lok Sabha that the precision instruments factory in Kerala was expected to go into production during the later half of the Third Plan.

Mr. Shah said that the exact site for the location of the factory was yet to be selected in consultation with the USSR experts who had been invited for the purpose. The plant which was for the manufacture of pneumatic, hydraulic and mechanical instruments was estimated to cost Rs. 6 crores. The recommendations of USSR experts on the nomenclature of production output, etc., were awaited.

Optical Instruments Factory

An Optical Instruments Factory is to be set up in Lucknow, in the public sector. Negotiations are being conducted with certain firms by the Government of India for collaboration.

India's annual requirements of optical instruments are estimated at about Rs. 20,000,000 and most of these are imported. The instruments are of vital importance in most branches of industry and also in scientific investigations, technology and defence works.

Gum Factory to be set up at Bhiwani

The construction of a gum factory in the private sector in Bhiwani, Hissar district, at a cost of Rs. 1 crore, in collaboration with an American concern, will be completed by the end of 1962.

This was disclosed by Mr. Baldev Swarup Nehru, District Industries Officer, at a labour conference held at Bhiwani to mark the end of the Five-Year Plan Publicity Week.

The factory will produce 800 tons of gum from Gowara beans in a month.

CAMERA PLANT IN SHILLONG

Proposal Approved

Mr. Manubhai Shah, Minister of Industry, told Mr. N. M. Deh in the Lok Sabha that the Government had "generally approved" a proposal put forward by a private party to set up a plant for the manufacture of cameras with German collaboration in Shillong.

The party was asked to make a formal application for import licences but he had not pursued the matter.

Electric Motor Factory in Kashmir

The Jammu and Kashmir Government has decided to set up a factory to produce electric motors in the State.

The factory will be producing various types of motors ranging from five horse-power to 65 thousand horse-power. It is understood to be a joint venture with the Singhanias at a cost of Rupees one crore in which the State Government will hold 25 per cent interest. An official announcement about the agreement was to be made shortly but for a hitch over the selection of site for the proposed factory. It is stated that while the Singhanias opted for Kathua in Jammu province, the State Government favours some suitable site in the Kashmir Valley.

It is understood the Singhanias have also shown interest in setting up a motorped (scooter) factory in Jammu.

(Contd. from Page 5)

and operating on the lighting circuit. The entirely new design has many advantages: considerably higher longevity of transistors as against electronic tubes, resistances against shocks and rough handling, small and compact design of the sets. Moreover, it is no longer necessary to wait until the recorder has warmed up. By simply pushing a key the recorder is made ready for operation, which makes it possible to use it at any desired moment. Operation is very simple and easy, because there are only 4 elements that have to be taken into consideration: a push key for starting, a knurl for volvme control, a track-shifter and a universal key for controlling the playback, quickly coiling and recoiling the tape and stopping the reels. With a reel diameter of 15 cm. and a tape speed of 9·5 cm./sec. the recorder can supply a 6-hour programme. The track-shifting switch makes it moreover possible to shift to a "second programme."

The Fourth Madras State Small Industrialists Conference

The following resolutions were discussed and passed after duly proposing seconding and supporting by Members present

I. Problems of Small Scale Industries in Madras State

This Fourth Madras State Small Industrialists Conference appreciates that the importance of small scale industries to the national economy as an effective instrument for creating immediate and permanent employment on a large scale at relatively small capital cost, meeting substantial part of the increased demand for consumer goods and simple producer goods, facilitating mobilisation of resources of capital and skill which might otherwise remain inadequately utilised and bringing about integration of the development of these industries with the rural economy on the one hand and large scale industry on the other, has been reflected in the Third Five Year Plan in an increased measure. It is, however, a matter of regret to this conference that while finalising the plan, even the modest request made by the small scale Industries Board to increase the allocation of funds to Rs. 160/- crores from Rs. 107/- crores provided in the Draft Outline against the recommendation of Rs. 223/- crores made by Working Group on Small Scale Industries was not accepted by the Planning Commission and only Rs. 114.8 crores have been provided.

The total allotment for the Third Five Year Plan for Small Sector has been reduced, and as such the Madras quota is proportionated. Taking lessons from the many handicaps that had to be undergone by the Small Scale Industries during the Second Five Year Plan, it is hoped that during the Third Plan, though with reduced quota, the State Government will accelerate the pace and see that there is an alround progress in the growth of the small scale industries. The progress of small scale sector during the Second Plan on an All-India scale though satisfactory, yet more to be achieved. The progress that has been done in Madras is more due to the efforts of the Small Scale Industrialists with the cooperation through Government.

This problem viz. development of small scale industries in Madras State is an urgent one, in view of the fact that it is one of the solutions for relieving the unemployment of educated class, particularly in technical fields. It is more felt in urban areas than in the rural. This aspect of unemployment has been highlighted by the Planning Commission in the draft outline of the Third Plan, and hence deserves special attention.

Though there has been good progress during the Second Five Year Plan, it is not a little due to the individual efforts of a large number of entrepreneurs and others who worked with determination for the success of their ventures. It is also a welcome sign that Madras is forging ahead inspite of several handicaps and difficulties.

It is but proper that we draw the attention of the Governments both Central and State to the various steps that are absolutely necessary and urgent to make the Small Scale Sector reach the required target during the Third Five Year Plan.

The greatest handicap of the Small Scale Industry is the shortage of the required raw materials in sufficient quantities imported and indigenous.

Iron & Steel: The distribution of Iron & Steel to small scale industries in Madras is unsatisfactory. It takes more than 18 to 24 months, or even more, to get the materials. In fact the quota alloted to the State of Madras is low and the industries in Small Scale Sector are half starved.

The non receipt of quota induces the Small Scale Industries to go to the market for purchase of this item at higher price as more than 50% of the Industries utilise this item for running their concerns without break. This fact clearly speaks to the availability of the material in the market.

Imported items like cold rolled strips and wires that are not manufactured in India should be imported in full, and be distributed to Small Scale Industries according to its requirements.

The licensing authority should be permitted to issue licences without reference to the development Wing for the raw materials required by the small scale industries.

Non-Ferrous Metals: The quota allotted to Madras is very low and is sufficient only to feed 15 to 20 per cent of requirements of the entire State. It is urged that the quota is increased sufficiently without any delay. Such preferences should be given to foundries, and drawing units and if there is any surplus then only it should be to other industries.

If the raw material question is analysed, it falls in two classes viz. imported and indigenous. It is a fact that the indigenous material is gradually used more than the imported ones and rightly too. It is not known whether there is a correct data of the raw materials manufactured indigenously and its allotments to each sector.

While granting loans under State Aid to Industries Act, the Government should restrict only to the schedule of the mortgaged deed. Working Capital should be granted liberally. The procedure in giving loans over Rs. 25,000/- is to be simplified, and the limit of State Aid Loans raised to Rs. 2,00.000/- and the interest should also be reduced to 3% up to Rs. 1,00,000 and thereafter be increased in sliding scales. Delay in sanctioning loans should be eliminated. Applications for second loan in deserving cases should be considered favourably.

State Bank of India should give loans on existing building and land. Mandi type loans should also be given by the State Bank of India with some relaxed rules i. e. security should not be insisted but buildings and land may be taken as a mortgage or as a collateral security.

Factories Act should be suitably amended and relaxations allowed in case of factories employing up to ten workers may also be made applicable to factories with 50 workers with power and 100 workers without power.

Outside labour unions should not be recognised in case of disputes in Small Scale Industries.

Government Stores Purchase & Railways: 15% price preference over the large and medium industries should be strictly adhered to and made compulsory. Wherever Indian Standard Insitute specifications are available Government should not purchase branded goods as they do not confirm to specifications.

Test Laboratories: Very often the raw materials are given test certificates that they conform to standards. Test certificates should contain the kind of Industries that can use the raw materials for which reports are given. The Government Analytical Laboratory in Madras State has got necessary equipment and facilities, but it has not been included in the list of Director General of Supplies and Disposals for the purpose of test reports. Steps should be taken to include the same in the lists of the D. G. S. & D and other similar authorities.

Plant, equipment and Machineries are supplied by National Small Industries Corporation Ltd. under Hire Purchase Scheme. The delay in supply which is generally more than a year, gives scope to the suppliers to enhance the prices, with the result that the small industrialists are forced to pay higher prices, and that too at the end of one or two years.

The imposition of Sales Tax on electrical, and non-electrical parts of combined machinery seperately should be given effect to without further delay. Single point sales tax should be withdrawn and multipoint Sales Tax be levied for products manufactured in small scale sector.

Since there is inadequacy of accommodation needed by small entrepreneurs in the Salem District, and in view of its importance due to steel plant etc. this conference urges that Government should give every possible encouragement to the formation of Co-operative Industrial Estates in important places of the District by giving necessary concessions and making available Common Service Facilities.

Moved by: Shri V. V. NATHAN
Small Scale Industries Assn. Madras

Seconded by: Shri A. R. MUTHUSAMI
Salem Dt. Small Industries Assn. Salem

Supported by:
M/s: M. V. Gopal, Modern Agencies, Madras
N. P. Soundappa Chettiar,
(Hosiery Factory owners' Association, Gugai) Salem.

N. P. Iyyavoo, Welfare Company, Nagercoil.
S. T. Dhanaraj, Villupuram & others
Carried Unanimously

II. Supply of Raw Materials and Stores

The Fourth Madras State Small Industrialists Conference feels deeply concerned about the continuance of the serious shortage of certain raw materials and components needed by the small-scale industries, particularly those using non-ferrous metals, steel sheets, rods and wires, tool steel and alloy steels, copra, mutton tallow, graded pig iron, hard foundry coke, dyes, plastic materials like polythylene, etc. It is depressing to find that in the matter of supply of essential raw materials, thoroughly unjustifiable differentiation continues to be made against the Small-Scale Units and favoured treatment is continued to units borne on the records of the Development Wing. It has been an almost unfailing experience of small units that where the import of their raw materials and stores is banned from the indigenous angle, there being no system of quota certificates or essentiality certificates, they do not get them in adequate quantities, in time and at ex-factory prices. Instances are not wanting where, although an item is shown licensable to actual users, the essentiality certificates issued by the State Directorates of Industries are not respected by the Import Control Authorities at the ports, or the Central Office at Delhi. Further, instances have been noticed that while there is an idle capacity in the small-scale sector for the manufacture of components and goods due to inadequate supplies of raw materials, new units are sanctioned and the scarce raw materials continued to be supplied to large-scale existing units instead of asking them to get the finished components from small-scale units and supplying the latter with the required raw materials by curtailing their supply to units which do not fabricate them. It has also been found that there being no standard basis for assessing the requirements of Small Industrial Units by the State Directorates of Industries, the quotas and import licences for the same products issued to units of similar size in same State differ, with the result that there is dissatisfaction in the small sector.

Although these and other defects in the system of allocation of raw materials and stores to the small sector were pointed out and action to remedy them was suggested, in detail in the comprehensive resolution passed by the Second Ordinary General Conference of the Federation of Associations of Small Industries of India held at Madras in July last, which was duly forwarded to Government, it is to be regretted that hardly any appropriate action was taken on it. This Conference, therefore, deems it necessary to reiterate some of them taking due note of the changed circumstances in respect of them.

This Conference deeply regrets to find that the servicing industries such as dry-cleaning, laundrying, hair-dressing, ice-cream manufacturing, dying and printing garage servicing are not being registered under the Small Industries Registration Scheme and that they are not being issued licences for the import of machinery even for replacement purposes and for the import of necessary raw materials. This Conference is grateful to Shri Manubhai Shah, Union Minister for Industry for his assurance given to Small Industrialists at Madras that the servicing Industries mentioned above shall be treated in a similar way as other Industries and the registration certificates of such Industries as Small Scale Units shall be issued. The Conference; therefore, strongly urges that the Servicing Industries be put on par with manufacturing industries for the purposes of registration as also of the issue of licences for the import of machinery and raw materials.

This Conference urges very strongly that the differentiation made between the industrial units borne on the list of Development Wing of the Commerce and Industry Ministry of the Government of India and others, in the matter of allotment of scarce raw materials, should be immediately done away with. So far as the assessment of the requirements of the units in both the sectors are concerned, the basis adopted should be the same.

As for the distribution of non-ferrous metals, this Conference is of the view that the Non-Ferrous Metals Control Order 1958, which governs the distribu'ion of virgin copper and zinc, is throughly defective and has worked to the advantage of large-scale units and to the detriment of the Small-Scale Units. It is absolutely necessary that the Control is extended to the distribution of the sheets and circles manufactured by the rollers.

As a matter of fact, not only in the case of non-ferrous rollers, who manufacture sheets and circles for sale, but in the case of all manufacturers who produce goods used in the manufacture of other articles should be statutorily directed to release materials in favour of the units on the basis of the recommendation of the Development Wing, or the State Directorates of Industries, and be made to accept the responsibility for the malpractices of their distributing Agents.

The Conference is also of the opinion that virgin copper and zinc should be allotted to only such parties who have got their own arrangements of processing, i. e., foundry and rolling mill, etc. As the material allotted to parties who have got such arrangements will ultimately go in the open market, or to the processing units indirectly.

So far as zinc is concerned, this Conference wishes to emphasise that its use is not restricted to the manufacture of alloys, but has other industrial uses like pigments and chemicals and galvanizing, etc. The requirements of Zinc, therefore, should be properly assessed according to its uses item-wise, and the quota should also be allotted accordingly.

The Conference understands that it is proposed to augment the imports of copper to relieve shortages. It appeals to the Government that in allotting it to different sectors, the very much starved small-scale units whose valuable machinery has been lying idle should be given a preferential treatment.

As regards steel, the Conference emphatically demands that the steel with subsidised price should be preferentially allotted to the small-scale sector. In regard to varieties of steel, the distribution of which is liberalised the indents of the small-scale units should be planned in full on the producers without being subjected to unnecessary cuts on the plea that their assessed capacity on record is less.

In order to reduce the demand for virgin copper and in order to give a fillip to the growth of various industries using stainless steel as material, this Conference is of the emphatic view that Government should encourage the setting up units for the manufacture of stainless steel without delay.

As regards the general procedure of issuing licences, in view of the delay involved, it is urged that small-scale units be permitted to build a buffer stock equivalent to their yearly needs, or alternately in computing the import requirements, the stock should not be construed to include the issued licences on hand against which shipments have not been made. Further, where the Directors of Industries are satisfied that a small unit has been unable to get its raw materials, stores or components from an indigenous source, at a reasonable price in adequate quantities and within reasonable periods, the import licences by the J. C. C. I. be issued on the basis of essentiality certificates issued to them by the Director of Industries.

The requirements of raw materials mentioned in the E. C. by the State Director of Industries should be respected in full by the J. C. C. I. For the purposes of the issue of licences, there should be complete decentralisation and for no items it should be necessary for the J. C. C. I. to forward them to the C. C. I. & E.

This Conference further suggests that licence should be issued on the basis of E. C. as per original assessment and not on the basis of 20% increase on the reduced assessment due to limited consumption consequent on the late issue of licences.

It has been observed that some of the Directors of industries do not endorse the Essentiality Certificate being valid for two periods thereby causing delay in the issue of licences due to back references.

In order to help the Directors of Industries in their work, Advisory Committees be constituted at the State level, particularly to consider complaints received about the Essentiality Certificates. To expedite the issue of Essentiality Certificates it is desirable a quarterly meeting of the Representatives of Associations and the Officers of the Industries Department is held to enable the Director to take "on the spot decisions". Further as is done in respect of the import licences issued the State Directorates, should publish periodically the list of parties to whom Essentiality Certificates have been granted, giving particulars about the quantum and value recommended.

This Conference urges that the State Governments and the Central Government issue instructions to manufacturers of scarce raw materials and components, indigenously made, to make their products available to small-scale industries either directly or through their first distributors, on the basis of quantities recommended by the respective State Directors of Industries and Commerce, against applications preferred by small-scale industries, which will reduce the manufacturing cost of small-scale industrial products.

In order to ensure that the distribution of imported scarce raw material is equitable among the small-scale units, this Conference earnestly urges that procedure for the calculation of quotas for the purposes of the issue of Essentiality Certificates by the State Directorate of Industries should be generally prescribed.

This Conference urges the Central Government to issue instructions to Controller of Movements to give top priority for wagon movements for scarce raw materials like foundry coke, coal, etc., against application for wagon movements by small-scale industries.

Whenever the small-scale units are capable of meeting the requirements of large-scale units in respect of components, large-scale units should not be permitted to embark on their production.

The problems relating to the supply of raw materials were examined by the Raw Materials Sub-Committee of the Small Scale Industries Board. The Conference generally approves of its Report and requests Government to take immediate steps to implement its recommendation.

This Conference wishes to focus the attention of all the Departments concerned both Central and State regarding the delayed and irregular supplies of steam coal and coke to all the Industries that need it as also to the Rice Mills and Oil Mills. Since this fuel is one of the important items to run Industries, efforts should be made without delay by the Departments concerned to see that supplies are given in full quantities and in time.

This Conference wishes to draw the attention of the State Government to some difficulties that are being experienced by Small Scale Industries in Kanyakumari District since the transfer of their area to Madras State from Kerala State.

This Conference reiterates that the supply of power (Electrical) to most of the existing industries and to the new industries remains unsatisfactory as before with the result that expansion is not possible in the existing industries and only low production possible in the new industries. The production of "enormous power" by all the systems has in no way improved the supply regarding Small Scale Sector.

It is painful that even after the completion of the Second Five Year Plan, the State Electricity System is not giving its full co-operation in all aspects to the Small Scale Sector particularly in the Districts of Salem, Coimbatore etc.

This Conference is of the view that since the handloom sector outside the co-operative field also, falls within the ambit of Small Scale Industries regular supplies of raw materials like yarn, dyestuffs and art silk yarn and handloom accessories be ensured to make the units aim at maximum production.

Moved by: Shri M. L. Goel,
Small Scale Industries Assn.
Madras.

Seconded by: Shri A. R. Muthuswami,
Salem District Small Scale
Industries Assn. Salem, and

Supported by: M/s. P. Venkatachalapathy,
Kumarapalayam Small Industries Assn., Kumarapalayalam;
S. K. Venkataraman, Essarkay Induslries, Shencottah;
V. K. Palaniappan, Rice & Oil Mill Owners Association., Salem District;
B. Kannan, E. S. Haji & Co., Madras and others,

Passed unanimously.

III Credit Facilities

The Fourth Madras State Small Industrialists' Conference views with anxious concern the unpreparedness of the Commercial Banks to liberalise their terms of advances to small industrial units both for working and medium term capital and the unwillingness of several State Finance Corporations to reduce the margin to 25%, to spread over the repayment generally to a period of 15 years and in exceptional cases to 20 years, to revise the system of working out instalments of repayment so that the burden is lighter in the initial period of payment of interest so that it would not have to be paid either out of the capital or loaned funds. It should be noted that the pattern of small industries is continuously

(Contd. on page 27)

WELCOME ADDRESS

By **SHRI A. R. MUTHUSWAMI,** *Chairman, Reception Committee*

at The Fourth Madras State Small Industrialists Conference on 30th & 31st December 1961

AT SALEM

Revered Minister for Industries Honourable Shri R. Venkataraman, Shri A. R. Bhat, Shri R. Ganesan Distingushed guests & brother Industrialists:

It gives me great pleasure even beyond words to extend to you all on behalf of the Reception Committee of the Fourth Madras State Small Industrialists Conference and on behalf of the Salem District Small Industries Association and on my own personal behalf a cordial and warm welcome to this 4th Madras State Small Industrialists Conference.

I need hardly say that it is an unique privilege and great honour bestowed on us by your visit to this historic city of Salem. This is the first time that a big State Conference of this nature is held in a mofussil city. The holding of this Conference and the visit of all distinguished guests and delegates to this place are a landmark and turning point in the history of Salem. We see in the firmament of economic and industrial future the rising of the morning star and we are sure a New Era is to dawn in this District.

Ours is a district of no mean reputation and importance and so it rightly deserves the honour. Its performance in the past in the National Movement has been splendid. It has given birth to many great and illustrious men, to quote a few names Late Sri Vijayaraghavachariar, Late Dr. Varadarajulu Naidu and amongst those living Shri C. Rajagopalachariar and Dr. P. Subbarayan. In the cultural field, I can quote the names of Late Shri Varadhananjiah Pillai, a very great Tamil Literate and the living Poet-Laureate Namakkal Shri Ramalingam Pillai. Its economic potentialities are unequalled. The mineral deposits running through the length and breadth of the district, of iron ore and bauxite ore are resources which if unearthed will bring wealth and prosperity not to this district alone but to the whole country. The District abounds in man-power and let me be permitted to say electric energy is also available in abundance that a large extent already brought for utilisation and further more extent of it being tapped by the new Hydro-Electric Tunnel Project of the Government. So who will deny the Himalayan potentiality of this district in all respects? Though Mother Earth has under her bosom, riches in exuberence for centuries, it had not been unearthed or brought out for meeting the needs of the humanity and for blossoming on them prosperity and happiness. It was only after the advent of National Government and formation of able ministries at the Centre and in the Madras State huge projects of Hydro-Electric Schemes, starting and running of mining industries, and installation of big plants like Madras Aluminium Limited, Seshasayee's Paper and Boards Limited have begun to give benefits to the district. We will also be having Neiveli Salem Lignite Steel Plant in Salem and another big plant is under contemplation to be installed somewhere near Harur for the utilisation of iron raw material produced. The credit for all these development schemes goes to the most honoured guest Hon. Shri R. VENKATA RAMAN who has come all the way from Madras amidst his multifarious national and international responsibilities that he has to shoulder both as Minister for Industries and as one of the most important delegates to the United Nations' Organisation.

Coming to Small Scale mining Industries, let me say this district has got a very great future. By the advent of some of big and large Mining industries the public in sector, there will be re-flooding of raw materials which can be in turn utilised for small industries for manufacture of consumer goods and spares required for light engineering industries. There will be chances for starting ancillary industries too.

We have very fervent hope that this Conference will awaken an industrial conciousness in the minds of the people of this district particularly, and in the State in general. In Salem there have been very few small industries units but it has only been noted as centre of handloom industry. There are nearly two lakhs of looms and very major part of the population occupied in handloom industry. We hope the climate caused by this Conference will bring forth a very large number of enterpreneurs and will bring into existence innumerable number of small industrial units. I appeal to Hon. Shri R. VENKATARAMAN Industries Minister, Shri R. Ganesan the President of the deliberations, Shri A.R. BHAT, the President of the Federation of Small Industries Associations of India and other ministers and delegates to flood the atmosphere this moment and in the two days to follow with illumining and enlightening thoughts and make the District and the State to tread the path of a silent industrial revolution and make small industrialists to play their vital role in that industrial revolution.

We have invited the delegates from various districts to come and participate, open their hearts and express their problems, so that they can be heard by most respected Officers connected with the Department of Industries and Commerce and other Departments of State and Central Governments and thus find out ways and means for the redress of the same and for the onward march of small industry.

Let me again say, words cannot express the gratitude of mine for Hon. Shri R. VENKATARAMAN, Shri A. R. BHAT and Shri R. GANESAN and others for having accepted our invitation and thus honoured us. I, once again, extend my heartfelt and warm welcome on behalf of the 4th Madras State Small Industrialists Conference Reception Committee and on behalf of the Salem District Small Industries Association and on my personal behalf, to one and all of you, to this august conference and make this a great and grand success.

Now I request Shri R. GANESAN, President, Small Scale Industries Association, Madras, who has sound knowledge in the subject and who is connected with various Boards and Committees of the Industries and Commerce Department to preside over the deliberations. JAI HIND!

THE 4th MADRAS STATE SMALL INDUSTRIALISTS CONFERENCE RECEPTION COMMITTEE

	OFFICE BEARERS
Chairman :	Shri A. R. MUTHUSWAMI
Vice-Chairmen :	,, S. A. KADAR, B. S. PERUMAL
General Secretary :	,, V. V. NATHAN
Joint-Secretaries :	,, S. SRINIVASAN, M. L. GOEL,
	,, M. S. VISHNUKANTHAM
Treasurer :	,, S. A. PERUMAL

PRESIDENTIAL ADDRESS

by Shri R. GANESAN, ***President, Small Scale Industries Association, Madras,***

at The Fourth Madras State Small Industrialists Conference on 30th and 31st December 1961

AT SALEM

Honourable Shri Venkataraman, Distinguished guests, Brother Delegates and Friends,

It gives me great pleasure to have the privilege of extending to you a hearty welcome on my behalf and on behalf of the Small Scale Industries Association, Madras, as also the Reception Committee of the Fourth Madras State Small Industrialists' Conference to this historic City for the Fourth State Conference of the Small Industrialists. The presence of a large number of Delegates and Reception Committee Members from all over our State from far and near places is a compelling evidence of the importance of this Conference and the keen interest, we, the Small Scale Industrialists evince in such congregations.

This is the Fourth State Conference, and the previous ones had been held at Madras. The need for dispersal of industries during the Third and Fourth Five Year Plans and also the importance of ruralisation of industries has encouraged us to have this Conference in a mofussil town like Salem and we propose to have at least two Conferences per year in mofussil towns in future, to highlight the imperative need to start industries in the rural areas and less advanced towns and to give a fillip to the entrepreneurs residing in or around those areas.

It is quite appropriate that Shri R. Venkataraman, our popular Minister of Industries, is inaugurating this Conference.

It is my pleasant duty to inform my friends at the outset that the concept of the development of Small Scale Sector in India was first thought of and put into execution by Shri T. T. Krishnamachari, the former Union Minister of Finance. It is known throughout the country the great strides our country has made during and after his period of Ministership in the Union Ministry of Industry and Commerce. The great planning mind which created the three big Steel Projects in the country in the Public Sector did not forget about the Small Scale Industry and its importance and need for its development. Such initial encouragement is responsible to a large extent for the present tempo of this Sector.

The present Union Minister of Industry, Shri Manubhai Shah has got into our hearts, because of his consistent and enthusiastic support and assistance he gave to the Small Scale Sector all over the country. Had it not been for his determined efforts, I feel, the Small Scale Sector would not have made such phenomenal growth during the Second Five Year Plan.

About our Shri Venkataraman, it is a little difficult for me to express any feelings in words and about his alert and ever enthusiastic mind in helping to foster industries, large, medium and small. An acknowledged authority in labour matters, it is during his regime that the labour disputes have come to a minimum and both the management and labour have understood their relative duties and obligations and have set their hearts in increasing production, which is of vital necessity today. This alround improvement is due to the generous assistance given by Shri Kamaraj, our popular Chief Minister Suffice to say, the affection both the Chief Minister Shri Kamaraj and the Minister of Industsies Shri Venkataraman have for the Small Scale Sector has paved the way for this section to come up next to Punjab during the Second Five Year Plan. It is almost certain that during the Third Five Year Plan our phase of progress will be more pronounced and phenomenal.

Conferences and Associations

All of us are agreed on the usefulness of periodical Conferences and our Association has been successful in having conducted so far three Conferences. But this Conference is more significant as this is the first time that a State Conference is held in Salem, a mofussil but important town. The object in having such Conferences in places other than Madras is to focus the attention of the District Associations and entrepreneurs from rural areas and small towns, so that they can start industries in places where it is possible to provide power, road and other amenities. The role of the Industries Department becomes more urgent and necessary in small towns and rural areas as enlightenment on very many points to the entrepreneurs can be given only by them, or by genuine Associations. It is the time that District State Associations realise their duties and responsibilities to the small industrialists by doing constant service to them in minimising their difficulties and putting them in the proper way, as otherwise it is likely that the small industrialists in rural areas might feel depressed by the slow progress and the harassment by some of the officials. The Third Five Year Plan has laid special emphasis on the ruralisation of industries, and hence the District Associations should try to solve the many problems of the small scale sector and through the State Associations and Federation, focus the attention of the Government to the needs of the small industrialists from rural areas.

Federation of Associations of Small Industries

The Federation of Associations of Small Industries commenced work in September 1959 largely due to the efforts and encouragement of Shri Manubhai Shah and Shri A. R. Bhat, who is the President of the Federation from the commencement. The object of the federation is to create a forum for the representation of the problems of the Small Scale Industrial Units to Government and also to instil in the minds of the Small Industrialists the need for developing State and District Associations. The Federation owes its existence and growth to Shri A. R. Bhat whose indefatigable work in this connection has made the Federation quite representative as is evidenced from the fact that there are about 75 Associations as Members besides about 200 Individual Members.

Shri Bhat, a patriot, a Sathyagrahi, a politician and a Journalist has taken the cause of Small Scale Sector in the missionary zeal devoting his full time attention to its proper development. The presence of Shri Bhat in our midst today with his mature and expert knowledge regarding problems of Small Scale Sector will be invaluable to us in guiding the deliberations.

Central Small Industries' Organisation and other Governmental Agencies

The Central Small Industries Organisation which can be termed as an apex organisation of the small scale sector, directly run by Central Small Scale Industries Board, is giving

very useful service to the small scale sector through its various allied organisations like NSIC, SISI, Extension Centres etc. It is but pertinent to place the views of Shri Manubhai Shah, Union Minister of Industries that to utilise the vast resources of our men-power is neither practicable nor necessary to send them to study in technical colleges. The net work of Training Centres by the Small Scale Industries Organisation, can give them informal apprenticeship to the various industries. It is time that we realise and digest that it is necessary and urgent that small scale industries should take up fields requiring higher technological skill like transistor, electrical appliances, sewing machines etc. and not being satisfied and complacent with the traditional handicrafts and methods of production. In fact the basic idea of using the raw materials to the advantage in making them into finished products at eight or ten times the value, should be clearly borne in mind when new industries are started or expansion of existing industries aimed at. The Small scale sector should take advantage of the Service Centres and technological schools and see that atleast 10,000 members are trained every year in our State. The SISI should exercise their mind in sampling out the list of industries on labour intensive type of production. During the Second Five Year Plan period some of the small scale units have expanded by adopting scientific and technological methods, and if proper guidance is given to them, there is no doubt that their expansion will be phenomenal during the Third Five Year Plan period.

All State Associations have to co-operate and assist the various organisations of the Government for imparting technical training, so that there will always be a healthy contact between the non-official organisations and the official agencies. To make Associations really useful and serviceable to their members and also act as liaison between the Governmental agencies, the State and the Central Government should come generally with financial assistance to genuine Associations to carry their work with missionary zeal and enthusiasm.

A journal, preferably a monthly just like "Smalindustry." a monthly published by the Small Scale Industries Association, Madras is always a welcome factor to all the small industrialists. It is the duty of the District Associations to see that such journals are read by all the members and that proper encouragement. finance and otherwise, is given to such journals.

Third Five Year Plan

The Third Five Year Plan gives us ample scope for development of existing units and creation of new units inspite of the fact that the allocation has been reduced from 223 crores to 107 crores for the period. As mentioned already. it is time for the small scale sector to develop only selective industries, as such industries alone can survive the competition of the large scale sector on the one side, and internal competition among themselves on the other. During the Second Five Year Plan period, thanks to the alround drive by the Small Scale Industries Board ably assisted by the State Directorates—and the protection given by import control, though the small scale sector has improved in a lop-sided manner, to be frank, the growth is due in many cases not to the scientific methods or skill, but existence of a seller's market. Not often, we come across the criticism that some of the products manufactured by small scale sector do not conform to the standard. It is fairly certain that during the Third Five Year Plan period the buyer's market will operate, with the result that only industries with efficiency and quality conscious can thrive. To see that small scale sector stabilises itself in the selective industries, the Government should see that they are given the same privileges, as scheduled industries in point of supply of raw materials. Since more and more production of quality products are essential during this period by large, medium and small scale sectors, it is advantageous and advisable of proper co-ordination between the three sectors is maintained, the Government acting as a liaison among them. Many items can be safely left to the small scale sector, which can be manufactured by them to the medium and large scale sectors on the guarantee that the quality is as per the specified standards, and also adhere to the delivery schedule. Our country being mainly agricultural, our aim should be to foster agro-industries in small towns and rural areas, the required facilities and know-how to be given by the S. I. S. I. and State Government.

While agreeing with the main objects of the Third Five Year Plan for implementing the programme of small industries and establishment of Agro Industries, sufficient attention should be paid to improve the productivity of the worker thereby helping the reduction in the cost of production and providing facilities for the improvement of skill and technical advice by the Services Institutes and Extension Centres. The promotion of new large and small scale industries in the rural areas will certainly go a long way in inducing the entrepreneurs and craftsmen in the small towns and rural areas to establish smaller units for manufacturing components and other requisites for such big industries. During the Second Plan period, the establishment of Industrial Estates was done directly by the Government and that too only in important towns. In the Third Plan Period, it is the duty of the Government to take direct responsibility of Industrial Estates in rural areas and permit the creation of Industrial Estates in urban areas to the initiative of private enterprise through co-operative societies or joint stock companies. The resources of the Government in men and money should be spent towards developing the rural Industrial Estates so that by the end of the Third Plan period they may be at par with the urban ones in point of production, efficiency, etc.

It should also be borne in mind by the Government that instead of concentrating in a few big industries, efforts are evenly spread all over the country for harnessing a very large number of workers—skilled, unskilled, technical, non-technical—to develop the overall growth as a whole thereby giving greater self-reliance to these workers.

Common Production Programme

It is necessary that the relationship between the large and small scale sector is better integrated and co-ordinated during this Plan Period by adopting the Common Production Programme as envisaged by the "Working Group on Small Scale Industries". The observation of the Group is better mentioned in their own words. "In the First Five Year Plan itself, the principle of Common Production Programme was recommended as it was considered to be an important plank on which production of a large variety of stores could be encouraged on small scale basis, so that this sector could gain a solid footing in industrial economy. The concept of Common Production Programme is related to those products which are or can be produced by both large and small scale establishments. In such cases, production is to be progressively developed and reserved for small scale industries by non expansion of existing capacities in large scale sector, imposition of a cess on products of large industry and by providing raw materials, equipment and technical as well as financial assistance to the small scale units. In addition to the Common Production Programme laid down for bicycles, sewing machines and storage batteries, further expansion of capacity in respect of a few more items such as certain varieties of agricultural implements, tanning and leather industry, Radio receivers, bifurcated

rivets, furniture, small hand tools, sports goods and pencils has been restricted in the large scale sector. There are, however, numerous other articles and stores for which Common Production Programme can be fixed and the programme in the next Plan should put considerable stress on this. In respect of items, where sufficient capacity exists in the small scale sector, it may be worthwhile reserving exclusively the production of such items in the small scale sector." These valuable suggestions of the working Group have to be followed up in the Third Plan period which, while dealing with the approach to the development of small scale industries states, "It was recognised that the general principles underlying the policy of Common Production Programme should be applied but only after detailed study and investigation of the problems of particular industries."

What may be done

It is often found that the same products are manufactured by small, medium and large scale units, though small scale units have specialised in the production of such products. The production of same products by all these sectors, is not generally conducive to the growth of small scale units, and hence an overall vigilance and care is needed. In view of the larger resources and better manufacturing capacity, it is possible that the large scale units might indirectly squeeze out the existence of small scale units. Hence it is desirable to have a guiding principle that where the total demand in the country is limited in the case of a product, which is being exclusively or substantially manufactured by small scale units, facilities should be given to increase production by these units. This is applicable to most of the consumer goods. Large or medium scale units should not be permitted to manufacture the intermediate products, if the end product is being manufactured in the small scale sector on a scale sufficient to satisfy the country's demand. Where there is need for production of products by both the sectors, an effective and co-ordinated and workable production programme is to be chalked out to avoid undue competition between the sectors.

Let me not be misunderstood when I voice forth the above feelings. I do not want the small scale sector to have "sheltered market" all the time. Now both sectors—large and small—are working under conditions of "sheltered market" due to rigid import control, apart from the specific tariff protection granted to a few of them. The only idea is to create a fair field of competition, whereby the small scale sector can play an useful and permanent role in the economy of the country, Since small scale units can develop without licences, there is fair competition among small units with the result that a number of them are adopting modern methods of production and management for bringing down the price to the benefit of the consumer, and also increasing the production.

Ancillary Industries

One of the main objectives of the programme of small industries during the Third Plan period is the promotion of development of ancillaries by small scale industries. This useful and practicable idea has been getting momentum to some extent, thanks to the sustained efforts made by the Central Small Industries Organisation and the Ancillary Industries Sub-Committee of the Small Scale Industries Board. More than the Government, the development in this line is dependent on the attitude, the large scale units take in this respect. It is gladdening that some of the big industries are even now giving assistance to small scale units for manufacturing the components they need. It is not sufficient that the large scale units purchase their requirements from small scale units, but they should see that financial assistance in a planned manner is given, and their technicians impart the technical know-how so that the components that are required will satisfy their need in point of precision, efficiency and quantity.

But this policy should not be treated as one way traffic by the small scale units. It should be clearly realised that the small scale units should make themselves capable of supplying the components, stores or services of the required quality within the prescribed time at a price which the large scale units consider economical. The question of ancillaries should be conceived in a spirit of mutual aid. Instead of linking their fortunes with large scale units, it is desirable to develop a pattern of ancillary industries, which would supply components to more than one large scale unit and also manufacture some articles for which there would be an independent market. This policy is bound to lead to a healthy growth of small units, as ancillaries. The ruralisation of small industries can be worked with success, if large scale units are encouraged to establish their factories in rural areas, so that there would be sufficient fillip for growth of small scale units in areas nearby. It is also desirable that the Service Institutes and representatives of large and small scale sectors make out a list of the requirements of the large scale sector that could be manufactured by the small units so that the smaller units can have a planned programme for manufacturing such items.

Productivity

The encouragement given by various agencies of the Government to small scale sector during the II Plan period, the existence of the seller's market and the awakening among many technical persons to start industries, have contributed to the phenomenal growth of the sector during this period. Bnt this has been to a larger extent achieved in an unplanned way without minding the cost of production, or about the quality. The concept of industries, whether big or small, should be to develop the industry for generations, just as in advanced countries like West Germany and Japan. To achieve this goal, efficiency, adoption of scientific and technical skill in manufacture, planning and systematic marketing methods, are essential. If production is increased with proportionate higher expenses, the industry cannot thrive in a buyer's market. Hence it is imperative that productivity methods are studied and understood by all small scale units to bring down the cost of production and increase efficiency and precision. Adoption of methods to increase productivity does not involve extra cost, but needs harder and intelligent work to be able to grasp the ideas of efficient production, cost control, quality control and the like.

The National Productivity Council is doing very good service in matters concerning productivity. In view of the expenses involved and also the higher standard of technical knowledge needed to understand the methods, the small scale sector is not getting much service from this Council. The work of the Council is decentralised, as some of the States, like Madras, are having more than three or four circle Councils. It is not enough that efforts are taken by the Council, to teach the small scale sector about the productivity methods. The problems can be solved only by the creation of a separate Wing in the Council for the benefit of small scale sector alone. It is also advisable that instruction is given in the regional language besides English, as a large number of persons in the small scale units are not sufficiently well-versed in English, though in technical skill they have a high standard. The Circle Councils should send one or two experts to some of the industries in their area and instruct

the management and the labour to adopt productivity methods. Classes can be conducted in the evenings for not more than two hours a day to impart all that is necessary to increase productivity. It is not necessary to send teams to foreign countries for study, as only a few units have persons who are competent to benefit sufficiently from such tours. Moreover a few alone can afford the time for such tours.

Standards

There is no need for any argument that the small scale sector in future should strive its best to manufacture only products of quality. To assess the quality, some standards are necessary, Indian Standards Institution has prescribed the necessary standards and has got competent and efficient men to handle this quality control. But this Institution is able to cater to large and medium sectors. It is not their fault that it is not possible for them to be of much service to small scale sector, but the latter cannot afford the expenses nor understand the high technical instruction imparted. It is desirable that each State Government promotes an Organisation to assess the standards of products and evaluate specifications for each product If the Indian Standard Institution can have a separate Wing for small scale sector, this useful purpose will be served, but if it is not possible, the State Government should take the initiative and start Organisations under their control.

Export Promotion — Marketing

The Planning Commission has envisaged that during the Third Plan period both the large and small scale sectors can expand their production in some items to be able to export them to other countries, Export promotion is one of the vital needs at present, as this is the only means by which sufficient foreign exchange can be earned. Expansion of many useful industries is not possible now due to lack of sufficient foreign exchange. The Export Promotion Councils for some specialised items are doing useful service. An Export House is necessary for Madras, more so for the small scaie sector, as it is difficicult to have our products exported through Bombay and Calutta Councils. Only a few small scale units are now manufacturing products which could be exported in decent quantities. Since their resources are slender, it will not be possible for them to have any market surveys or send their representatives to places where their goods can be exploited. Our foreign Commercial Secretaries do not have the imagination to visualise our needs, and are content to act as post offices The least said about the State Trading Corporation in this matter the better. Since no real assistance is available either from Commercial Secretaries or from the State Trading Corporation, it is advisable that an Export House either Co-operative or Joint Stock Company is started with sufficient subsidy from Government — Central and State — so that the House can send their representatives to different places for collecting the necessary data regarding quality, pattern and other details for exportable products to enable the small scale units to manufacture such items in a planned manner.

It is true that sufficient incentives are provided to encourage Export Promotion, but the delay in getting the benefits of such concessions make the small scale units quite unenthusiastic about Export Promotion.

Provided the facilities offered are given in time, there is no doubt that small scale sector can rise up to the occasion. I shall be pardoned for a word of advice to my co-industrialists. Often we hear from foreign countries that the quality of our products both from large and small sectors is not upto the standard, and they do not conform to the samples. In very many cases the accusation is true, and as such the small scale units should set an example by exporting only quality products at competitive prices compared to the products of other countries, as the privilege of a 'sheltered market' we enjoy here cannot be expected at foreign places. The quality, get-up, and the price factor are the deciding factors and rightly so. The only course left to us is either to send such products or not to attempt at export at all. In no way, a small scale industrialist should be even indirectly responsible for lowering his country's reputation. Our Governments — both Central and State — should study the methods adopted by advanced foreign countries for exploitation of their goods in foreign markets. Besides powerful organisations, the Governments of those countries are keenly interested in their export promotion, and unless our Governments copy this method and improve on them, our chances of making sizable exports are remote.

Industrial Estates

The Third Plan has an ambitious programme for the promotion of Industrial Estates. The Industrial Estates during the Second Plan period has acquitted themselves very creditably, though they have been given special facilities by the Central and State Governments in point of raw materials. For a less-advanced country like ours, the development of small scale sector through Industrial Estates is important and urgent. Our progress in Industrial Estates has been commended well by delegates of leading countries like Japan. In fact the ECAFE delegates who attended the Seminar at Madras recently were full of praise for our Industrial Estates in point of lay out, production etc. During all these years, the Government directly undertook the responsibility and created these Estates in important towns. In future it should be left to private efforts either to Co-operatives or Joint Stock Companies. The Government should make it a policy to create Estates only in rural areas after assessing the talents available in that area. It is enough if rural Estates are small in extent and small in number of units. Large number of Estates can thus be created which will certainly give added incentive to the technical persons with or without education to start industries. The units in the Rural Estates should be allowed to have them under the "own your own seheme" with no repayment of capital for the teething period of the first three years. If urban Estates are created, only selective industries should be permitted and that too industries which could manufacture products more for export promotion.

The two most important items, which the small scale units are concerned are (1) availability of raw materials and stores, and (2) Credit facilities. The resolutions on the respective subjects have dealt them in sufficient detail, and hence I do not dwell at length about these two very important and urgent matters concerning the development and existence of the small scale sector.

Raw Materials

Though the Governments — Central and State — have simplified the procedure during the last few years, it is still the bugbear of most units due to different interpretation of rules, eccentricities of some of the officials, lack of sufficient knowledge in clerical procedure of the small industrialists, and the non-availability of correct data regarding the capacity of industries as also their production programme, which factors contribute to the non-availability of the required allotted raw materials.

The Raw Materials Sub Committee of the Small Scale Industries Board has thoroughly gone into the difficulties of small scale sector and their recommendations have been endorsed by the Board. It is hoped that implementation of these suggestions will be done at an early date

The scarce items in Iron & Steel and non-ferrous metals continue to be in short supply, with the result that many units have to work for shorter hours. As suggested to the Small Scale Industries Board, the Government should allow full quota for small units both by import and barter for these items.

It is desirable to fix a time target for each application at each office, so that the industrialists might know at the end of the stipulated period their position. The State Directorates are to publish a monthly list of quantities allowed under each items & other relevant details just like the weekly bulletin of imports issued by the Union Ministry of Industry and Commerce. A conference comprising of representatives of small scale units, Industries & Commerce Department, Iron & Steel Directorate, Office of the Joint Chief Controller of Imports & Exports, should be convened at the instance of the Director of Industries & Commerce atleast once in three months to go through all the applications and discuss concerned subjects. The duty of the small scale industrialists is to see that the applications are drafted correctly and precisely and preferably sent through Associations to enable the latter to take up the matter with the concerned authorities as and when necessary. The District as well as State Associations should serve all the members by giving them all the needed information and pilot their applications and requests in the proper manner to enable the Departments concerned to look into them and take a decision without delay. The Assistant Directors should be asked to visit all places in their area to take details of all the small industries irrespective of whether they need controlled commodities or not. The registration which is now being done is likely to give out a list of small industries interested in the manufacture of products, the raw materials of which are either imported or controlled. Unless the Department takes interest, it is unlikely that the small scale units will be enthusiastic in getting themselves registered, the industrialists, who do not need imported or controlled items.

Credit Facilities

The growth of any industry—big or small—depends on the credit facilities they are able to get from financial institutions. Due to phenomenal development of industry during the last five years, the banks have been put to the test. Big Commercial banks have not taken advantage of the facilities in full that are being offered by the Refinance Corporation, and other institutions. The banks have not refashioned their methods commensurate with the fast pace at which industry is growing. It is true that the younger elements in the banks are alive to the situation, but there should be no time lag for credit facilities. The State Aid to Industries Act is quite useful as regards interest and repayment, but the Act should be amended in such a way as to be quite elastic to aid the development of rapid growth of the Industries. In this connection the recent Act passed by the Rajasthan Government is worthy of emulation by other States. It is desirable that the State Financial Corporations extend the period of repayment and unless Government gives some subsidy it may not be possible for them to reduce the rate of interest. The repayments of the medium and long term loans should commence only after three years from the commencement of the industry, or after [illegible] for the existing ones under expansion to give them sufficient time for necessary adjustments in their working. Since it is difficult for the commercial banks or even State Bank to advance long term loans. it is quite appropriate that Life Insurance Corporation of India is asked to allow a fixed percentage of their investments towards long term loan for the small scale sector. The L I C is noted for its delayed dealings in point of loans. It is advisable the State Government takes the loan, gives the guarantee, and distributes the loan to the small scale sector, as only then the facility required by the small industrialists will be available in time. Just as Joint Stock Companies enjoy Income-tax holiday for the first five years, proprietory firms also should be given the same concession.

The State Bank of India is giving assistance to many small scale units in the State for working capital. The Credit Guarantee Scheme of the Reserve Bank of India for reducing the risk of the banks making advances to small units, is being worked out in a large measure by the State Bank. It could not be said of the other commercial banks. The Reserve Bank should collect data from July 1960 (date of commencement of the scheme) to the end of 1962 regarding the amounts lent to small scale units by commercial banks under this scheme. In view of the fact that local small and sound banks continue to give credit facilities to small scale units, the Reserve Bank should see that such banks are included in their Guarantee Scheme. If the policy of the Reserve Bank is to amalgamate the small banks with bigger banks, I am afraid the small scale sector might be handicapped to a large extent as they will have to be at the mercy of the big commercial banks.

Our Duty

The Third Plan period gives us immense opportunities for development. It is proper that we take time by the forelock and make progress at a rapid pace. Let us realise that the future is for the fittest and hence we should adopt scientific and modern methods of production as to compete with large scale sector in some cases, and also be successful in exporting our products. Either here or elsewhere, our motto should be to satisfy the customer in point of price and quality. Due to developing economy, we did not bestow as much attention to this aspect as is necessary. Time has come when this will be the deciding factor for our survival. Also we should develop strength of character and courage to fight for our genuine difficulties with the parties concerned. Let us also understand and realise the importance of our District and State Associations and Federation and the need to strengthen them. Let us resolve to become members of the Associations and build them intensively as in foreign advanced countries. Their strength is our strength, and in such a fast developing economy, only representations through organisations can bear fruit. By availing facilities of productivity methods, credit facilities etc. let us improve the technique of our production and management. Let us in spirit also follow our motto that "work is worship". JAI HIND!

(Contd. from page 14)

changing which demands that the lending institutions would also reorient their outlook in regard to security. Further small industries are bound to expand at rapid strides, during the Third Five Year Plan with the result that they would require more finance for raw materials, plant and equipment etc. Financial resource are also needed for the technical 'know-how' and other allied matters. Therefore, the Commercial Banks, State Bank and Governmental Institutions should also advance a reasonable amount on easy instalment basis for repayment, for the said purpose. Then again it is necessary to examine how the work of examination of titles to properties and preparation of documents by the State Financial Corporations could be expedited and if found necessary legislative amendments be made in the statute governing their business.

Although it is now over a year that the credit guarantee scheme has been introduced and the funds of the Refinance Corporation have also been available for the grant of medium term loans, the small units have hardly benefitted therefrom. The steady disappearance of the small local banks is also helping to accentuate the difficulties of small units. This Conference therefore reiterate its demand that the Commercial Banks be made to advance loans upto a particular minimum percentage of their deposits to small units. Further in order to strengthen the equity base of small units the scheme of Government participation in their share holding should be implemented without delay. If, however, it is found that inspite of compulsion there is no adequate finance available to the growing small scale industries sector, State Government should promote Central Co-operative Agencies to finance small units for which purpose, the Reserve Bank be persuaded to make adequate finance available at a low rate of interest. This Conference, however, wishes to emphasise that the orthodox conception of a co-operative movement would have to undergo a change.

This Conference appreciates the efforts made by the State Bank of India to meet the working capital needs of Small Scale Industries through its pilot scheme which has been in operation for over 3 years. In order to make its working more serviceable to small scale industries this Conference urges that the range of securities acceptable should be widened, the staff at the Branches of the State Bank of India be augmented, and necessary facilities be granted for quicker operation.

It is a matter of regret to this Conference that although it is now some years that the promotion of industrial estates through co-operative societies and Joint Stock Companies has been advocated and consequently a number of such institutions have come forward to start industrial estates, no arrangement of long term advances to them has yet been finalised. This has been creating a sense of frustration among the sponsors of these industrial estates.

So far as the ownership of building in the Industrial Estates promoted by Government is concerned, where an option was given to the entrepreneurs either to own the building on hire purchase or have it leased on rental basis, this Conference appeals to Government that where the occupants have preferred to own them on a hire purchase basis, they may be permitted to do so. In this Conference's view this would be desirable, as to some extent, it would release funds locked up in the said Estates which could be utilised in setting up other Estates or for any other activities for the benefit of small industry.

Then again, since it is not considered practicable by the State Bank and other Commercial Banks to lend long term funds, this Conference considers it imperative that the Life Insurance Corporation be persuaded to make available adequate long term funds for the Small Scale Sector particularly for the construction of factories etc. to be repaid in convenient instalments. For this purpose this Conference suggests the scheme of epayment as follows:

First 3 years ...	3%	each year of the amount advanced
Second 3 years ...	5%	,,
Third 3 years ...	7%	,,
Fourth 3 years ...	8%	,,
Fifth 3 years ...	10%	,,

This Conference further urges that the margin of security demanded by the State Financial Corporations be reduced to 25% and the period of the loans be increased to 15 years and under certain conditions to 20 years. The amount of instalments for the payments of loans granted by the State Financial Corporations as well as under the State Aid to Industries Act—instead of being equal should be so worked that the same is less in the first three years from the date of commencement of repayment and goes on gradually increasing by stages during the remaining period of the loans. Further the first instalment should fall due for repayment only at the end of three years, in case of new concerns and 1½ years where the loans sanctioned is for expansion of the existing concerns. The collection of interest on these loans should commence after two years in the case of new concerns and one year in other cases. As regards the securities against which the State Finance Corporations grant loans this Conference urges that where an applicant unit has no industrial assets to offer, it should be permitted to render other securities. The Corporations should liberalise their attitude in respect of rented premises and not reject applications on that account.

Moved by Shri R. Ganesan,
Mount Mettur Pharmaceutical Works Ltd., Madras;

Seconded by Shri S. K. Venkataraman,
Essarkey Industries, Shenkottah.

Supported by Shri K. Subramaniam,
The Western India Paints & Colour Co., Madras
Shri Vishnukantan,
Laxmi Paper Bag Industries, Salem
and others Passed unanimously.

IV Export Promotion

In view of the fact that our external debts are alarming, and the foreign exchange reserves have touched the lowest bottom and balance of Trade continues to be unfavourable due to our development Programmes, there is an urgent need to promote and increase exports. It is being emphasised that every industry should make an earnest effort to export its products to earn sufficient foreign exchange to meet its need for development and maintenance. While the fast expanding small scale sector due to its inherent limitations cannot be expected to earn foreign exchange to meet its increasing needs. there is a growing consciousness in this sector that it must play its humble part in export promotion if it has to justifiy its demand for a larger allocation of foreign exchange for the import of raw materials, components and machinery. While in the past, exports from small scale sector were restricted to handloom and handicraft products, it is noteworthy that in recent years quite a variety of goods such as builders hardware, engineering goods, sport goods, preserved fruits and vegetables and preparations thereof have entered the export market. However, the export value of the products of the entire small sector inculding traditional lines is less than 5 per cent of the total exports. If earnest effort is made through a proper organizational set up and grant of incentives and concessions framed to suit the needs of small scale sector, this conference of the Fourth Madras State Small Industrialists is of the view that it is possible to step up exports from this sector.

This Conference is aware of the activities of the National Small Scale Industries Corporation but notes with regret that instead of expanding these the same have been curtailed. It is, also, painful to find that the Government does not appear to inquire why the export activity of a particular small industry has received a set back. This Conference, therefore, appeals, to Government that in order to give a filip to the export activity of the small scale sector, a Special Export Promotion Organization for small Industries with an adequate grant be established. It is also essential that where a small scale unit exports its products abroad, it should be granted an incentive on a liberal scale on the basis of past performance and that the bond to be executed should be at the stage of clearance of goods imported under the export promotion scheme. Further this Conference fully endorses the recommendations made by the Raw Materials Sub-Committee of the Small Scale Industries Board for accelerating the export drive in products of small scale industry, namely:

(i) Provision of adequate raw materials that are in short supply and also increase in import facilities for components not manufactured in the country.

(ii) Introduction of a system of compulsory testing for the goods to be exported. This may be done by the export promotion agencies in collaboration with the manufacturers themselves. The quality marking scheme as well as the Indian Standard Specifications in certain cases should be the guiding principles.

(ii) Increased facilities for testing of raw materials, semifinished goods at different stages of production and finished goods shall be provided by the Small Industries Service Institutes and Extension Centres and State Government operated Demonstration-cum-Training Centres, etc. Firms operating in the small scale sector should be encouraged to participate in Indian Standards Institution Certification marks Scheme which is one of the methods for improving the quality of goods produced.

(iv) A Liaison Office be created to assist small units in securing market information and arranging co-operative sale of their products from India and where-ever necessary to arrange for pre-shipment inspection or certification of the goods.

The existence of well organised Export Houses in advanced Foreign Countries like the United Kingdom, handle the Export Promotion of the products manufactured in that country in a systematic and planned manner. The market surveys, details regarding competitive products and other statistical data are collected by Agencies working under these Export Houses. This streamlined planning and publicising done by these Houses in foreign countries have resulted in developing exports in a planned manner to a considerable degree.

In India too, Export Promotion Councils are in existence for a few products but the work done by them cannot be compared to the similar bodies in advanced Foreign Countries.

This Conference lays stress that an Export House for Small Scale Sector be established at Madras, preferably as a Joint Stock Company with Membership consisting of Small Scale Units all over the country. It is our opinion that this House with the aid of the Government-Central and State-collect the necessary data of goods that could be exported to enable them to encourage such Industries for increased production of such items. A periodical publication of a list of items that could be manufactured in large quantities, competitive in price and comparable in quality to the foreign products should be issued by the Small Industries Board.

Proposed by : Shri J. K. Mullick, (Coogans Die-Casting) Small Scale Industries Association, Madras.

Seconded by : Shri V.A.A. Lakshmana Nadar, Virudhunagar Industrial Works, Virudhunagar.

Supported by : Messrs. Shri Vishnukantham, Lakshmi Paper Bag Industries, Salem.
V. V. Nathan,
Ideal Group of Industries, Madras.
and others: Passed unanimously.

V Productivity Drive

In the industrial pattern which the country has planned there are only a few consumer products, the manufacture of which has been exclusively reserved for small scale industry. Even in such fields there is always the possibility of new substitutes being developed by the large scale sector and small industrial units have not only to survive but progress in the face of competition from the latter. The small industrialist has a wide field open to him in ancillary production which is complimentary to the large scale industry and not competitive. The quality of the final product of the latter depends on one of its ancillaries. Further the large scale sector is interested in forming out the parts and components needed by it to small units only if they are of high quality and reasonably priced and the deliveries are prompt to schedule. It is, therefore, of utmost importance that small scale industry operating in the feld of consumer goods and ancillary products improves its efficiency design and quality. The Conference, therefore, appeals to small scale industrialists all over the country to foster progressive out-look, to economise in their cost of production by increasing output by efficient use of their existing equipment in men, machines and materials through the use of productivity techniques and modern methods of management.

This Conference urges small scale industrialists to take full advantage of the productivity drive launched by the National Productivity Council through the local Productivity Councils by participating in their various programmes and study courses. The Nationa Productivity Council has been sending Study Teams and Training Teams abroad. It is a matter of disappointment to this Conferencc that adquate opportunities are not offered to small scale industry to participate in them. This Conference wishes to bring to the notice of the National Productivity Council that the small industrialist is in greater need of such opportunities of training and observation since he has not the resources to do so on his own.

This Conference thanks Dr. P. S. Lokanathan for his valuable and instructive address to the Members on 30th about the various advantages of applying productivity methods for increased production.

This Conference is of opinion that the creataion of a Separate Wing for Small Scale Sector by the National Productivity Council will go a long way in assisting the Small Scale Sector to adopt methods for increase in production without increasing cost and labour.

Proposed by : Shri. S. Natarajan,
Electrical Engineering and
Equipment Company, Madras.

Seconded by : Shri R. Ganesan,
Small Scale Industries Association,
Madras.

and Supported by Messrs Sri Jay Rajeshirke, Jay International, Madras.

& M. Venkataraman, M. Sivagnanam & Co., Madras & others: Passed unanimously.

oooooooooooo

The Fourth Madras State Small Industrialists Conference, (Salem)

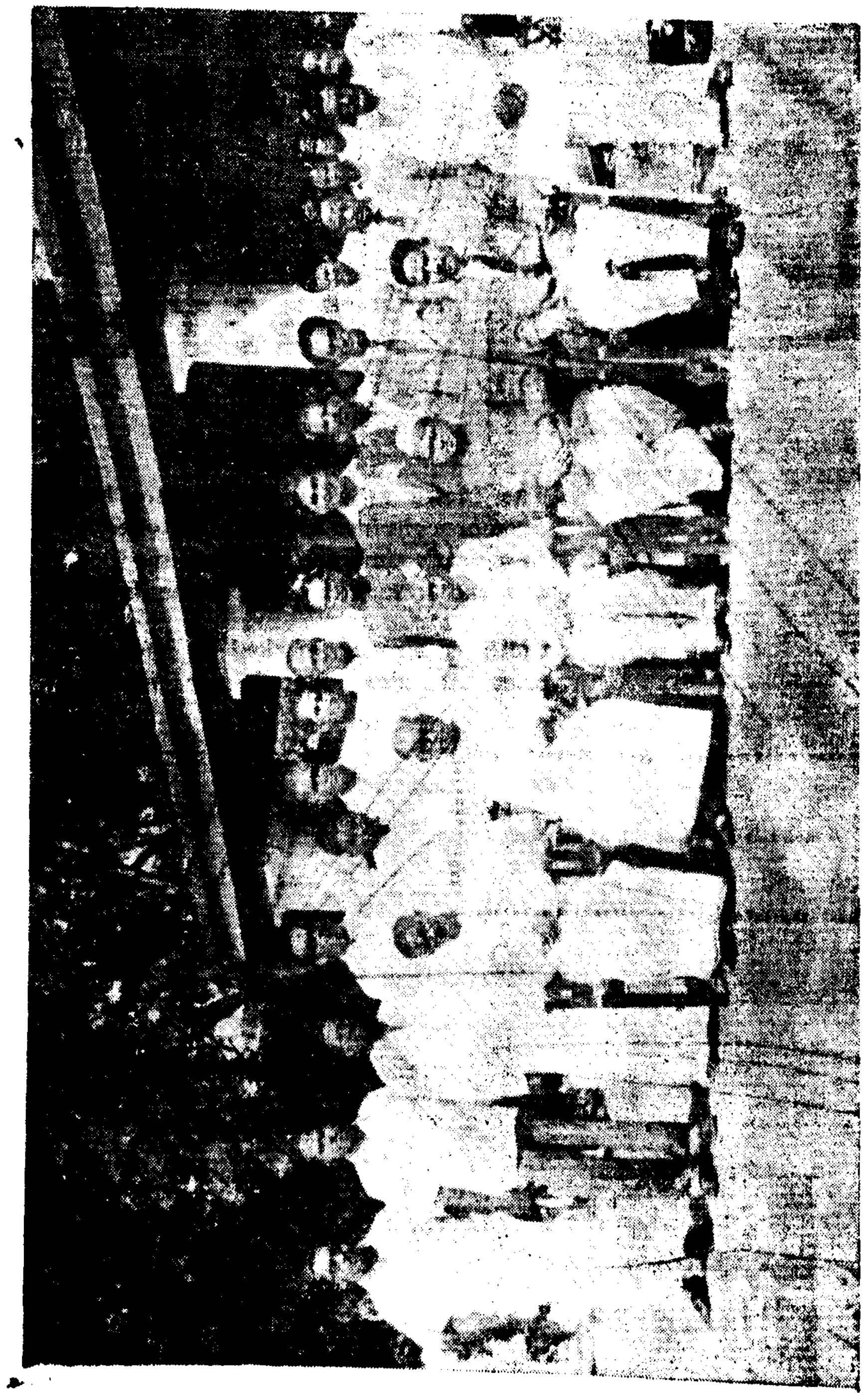

Photo taken after the luncheon party arranged in honour of Shri. R. Venkataraman, Minister of Industries & Labour, Madras State, Shri S. V. Ramaswami, Dy. Minister for Railways, New Delhi & Shri A. R. Bhat, President of the Federation of Associations of Small Industries of India, New Delhi.

Shri P. Sabhanayagam, I. A. S. Director Of Industries & Commerce, Madras; Shri R. Ganesan. President of the Conference and the Office Bearers of the Reception Committee of the Conference are also seen.

The Small-Scale Industries Board-
19th Meeting held at Srinagar in Sep. 1961

The Board made the following recommendations.

(i) The Committee on Credit Facilities should take up the question of obtaining financial assistance for schemes of Industrial Estates by cooperatives and Joint Stock Companies from the Life Insurance Corporation.

(ii) The State Financial Corporations experienced difficulties in financing the assisted Industrial Estates because of certain provisions in the State Financial Corporation Act. The Board desired that the Ministry of Finance should examine the question of amending the State Financial Corporation Act so as to enable these Corporations to finance the Co-operative and other assisted Industrial Estates.

(iii) The Committee on Credit Facilities also should take up with the Reserve Bank of India the question of permitting the State Apex Co-operative Agricultural Banks to finance these Industrial Estates.

WORKING CAPITAL.

(i) *Guarantee Scheme*: Considering the operation of the Guarantee Scheme, the Board was of the opinion that although in its own way the Scheme had been successful, it left quite a lot still to be achieved. The Board felt that 10% of the loans granted by the State Bank and other scheduled Banks should be set apart specifically for the small scale units. The Board was informed that the Finance Minister had kindly agreed to call a meeting of Executives of the bigger Banks of the country and it desired that the Committee on Credit Facilities should prepare a paper for presenting to the Finance Minister on the question of greater participation by concerned Banks in schemes of credit assitance to small industries.

(ii) **Merger of smaller banks**

The Board noted that the merger of smaller banks with larger banks would result in hardship to small industrialists who were dependent on credit assistance from small banks and desired that their problems should be examined by the Committee on Credit Facilities and suitable recommendations made to the Government suggesting relief to small units.

Medium and long term loans:

(i) **State Aid to Industries Act:**

The Board considered the State Aid to Industries Act formulated by the Government of Rajasthan and expressed the view that this was a truly progressive step in the right direction. The Board congratulated the Rajasthan Government for passing this Act and desired that this Act should be commended to the other State Governments also.

(ii) **New Schemes of the NSIC for utilisation of the Development Loan Fund.**

It was felt that the new schemes introduced by the NSIC viz., the Bank Guarantee Scheme and the special hire purchase scheme would prove to be of considerable benefit to small scale entrepreneurs.

12. Non-utilization of loan taken by Small Industrialists.

The correct position was explained to the Director of Industries, Maharashtra. The Chairman requested the sponsor to refer those items to Shri Natarajan of State Bank of India direct for further information on the subject.

13. Consideration of the Report of the Committee on Dispersal of Industries.

The Chairman expressed appreciation of the valuable work done by Shri K. V. Venkatachalam, Chairman of the Committee and to members of the Committee. In the absence of Shri Venkatachalam, the Chairman requested Shri P. B. Advani to present the report. Shri Advani mentioned the terms of reference of the Committee in determining backwardness and the actual criteria recommended by the Committee. He drew the attention of the Board to the various incentives proposed and compared these to those prevailing in some West European countries. He mentioned about the considerations that made the Committee exclude certain industries from the scope of these incentives.

Shri Mulchand Jain, expressed the view that a district was far too big a unit for determining backwardness and smaller units should be thought of for this purpose. He also felt that the Committee, in making their recommendations did not appear to have taken into consideration the organisational and administrative requirements for implementing these. He felt that the existing set up of Directors of Industries, District Industries Officers and B. L. E. os were not capable of undertaking the job.

Shri A. R. Bhat suggested an integrated plan for rural industrialisation combining handicrafts, small, medium and large scale industries and an overall approach to the problem. As regards tax concession, he said, it should start from the date of production and not from the date of establishment of an industry. He also did not favour the term "concession" and wanted it to be substituted by "compensation." He recommended direct tax exemption instead of a subsidy in lieu of the taxes paid as suggested by the Committee. He urged that the subsidy under the Industrial Housing Scheme should be 50% of the total cost instead of 37½% as suggested by the Committee. As regards the freight concessions, he could not understand why those could not be adopted in this country when countries in the Scandinavia had done so.

Shri D. P. Dhar; Minister of Planning and New Industries, Kashmir, suggested that only a limited number of districts should be taken up at the first instance, for special attention as backward areas. He felt fragmentations of developmental areas into talukas, blocks, etc. would not be desirable.

Shri H. C. Mathur, however, regretted his inability to reconcile his views with those of the Committee on the basic problem of industrialisation. He felt that to start with, efforts should be made to indurtrialise those areas where these were likely to survive through the availability of basic resources instead of pushing them to the most backward areas without having any productive or market potential. He also felt that the criteria recommended by the Committee would not give a correct position regarding backwardness if the District was taken as a unit.

Shrimati Kripalani mentioned about making sure of the availability of communication facilities and electricity before any programme for industrialisation was undertaken and requested the Chairman to co-ordinate the activities in this direction with the concerned Ministeries.

The Chairman pointed out that from the general trend of discussions, it appeared to him that rural industrialisation was mixed up with the concept of dispersal of industries. He said that the Committee's recommendations were only for industrially backward areas and these should not be treated as a pattern of development of rural areas.

The Board having considered the report and the different views, decided that the

following aspects should be re-examined by the Committee :—

(i) Whether it would be possible to grant concessions on transport of raw materials and finished goods both by railway and by road in view of the fact that in some States the only means of transport was by road and to some extent by water as well.

(ii) Whether in the matter of incentives it would be desirable to allot top most priority to the supply of raw materials.

(iii) Whether reimbursing the taxes paid by the Small scale units for the first three years, could not be replaced by a total tax exemption of 5 years.

(iv) The subsidy under the Industrials Housing Scheme should be 50% of the total cost instead of 37½% as suggested by the Committee.

The Board approved that a district should be treated as a unit for purposes of demarcation of backward areas. So far as the recommendation of the Committee regarding the backward districts of the different States was concerned, the Committee should re-examine the question in consultation with the State Government concerned. The Board expressed the view that the scheme should be introduced in a limited number of districts only to begin with.

14. Consideration of the report of the Ancillary Committee.

The report of the Committee was presented by Shri P. B. Advani, the Chairman. For want of time the Board decided that consideration of the report might be left to the Standing Committee of the Board.

Cost Counselling for Small Industrialists

by Shri S. V. S. Sharma
Dy. Direction (I. M. T.) Small Industries Service Institute.

The development of small scale industries is primarily the responsibility of the State Governments. The Government of India is, however, playing an increasingly important role in planning and coordinating programmes of development, in providing technical and marketing services and in providing financial assistance. The Small Scale Industries Board which is an Advisory Body has been set up to plan and coordinate this programme.

The Government of India agencies in this field are (1) the Central Small Scale Industries Organisation which renders industrial extension service and (2) the National Small Industries Corporation which supplies machines on hire purchase besides providing commercial and marketing services, etc. to small scale industrial units.

Industrial Extension Service

The Industrial Extension Service is a direct servicing agency to small scale industrial units and to State Governments and provides technical consultant services in all trades to the industrial units that come under the category of small scale industries. The small scale industrial units, merely because of their size, it is obvious, would not be in a position to secure the specialist services of engineers, technicians, accountants, psychologists, etc., and are thus at a disadvantage compared to large scale industries. The object of industrial extension service is to rectify the situation by placing the services of such specialists at the disposal of small scale industrialists free of cost. It is expected that this would enable them to produce goods as efficiently and economically as large scale industries.

Advisory service on all aspects of management is an integral part of the industrial extension service since modern management techniques are as much needed as modern technology for the proper development of small scale industries.

Management Training

It has been found that management training is a pre-requisite for management counselling for the small scale industrialists since most of them do not have the background of adequate commercial education. The Cental Small Scale Industries Organisation therefore started a programme of Business Management (Now called Industrial Management) training for small industrialists at all important centres in the country through its State Level Organisations, viz., the Small Industries Service Institutes.

The Industrial Management Training courses fall broadly into two categories, viz., general courses and intensive courses. The general courses is of an introductory nature and is designed to give the participants a bird's eyeview of the various aspects of Industrial Management. It paves the way to the intensive courses and the counselling service. The intensive course, on the other hand, is confined to a particular subject and deals with it in such detail as to enable the participants to implement it in their units. The participants prepare reports about the way they implemented the practices suggested in the class room, the problems encountered and the solutions found. During the period of the intensive course the Instructor regularly visits the units of the participants and helps them in carrying on this "project work." Such intensive courses on Cost Accounting and Methods Study have already been conducted by the Small Industries Service Institute, Madras and courses on subjects like Personnel Management and Industrial Legislation, Management Accounting, Charts and Graphs for Executives and Marketing in Action have been planned.

Training in Cost Account

Cost Accounting as a technique of management has three main facets viz., "historical cost" ("what did it cost?"), "standard cost" ("what should it cost?") and "budgetary control" ("what would it cost?"). Though the two latter aspects are more important for purposes of planning and control, the former is their basis and should be the starting point for training.

It has been found that at least three types of courses can be organised in cost accounting. First, there might be an "appreciation" course intended for the top management (proprietors, managing directors, general managers, etc.). The object of the course is to acquaint the participants with benefits of cost accounting system and the use of cost data for control purposes. This is ordinarily done in our "general" course. Second, an "intensive" course to help the participants in introducing a suitable cost accounting system in their units. The participants in this course should be willing to implement the suggested system. The problems to which special attention has to be given and the procedure to be followed in introducing costing system will be dealt with in this course. This course is suitable for small and medium sized industrial units where cost accounting is not already in vogue. Third, an "advanced" course wherein special problems relating to cost accounting might be discussed by the participants. The participants should be acquainted with the cost accounting system in vogue in their units and should be willing to exchange their experiences. Besides routine problems like the treatment of scrap work, idle time, etc., techniques like Standard Costing and Budgetary Control may be discussed in the course.

The first two types of courses have already been conducted in the Small Industries Service Institute, Madras. These have been made the basis for cost counselling for small industrialists. It is hoped that in the near future as sufficient number of small industrialists get acquainted with the various problems that arise in the day-to-day working of the cost accounting system, the third type of course could also be conducted.

Cost Counselling

The *modus operandi* of cost counselling at present is as follows. The participants in the intensive course are regularly visited by the instructor as part of "follow-up" and the problems confronted by them are discussed and they are helped in arriving at a suitable solution. Participants in the general course are also visited on request and are advised on matters like stores control, wage administration, determination of overheads, calculation of machine hour rates, estimation of costs, etc.

A few general conclusions that could be drawn from our limited experience in this field may be now given.

1. It is essential to convince the party that cost accounting is not costly. The general impression of the small industrialists is that cost accounting is a system suitable for only large scale industries and that they (the small industrialists) cannot afford it. In practice it has been found that additional work due to cost accounting can be handled by the existing staff without any difficulty.

2. The party should have full confidence in the personal integrity and technical ability of the counsellor. The party himself should, of course, be acquainted with the technique. Small Industrialists are not quite ready to share their financial and cost information with others, much less with Government officers. It is, therefore, better not to ask for such information in advance but to give general directions to the party and request him to make the necessary calculations. The party does the work himself and the counsellor is not burdened with routine work. Wherever he has a difficulty the party naturally comes to the counsellor and voluntarily places at his disposal information that might not be forthcoming if he had asked for it initially. The counsellor should not be anxious to study the aspects of the unit that he is not required. In a particular case the party approached us to give him a suitable costing system. As the work progressed the counsellor happened to get the Balance Sheet of the party and began to question him about the utilisation of borrowed funds, etc. The party was obviously embarrassed and we could not further proceed with the work.

3. The counsellor should determine from a preliminary study of the unit, the problem areas where cost accounting is likely to yield impressive results quickly. He should lay emphasis on these so that the party might appreciate the benefits of the cost accounting and adopt it. Though cost accounting is a valuable tool for management it is to be recognised that historical cost might give accurate cost but does not increase profit. In these days of high profit margins and with their preoccupation regarding supply of imported raw material and finance few industrialists are interested in knowing the exact cost of production so long as they know that they are making profit. They are not quite ready to adopt standard costing and budgetary control. To gain acceptance of the costing system it is necessary to demonstrate that certain benefits from the point of view of the management are likely to accrue immediately. To illustrate —A firm was manufacturing goods mainly for export, the selling price of which was subject to fluctuations and a part of the production capacity remained unutilised.It was found that a flexible budget showing cost of production at various levels of activity was useful to the Managing Director to determine whether a particular order at a particular price was worth accepting and what the

effect of his decision was on his total profit. It also enabled him to quote for tenders at his lowest prices. In another instance where the firm was utilizing imported materials, a part of which had to be obtained at higher prices in the market to avoid a shut down the flexible budget enabled the Proprietor to find out his profitability at various price levels in the open market and thus determine whether it is worthwhile to buy in the open market at given prices. In both these cases, direct wages was considered a 'fixed expense'. It has also been found that in these cases the system of "direct costing" would be more appropriate than the "flexible budget".

4. The counsellor should make sure that the party has full understanding and faith in the system. He should start with simpler matters which the party can readily appreciate and proceed slowly to more complicated techniques, making sure that he is always taking the party with him. The party is otherwise likely to lose interest. To cite an instance, two participants in the general course who were quite interested in cost accounting were advised to introduce Budgetary Control System. Though they had a vague idea about it they could not appreciate it for they did not have costing system at all in their units. In this case not only could we not persuade the participants to accept the system but we had also lost two active participants of the course.

5. The counsellor should make a written presentation of his recommendations to the party and periodically check up whether his recommendations are being implemented and whether they need any revision.

Training Techniques

A few observations may now be made regarding training techniques.

1. In Selecting participants to a course it should be ensured that there is homogeneity in the group. It might be that the participants belong to different types of industries but their knowledge of cost accounting should as far as possible be uniform. If in a single course we include a works manager an experienced cost accountant and the proprietor of a small firm the participants are not likely to benefit from it.

2. The Conference method, it has been found, is not always suitable for the training. In the intensive course on cost accounting it has been found that in the first half of the course, ordinary class room teaching was essential while in the second half, after the completion of the project work, the discussion method was more effective. The discussion method is not suitable where the group is not "homogeneous."

3. Cyclostyled reading material distributed in advance has not been quite useful in stimulating discussions but when it was distributed in instalments as the subject matter was covered it was found quite useful in clearing the ideas of the participants and in provoking further thought.

4 Each participant should also be given a practical assignment to be completed and reported upon before the conclusion of the course. The Instructor should guide the participant in writing the Report and ensure that he has appreciated and accepted the recommendations made in the class room.

With the limited experience that we have, it is difficult to say that we have standardised the techniques of Cost Counselling for small industrialists. The conclusions mentioned above are provisional and are placed before this Conference to obtain expert scrutiny and valuable suggestions for our future development.

The opinions expressed in this paper are the personal opinions of the author and are not necessarily those of the Department to which he belongs.

PROCEDURE FOR EXPORT OF EXCISABLE GOODS

Export Under Claim For Refund Of Central Excise Duty

The excisable goods can be exported outside India either under claim for rebate of excise duty or in bond. Under rule 12 of the Central Excise Rules, 1944 the Central Government, may, by notification grant rebate of duty paid on excisable goods if exported out of India. The notification that has been issued for this purpose specifies the extent of rebate and the safeguards, conditions and limitations.

Export under Bond

Similarly, under rules 13 and 14 of the Central Excise Rules, 1944 excisable goods other than salt, v. n. e. oils and tea can be exported without payment of duty from a factory or a warehouse subject to the observance of the procedure prescribed in Chapter IX of these rules. The difference between these two procedures is that in the case of former the duty is first paid and its refund obtained after exportation and in the case of latter the goods are allowed to be exported without payment of duty for the payment of which a bond with sufficient surety/security is obtained from the owner in case he fails to produce sufficient proof of export within the prescribed time limit. The procedural formalities attendant on both these procedures for obtaining refund of duty already paid or for affording credit in the bond account are:

1. Before removal, each consignment of excisable goods is required to be presented to the Central Excise Officer having jurisdiction over the factory together with an application in form A. R. 4.

2. One copy of the above application together with the goods is presented by the exporter to the Customs Collector, Border Examiner or other duly authorised officer, who certifies on that application that the goods have been duly exported.

3. The certified copy of the application is then presented by the exporter to the Assistant Collector having jurisdiction over the factory for obtaining rebate of duty or for getting credit in his bond in case the goods were removed by him for export without payment of duty.

4. The Assistant Collector before sanctioning the refund or affording credit in the bond account satisfies himself about the correctness of exporter's claim with reference to the certified copy of application received by him direct from the Customs Collector/Border Examiner. In the case of export under claim for rebate of excise duty he forwards the application to the Chief Accounts Officer who trades from his records the relevant ARI document under which duty was paid. If he finds that the sanction of rebate is in order, he returns the application to the Assistant Collector concerned.

5. The Assistant Collector then sanctions the refund and returns the application to the exporter for encashment at the treasury where payment is desired. He also advises the treasury accordingly.

6. The exporter then presents the application to the Treasury for payment.

The procedure outlined above is also applicable to exports by land to Butan, Sikkim, Tibet and Afghanistan. An additional condition that is however required to be fulfilled in the case of such exports is that the exporter has to furnish evidence of the fact that the goods have reached the destination. For export of excisable goods to Nepal, the rebate of excise duty is not allowed to the exporter, but under the special agreement with the Nepalese Government it is credited to the account of that Government.

Simplified Procedure

As the normal procedure for exports sometimes gave rise to delays in the settlement of the exporters'claims for refund, a simplified procedure for export was evolved and put into effect from the 1st February, 1957 which aimed at elimination of delays by

(i) centralising the refund work in the hands of the maritime Collectors of Central Excise i. e. the Collectors at the Ports of Shipment.

(ii) securing the Customs certificate of shipment on the A R 4 applications by the personal intercession of a representative of the Maritime Collector of Central Excise who would personally visit the Customs House every day for the purpose and

(iii) by resorting to post-audit in the matter of verification of entries in the Treasury accounts and raising suitable debits against the original duty-paying documents.

The simplified procedure also takes into account the difficulties of exporters who prefer to export the goods under bond. The execution of bond and maintenance of the account against it has itself been centralised in respect of all independent exporters (as opposed to the manufacturers) with the Maritime Collectors of Central Excise concerned. This step has tended to eliminate the delays which were sometimes unavoidable in the earlier procedure for affording timely credits in the bond accounts maintained with the Factory Officers or Divisional Officers.

A special procedure was also prescribed and put into account from 1st February, 1957 in respect of the exports of vegetable non-essential oils on which rebate of duty is allowed at an adhoc rate. Under this procedure the exporter, whether he is the manufacturer or not becomes entitled to the grant of the specified rate of rebate on furnishing proof of export.

The vegetable product has been allowed the facility of being exported (i) under claims for rebate of excise duty paid on it as well as on its vegetable non-essential oil contents under the normal procedure, or the simplified procedure or (ii) in bond so far as the excise duty on vegetable product itself is concerned with the additional facility of obtaining refund of excise duty on V. N. E. oil contents. The exporters can also avail of the facility of drawback of combined Customs and Central Excise Duties in respect of the tin containers used for vegetable product on one and the same export application.

A special procedure has also been prescribed under rule 191 of Central Excise Rules 1944, for granting rebate of duty on sugar going into the manufacture of confectionery.

Another special procedure that has been prescribed and put into effect is in regard to the manufacture of aluminium utensils out of imported aluminium ingots sheets etc. under Customs bond without any liability towards Central Excise duty provided the utensils thus manufactured are exported.

Adhoc Refunds

Besides allowing exportation of excisable goods as such either under claim for rebate of duty or under bond, the Central Government under rule 12-A of the Central Excise Rules, 1944 also allows **ad hoc** rebate of duty in respect of excisable materials used in the manufacture of articles which by themselves are not excisable and which may be exported out of India. So far this has been applied to

(1) fruit products in respect of duty on sugar (2) ribbons in respect of duty on cotton fabrics (3) paper bags etc , in respect of duty on paper (4) paints and varnishes in respect of duty on linseed oil (5) woollen carpets in respect of duty on woollen yarn, cotton yarn and dyes derived from coaltar.

While rules 12, 13 and 15 of the Central Excise Rules, 1944 envisage export of excisable goods as such.

1. Rule 191-A of the said rules provides for a procedure for grant of rebate of duty in respect of excisable goods used in the manufacture of articles intended for export and has since been extended to (a) cotton bags, pillow covers, bed sheets, tents etc., in respect of duty on cotton fabrics (b) plastic manufacture in respect of duty on plastics, all sorts (c) utensils of copper and copper alloys.

2. Rule 191-B of the said rules provides for a procedure for manufacture of articles in bond from excisable goods without payment of duty and the articles brought under this rule are (*a*) cigarettes, cigars and cheroots, hookah, tobacco etc.; (*b*) umbrellas, cotton blankets. ready-made apparels etc., made from cotton fabrics (*c*) plastic products (*d*) utensils of copper alloys.

Customs and Central Excise Duties Drawback (general) Rules, 1960

Some articles are manufactured from indigenous as well as imported goods. The Customs and Central Excise procedures have been dovetailed for the purpose allowing adhoc rate of draw back of duties and the Customs and Central Excise Duties Export Drawback (General) Rules 1960 have been framed for the purpose. The scheme under these rules at present covers a wide range of articles numbering more than 100 e. g radio receivers, bicycles and parts thereof, tissue paper, cement tiles. air conditioners, cosmetics preparations, refregerators, footwear, paints of various kinds, playing cards etc.

The trade will no doubt appreciate that the Government is doing everything possible to grant rebates of duty wherever admissible and for simplification of the procedures for claiming such rebates. The simplified procedure introduced in 1957 has been acclaimed to be a great success. The exporters are able to get their refunds/credits in their bond accounts within a period ranging from 24 hours to 3 days. Where the delay is more, the reasons for the same are generally omissions by the exporter in following the prescribed procedure. This procedure was initially applied to exports through the ports of Bombay, Calcutta and Madras only and on persistent requests from the trade, the same has already been extended to other minor ports namely, Kakinada, Visakhapatnam, Cochin, Jamnagar, Mangalore, Bhavanagar, Veraval and Porbunder, also and the question of its extension to Tuticorin and Dhanushkodi is under active consideration. The success of the simplified procedure does not however, necessarily imply that there is no further scope for improvement. The procedural difficulties if any can be further minimised, and concrete suggestion therefor are welcome from the trade/exporters.

PRIORITY
PRIORITY
PRIORITY

SOME ONE IS SERIOUSLY ILL...

Immediate news must be sent

Send it by PRIORITY TELEGRAM

The Priority Telegram service is available in cases like illness, accident or death.

This gets precedence over all Express and Urgent messages, but costs the same as the usual Express Telegram

When booking such a telegram write "PRIORITY"

HELP US
SERVE YOU BETTER

POSTS & TELEGRAPHS DEPARTMENT

DA 60/623