

Memorandum on Small Scale Industries By  
Federation of Associations of Small Scale  
Industries of India, Delhi.

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Small Industries occupy a significant place in the industrial set up of a country irrespective of the stage of its economic development. The importance of small industry sector in the economic life of an underdeveloped country is indeed very great, particularly in view of its large employment potential and contribution to national income. The principal elements in the economic picture of our country today are rapid growth of population, increasing labour force, large volume of unemployment and underemployment and a low rate of savings. This panorama can be altered to a great extent through the establishment of small industries. It is through small industry that the country can achieve balanced economic development.

The growth of small scale industries in India, to a large extent, can be traced back to the second World War. The increased military and civil demand for many consumer and simple producer goods where shortages existed led to the establishment of many small scale units. With the end of the war and the advent of freedom, began the cra of planning and small scale industrial units which in the initial stages took to the manufacture of comparatively simple items, quickly demonstrated their capacity to handle more complex items, particularly in the metal working and machinery industries and later, in the chemical industries. Small scale industries have since then emerged as a prominent sector of India's industrial economy.

There has been a phenomenal growth of small scale industries in the last decade. Taking the whole gamut of small industries in India, the role played by each section of it is conspicuous in its own way. In 1960, 92% of the registered factories in India with 38% of their total employment were small scale factories (those with capital of less than Rs. 5 lakhs). In addition, small non-registered manufacturing units are estimated to have more employees than do all factories, both large and small, registered under the Factories Act 1948. The 36,400 small registered factories under the Factories Act (having fixed capital of less than Rs. 5 lakhs) in 1960 employed over 13,30,000 persons and accounted for 17 percent of fixed capital of all registered factories and produced 33 per cent of their gross output and 25 per cent of their value added by manufacture or net output. Besides the numerous units registered with the various State Directorates of Industries, there are many unregistered small scale units in the country which are manufacturing a variety of products and are substantially contributing to the industrial production of the country. While the later data are not available, it is possible to guess that in terms of economic activity the current position of this sector may be even more impressive.

Under-utilisation of capacity  
in small industries.

Although the figures quoted above show that the small industries, are contributing substantially to industrial production it must be mentioned here that the problem of under utilisation of capacity has been plaguing this sector. Several units belonging to engineering, fabricating industries have often to work even less than their single-shift installed capacity because of the shortage of raw materials. Till the liberalisation policy of imports small industries were in fact starved of imported raw material due to scarcity of foreign exchange. Even now there are several raw materials which are indigenously manufactured, but are scarce and, therefore, the supply of which is inadequate to feed the requirements of small industries, with the result that several small industries requiring these materials continue to be starved.

Human Relations:

The role that human relations play in establishing better ties between the small scale industrial entrepreneurs and the workers cannot be over-emphasized. Effective operation and higher productivity of any undertaking depends largely upon an adequate recognition of human factors involved. In this respect small industries do have an advantage due to the fact that a closer contact and co-operation between the employer and the employees could be established. Many workers in small industrial enterprises are relatively free from the monotony of a highly mechanised process of production as well as that kind of management which tends to inhibit self-expression and thereby it gives the feeling of job satisfaction, because the position of the individual worker in the entire structure is sufficiently important to make him feel that his contribution is significant. This is in striking contrast with the situation found in large factories where an individual worker may be a mere cog in a wheel.

In spite of some of these advantages in establishing direct relationship between employers and the workers, there is need for further improvement of human relationship in these small industries by evolving a long-range national programme of improved human relations which would provide for training of both management and workers. One of the obstacles in the way of launching such a programme is the unorganised and widely dispersed nature of these industries. It would, therefore, be necessary for a central organisation like the Central Small Industries Organisation to have specific programmes of training of personnel of the small industries including the management and workers, on a much extensive scale than the one prevailing at present. It would also be worthwhile to have demonstration plants and pilot projects providing for practical training in labour-management relationship.

There is quite a good deal of force in the argument that the basic objective of economic development in our country is to raise the standard of living of our population and that the employers in general are expected to participate in this national movement by voluntarily raising

the standard of living of labour employed by them. However, it will have to be also seen that the productivity of the labour also goes up to enable the employers to effect improvement in the living standards. The financial capacities of small entrepreneurs is limited. It is, therefore, necessary to take into account this factor when any enactments are made in this direction. It has been admitted that in many cases of small scale industries, where profitability is quite low (such industries will have to be identified), the cost of certain types of social benefits or welfare measures are likely to be prohibitive and likely to affect the stability of the small enterprises. For example, in maintaining a certain minimum standard of physical working conditions such as lighting, ventilation, sanitation etc. the employer would be required to invest substantial amounts in capital outlay for providing such surroundings unless the Government itself provides them such well-built sheds with the minimum amenities. A possible solution to this could be establishment of industrial estates in various parts where workshops and other buildings could be constructed with all the other facilities such as power, water, compressed air, drainage and transport facilities and other community services. These industrial estates may be established on co-operative basis or as Joint Stock Companies.

#### Protection of Labour.

Protective Labour Laws designed to safeguard the workers' interests and to establish reasonable labour standards have been enacted in our country, such as the Factories Act, Minimum Wages Act, the Employees' State Insurance Act, Industrial Disputes Act and so on. However, it has been represented to us that the execution of several of these Acts involves a cumbersome procedure and lot of administrative hitches. From the view point of a small employer, any protective laws and Regulations involve several complicated administrative implications which it is difficult for him to comply with. A small entrepreneur normally is himself the manager, salesman, Accountant, Supervisor and does not possess a specialised staff to look after the various labour laws, regulations and enactments and the fresh orders and circulars that may be issued on the subject from time to time. It is, therefore, necessary that wherever possible such legislations should be made more simple/comprehend without /to impairing its effectiveness and should be applicable to such small establishments. In this connection, trade and industry associations and such similar organisations of small employers should be encouraged wherever possible which can assist the small employers in keeping them informed about the various legal enactments. These associations could engage Group Labour Officers under a Competitive Labour Adviser who can provide service to individual units at a token fee. These associations can also undertake part of the administrative work involved.

Many of the labour enactments require the employer to fill returns and maintain different registers containing almost similar items and information. This leads to unnecessary duplication and involves substantial clerical and official routine, which it is many times difficult for small entrepreneurs to comply with. It is, therefore, suggested that if a uniform and standard rationalised form is designed to cover most of the requirements of all the welfare Acts, it would go a long way in reducing un-necessary duplication and simplify things for them. Education and enlightenment of both management and workers could go a long way in facilitating better implementation of various enactments.

#### Recruitment of Workers:

In recruiting workers, small establishments do not seem to differ much from their large counterparts. The usual method of direct and indirect methods of recruitment are restored to except in very small establishments where family workers and relatives are employed.

#### Problems of Remuneration:

As in most other fields, information about labour conditions and their remuneration in small industries is most scrappy. Only general observations can, therefore, be made here.

In view of the financial status of small industries in developing countries like ours, it is natural that wages may be a little on the lower side as compared to giant sized companies. As is well known most small enterprises are started with the personal savings of the owner or of one or more partners, usually colleagues, friends or members of a family and possibly with the aid of mortgages on personal property. Although the Government has been trying to provide financial assistance, it is not able to meet the needs of the expanding small scale industry. Some of the patent causes which account for the low wages in small industries, may be enumerated as follows:-

1. The marginal existence of many small undertakings due to heavy competition with large units.
2. The lower productivity in the small scale sector as compared to large scale sector.
3. Lower rates of profit.

This wage differential is some times responsible for a greater turn-over in labour in the small scale sector. Skilled workers who command better wages in large scale industries are attracted towards large firms, although, they gain their experience in various skills in the small scale factories. Small firms in semi-urban and rural areas may not face such problems as their real wages tend to be higher than those of their urban counter-part. The Government of India introduced in 1948, the Minimum Wages Act which sought to cover various categories of workers in the country. The scope of this Act is very wide and covers the smallest employing

unit. It may be mentioned here in the passing that the thin resource position of the small industries and particularly where the industry is labour-intensive the burden of wages under this Act may tend to be unbearable for the small employers. Therefore, the effects of this Act on various small industry groups will have to be studied and suitable norms will have to be worked out depending on the industry and the region, in which they are located.

### Welfare of Employees.

As regards the promotion of welfare of employees a suggestion can be made to have a law on small enterprise Retirement Pension Mutual Relief somewhat on the lines of that existing in Japan. The purpose of this law is to furnish employees working in small enterprises with retirement pension mutual relief through a fund created out of the Government subsidy and employer's contribution in 80:20 ratio. Similarly provision of housing accommodation to industrial workers as far near the factories as possible is a necessity. Small entrepreneurs by themselves, can't be expected to do this. Here the Government has to play a big role.

As regards the Employees' State Insurance Scheme which exists today, it has definitely proved helpful to the workers in so far as it provides for medical care, sickness benefit, employment, injury benefit, maternity benefit, invalidity benefit and survivors' benefit, at a rather negligible cost to the working community. However, the scheme should be improved further and simplified and a sort of deterrent should be provided to check growing absentism on medical grounds.

To bring out the best in the worker in terms of productivity, there is no doubt that certain fundamental welfare measures are essential. These can be security of job, housing accommodation, appreciation of ability and consequential promotion of status and a sense of participation in the management. If these incentives are provided, though in the long run, it could go a long way in substantially increasing the productivity of labour in small industries.

### Training of workers/Managers/ Trade Union Leaders.

As has been already pointed out that training programmes for managers and workers and the Trade Union leaders of small enterprises is a sine-qua-non for maintenance of cordial relations between the workers and the management. Small industries do not have experts for each field such as production control, market research, costing and budgeting and above all for systematic selection and training of workers. It is extremely necessary to provide these services to them and training programmes should be evolved which will elucidate the basic principles and describe it to them in simple and convincing language and through audio-visual demonstration wherever necessary. Gradually such services should be encouraged to be taken up by

Industrial Trade Associations. In this connection, organisations of co-operatives and similar joint-action ventures would greatly assist small industry sector to have an integrated growth. It would also be advisable to allow a team of small scale entrepreneurs to see for themselves the various facilities and amenities that are being given to the employees of small establishments in advanced industrial countries, so that this can educate the small scale employers in our country.

It is important that training facilities should be related to existing or expected future employment opportunities and requirements of various skills. The launching of training schemes without due regard for the capacity of the industry to absorb new trainees may lead to lopsided development of particular technical skills.

It may also be observed that concentration of training facilities only in towns and big cities may create problems. An attempt should therefore, be made to provide training on a geographically decentralised basis. An effective way of providing some rudimentary training on a wide scale would seem to lie in making manual training and industrial education an integral part of general education system.

#### ADMINISTRATIVE SET UP FOR SMALL INDUSTRIES

The Government of India has built up during the last twelve years one of the most comprehensive programmes in the world for stimulating the modernisation and growth of small manufacturing enterprises. The development of small industries in India is primarily a federal responsibility. However, the Central Government of India takes a keen interest in encouraging small scale industries.

#### Background:

The growth of small scale industries in India can be traced back, to a large extent, to the second world war during which a great spurt in the civil and Military demand for several consumer and producer goods led to the establishment of small scale industrial units. With the end of war and advent of freedom, began the era of planning and small industrial units, which, in the initial stages, took up the manufacture of comparatively simple items quickly demonstrate their capacity to handle more complex items, particularly in the metal working and machinery industries and later in the Chemical industries. Small industries have since then emerged as a prominent sector of India's industrial economy.

There are about a lakh small scale industrial units registered with the various State Industries Departments in the country.

In 1960, there were approximately 36,400 units which were covered by the Factories Act and were falling under the definition of small industry. These factories represented 92% of the total registered factories and in 1960 employed over 1,330,000 persons or 38% of total registered factory employment. Fixed Capital owned by these small plants amounted to about 17% of total fixed capital in the registered factory

sector. Their gross value of output exceeded Rs.1230 crores (Rs.10,000,000=Rs.1 Crore) or about 33% of total output representing 25% of value added or net output of the registered factory sector. Industry-wise details are provided in an appendix to this article.

### Industrial Policy Resolution:

The Industrial Policy Resolution of 1948, as restated in 1956 provided for accelerating the rate of economic growth, speeding up of industrialisation, expansion of public sector and building of a large and growing co-operative sector. The resolution laid special emphasis on the role of small scale industries and cottage industries, because they provided immediate large scale employment, offered a methods of ensuring a more equitable distribution of national income and facilitated effective utilisation of capital and skill which might otherwise remain unutilised.

### Definition of Small Scale Industry:

Small Scale Industrial unit is defined as one whose capital investment in Plant and Machinery does not exceed Rs.7.5 lakhs (Rs.10 lakhs for ancillary unit) irrespective of the number of persons employed. The units covered by this definition are eligible for liberal financial assistance, Hire Purchase scheme and the Government's Stores Purchase programme.

### ORGANISATIONAL PATTERN.

#### A. Central Organisations:

The Organisational pattern for administration of small Industry Programme consists of the following agencies at the Centre:-

1. The Central Small Scale Industries Board;
2. The Central Small Industries Organisation(CSIO);
3. The National Small Industries Corporation Ltd, (NSIC);
4. The Small Industry Extension Training Institute (SIET Institute).

#### 1. The Central Small Scale Industries Board :

The Central Small Scale Industries Board was originally constituted in November, 1954 with the Minister of Industry as the Chairman for co-ordinating and planning the development programme in the field of small industry. The Board also formulated broad policies for development of small industries.

The Board is generally reconstituted every two years. The last time it was reconstituted was in May 1966, by creating two bodies, viz. (a) Small Scale Industries Board, and (b) Small Scale Industries (Official Level) Committee. The former is a policy making body while the

latter handles all non-policy matters and attends to implementation of all policy decisions.

It is customary for the Board to meet twice a year. The different topics covered in these meetings range from Credit facilities, raw materials, technical and marketing assistance to dispersal of industries and various allied subjects concerning the development of small industries.

2. The Central Small Industries Organisation.

To implement various programmes and policies of the Government of India, the Central Small Industries Organisation which is headed by a Development Commissioner for Small Industries, was created in 1954, under the Ministry of Industry. While the Ministry frames overall policy for Small Industry development, the CSIO is responsible for fostering, promoting and developing small scale industries within the frame work of this broad policy. It is also responsible for maintaining close liaison with the State Governments and different organisations and institutions concerned with the development of small industries. This organisation with head-quarters at New Delhi, has a field wing in almost all the States known as Small Industries Service Institutes (16 in Number). Besides, there are 60 Extension Centres, 3 Production and 2 Training Centres. The main functions of the Small Industries Service Institutes are as follows:-

1. Conduct economic surveys in particular industries and areas and to make concrete recommendations.
2. Give technical advice to small units on improved technical processes and use of modern machinery and equipment;
3. Demonstrate the use of modern technical process through workshops and Extension Centres and small mobile workshops mounted on trucks;
4. Instruct small industries in proper methods of business management including marketing, financial accounting, cost accounting, factory legislation, personnel relations etc.
5. Undertake distribution-aid surveys with a view to assist small manufacturers in marketing their products;
6. Act as Information Centre including publication of Bulletins, pamphlets, model schemes and supplying economic and commercial information;
7. Undertake research on problems related to proper use of raw materials, improved designs of machinery and products;
8. Conduct training classes in such subjects as Blue Print Reading, Heat treatment and Foundry practice for the benefit of small entrepreneurs and artisans.

3. The National Small Industries Corporation Ltd.

This organisation was established as a limited Company in the year 1955 and is wholly owned by the Government of India. It undertakes the following activities:-

1. Supply of machines on hire-purchase basis;
2. Assistance to Small scale units to participate in increasing measure in the Stores Purchase Programme of the Central Government;
3. Distribution of radio valves and transistors manufactured by the public sector unit M/S. Bharat Electronics Ltd. to small scale radio manufacturers/assemblers;
4. Marketing of machine-tools manufactured by the Prototype production and Training Centres at Rajkot, Okhla and Howrah and the Government Production Centre at Ettumanur;
5. Marketing of electric motors manufactured by the Government Production centre at Thiruvvelly;
6. Management of Industrial Estate at Naini,
7. Establishment and running of three Prototype production and Training Centres one each at Delhi, Rajkot & Howrah, for
  - (a) training of technicians and supervisory personnel for small industries;
  - (b) design and development of machines, suitable for production in the small scale sector.

The Corporation carries on its functions through the Head office located at New Delhi, with three branches located at Bombay, Calcutta and Madras.

The Small Industry Extension Training Institute

The Small Industry Extension Training Institute (SIET Institute) Hyderabad, was founded in 1962 and is mainly engaged in training Central and State Government officers in implementation of small industry programmes. The Institute conducts courses in Industrial Management and Area Development Techniques. It also conducts intensive courses in certain aspects of industrial Management like production Management, Financial Management and Cost Accounting etc. The Institute also undertakes research on various subjects relating to development of small industries.

OTHER CENTRAL AGENCIES.

1. NATIONAL PRODUCTIVITY COUNCIL.

The National Productivity Council (NPC) was established in 1958 to stimulate productivity consciousness in the country and to provide services for fuller utilization of

available resources of men, machines, material and power. The National productivity Council with its Head Office at New Delhi and regional directorates at Bombay, Calcutta, Madras, Bangalore, Ludhiana and Kanpur is staffed by experts and specialisits in various technical and economic fields. Local Productivity Councils have also been established in various metropolitan cities in the country. There are about 47 such local Productivity Councils in the country.

With the guidance from National Productivity Council, the local productivity councils arrange a number of training courses for the benefit of small units. The duration of these courses are from 1 to 2 weeks. Some of the courses are as given below:-

i. Industrial Engineering.

- 1) Work Study.
- ii) Production Management.
- iii) Production Control and Factory Management.
- iv) Quality Control,
- v) Industrial Engineering
- vi) Work sampling,
- vii) Industrial Maintenance.
- viii) Method Study.

ii. Personnel Management & Human Relations.

- 1) Supervisory Development,
- ii) Workers' Orientation,
- iii) Personnel Management,
- iv) Industrial Safety.
- v) Human Relations.

iii. Industrial Management.

- i) Management Development,
- ii) Retail Selling.

Wherever possible, the N.P.C. also demonstrates the productivity techniques through films, and Audio-Visual publicity. Occassional small entrepreneurs are given an opportunity of getting advanced training abroad in certain fields of industrial management and productivity.

2.2. STATE TRADING CORPORATION OF INDIA LTD.

The central aim of this Corporation is to broaden and enlarge the scope of Indian exports and to arrange for essential imports on economical basis.

It distributes certain imported scarce raw materials to small scale manufacturing units. For promoting exports of small scale industries, the corporation operates the Export Aid to Small Industries (EASI) Scheme under which assistance is offered to selected small industry products in the matter of printing of display, packaging, financial assistance, marine insurance, shipping facilities, finding foreign customers etc.

3. State Bank of India.

The State Bank of India grants loan-assistance to small scale units mainly for working capital through several of its branches all over to country. The Bank also operates an instalment credit system and medium term loan system for providing medium term finance to meet the fixed Capital requirements of small scale units.

4. THE RESERVE BANK OF INDIA.

The Reserve Bank of India administers the Credit Guarantee Scheme formulated by the Government of India to augment the supply of credit to small enterprises by extending a degree of protection to commercial banks against possible losses on their advances. This scheme provides for sharing the losses incurred by lending institutions in making advances to small enterprises, with the Government of India. Nearly 463 lending institutions in the country including State Bank of India and its subsidiaries, State Financial corporations, co-operative Banks and several commercial banks are covered by the scheme.

Besides these, there are some other bodies such as the Inventions Promotion Board and Council of Scientific & Industrial Research which directly or indirectly assist small industries by encouraging inventions through demonstrations etc, and providing facilities for analytical and research work through technical demonstrations etc.

B. ORGANISATIONS IN THE STATES.

The pattern of organisation at the State level consists of the following:-

- i) State Directorates of Industries,
- ii) State Small Industries Boards/Advisory Committee,
- iii) State Small Industries Development Corporations.
- iv) State Financial Corporations.

1. State Directorate of Industries.

Among the various agencies at the State level the Directorate of Industries is the most important and is in over all charge of the small industries programmes in the State. The Director of industries is the head of the organisation and is assisted by Additional Director of Industries or by a Joint Director of Industries. In addition there are a number of Deputy Directors, Assistant Directors and Technical Officers In Charge of Specific fields of activities.

At the District level, the work is looked after by District industries Officers or Assistant Directors of Industries assisted by Inspectors. At the Block level under the National Extension Service Block system, there are the Extension Officers for Industrial development.

The State Directorates perform the following main functions:-

- i) Granting financial assistance under the State Aid to Industries Act;
- ii) Supplying raw materials, electric power, transport facilities;
- iii) Developing industrial estates;
- iv) Meeting requirements of land for industry;
- v) Recommending for import licences for small manufacturers;
- vi) Organising industrial co-operatives.

Besides these major functions some State Directorates have organised Common Facility Centres, Extension Centres (Miniature Single Purpose Institutes), Training-cum-Production Centres, and Quality Marking Scheme for improvement of product quality. The Directorate also registers small scale units and collects elementary statistics about their production from these registered units. For procuring any assistance from the Directorate, the small units have to register with the Directorate.

## 2. STATE BOARDS/ADVISORY/COMMITTEES.

On the advice of Central Government most of the States have now formed either a state smallscale industries Board or a Small Scale Industries Advisory Committee, with official and non-official representatives. Normally, the broad functions of the Board are:

- i) To advise the State Government on the organisation and development of small scale and cottage industries including marketing their products in India and abroad.
- ii) To initiate, examine and supervise schemes for the development of cottage and small scale industries and to recommend suitable grants;
- iii) To co-ordinate activities of various departments with a view to develop small industries;
- iv) To advise on any other related matters.

## 3. STATE SMALL INDUSTRIES DEVELOPMENT CORPORATIONS:-

The Phenomenal growth of mechanical industrial units in the small scale sector during the First and Second Five-Year Plan periods was responsible for the emergence of a number of organisational problems, particularly on account of the acute shortage of a number of essential raw materials and stringent foreign exchange conditions.

The establishment of State Small Industries Corporations in almost every State (except Jammu & Kashmir) was a step towards solving some of these problems. These are wholly State-owned undertakings.

The functions assigned or envisaged for these Corporations include:-

- (1) Distribution of raw materials;
- (2) Supply of indigenous machinery on hire-purchase system;
- (3) Assistance in marketing small industry products by securing Government orders and through establishment of Sales Emporia;
- (4) Establishment and Management of Industrial Estates;
- (5) Setting up and Management of production Units;
- (6) Standardisation, testing and quality marking of small industry products.

#### 4. STATE FINANCIAL CORPORATIONS:-

To supplement facilities for loans to small and medium industries, the State Financial Corporations Act was passed by the Parliament in 1951. Each State has thereafter established a State Financial Corporation. These Corporations grant medium and long term loans to small and medium scale industrial units.

Generally applications for loans from 10,000-to Rs.10,00,000/- from all types of managements (such as proprietary, partnership, Private and Public Limited companies) and registered co-operative Societies, are entertained by the Corporations. In the case of Public Limited company and co-operatives the maximum limit is Rs.20,00,000/-.

Applications for loans between Rs.10,000/- and Rs.75,000/- (and in some cases upto Rs. 1 lakh) under special liberalised terms are considered by some of the Corporations as Agents of State Government. Loans and Guarantees are given only on the basis of sufficient security by pledge, mortgage, hypothecation or assignment of Government or other securities, stocks, shares or secured debentures, bullion, immovable or movable property or other tangible assets. A Guarantee of the State Government or a scheduled Bank or a State Co-operative Bank is also accepted.

#### NON OFFICIAL AGENCIES.

##### Small Industry Associations:

The need for formation of associations of small industries in India was felt during the second World War when pockets of small industry developed in various parts of the country. Voluntary associations of small industries sprung up to protect their interest and to promote their development through provision of common

facilities, exchange of important information and to solve their problems of various kinds such as shortage of essential raw materials, paucity of financial assistance etc. The central aim of these associations was to represent the views and problems of small industries to the Government and other concerned agencies.

However till the dawn of era of planning in the fifties, the associations movement did not gain sufficient momentum and their growth was not systematic.

The Government of India invited the First International planning team sponsored by the Ford Foundation in the year 1953 to study the problems of small industries and recommend measures for their development. The team suggested, among other things, that Associations of small industries should be formed wherever possible in order to help the development of small scale sector of industries and to improve the efficiency of existing units. The team also recommended the formation of a central Federation of Associations of Small Industries of India for the healthy growth of small industries in India.

FEDERATION OF ASSOCIATIONS OF SMALL INDUSTRIES OF INDIA:

The small scale industries Board of the Government accordingly sponsored and formed the Federation of Associations of Small Industries of India in September, 1959 at a meeting of representatives of small industries Associations all over the country. It is the only non-official central organisation and has been granted recognition by the Government as an accredited national organisation of small industry and is given representation on most of the important bodies of Government dealing in small industry problems.

The objects of the Federation are as under:-

- 1) To promote the development of small scale industries by providing a common platform to the Small Industrial Units;
- 2) To Provide facilities for exchange of information and opinion of interest to small industries;
- 3) To co-operate with industrial, business, educational and research institutions and other organisations in the collection and exchange of information pertaining to small industries;
- 4) To undertake professional, technical and management consultation service,
- 5) To undertake studies, surveys and research projects;
- 6) To organise Common Service facilities for its members;
- 7) To co-operate with other small industries Associations in India with the intention of furthering the objectives of the Federation and with this end in view to affiliate groups and bodies also by getting itself affiliated to any other national body, if considered necessary;

- 8) To further the cause of Small Industries by making representations to and holding consultations with Union and State Government and other bodies; and
- 9) To generally do all other things incidental to the attainment of the above objects.

The membership of the Federation consists of Small Industry Associations, Associate members and patrons interested in the development of small industries and individual small industrial units.

Since its inception, the Federation has been consistently endeavouring to spotlight the various problems faced by small industries in the country such as shortage of raw materials, inadequacy of credit, technical assistance etc. The Federation maintains a close liaison with the various Government agencies operating for the promotion of small industries. The Research and information wing of the Federation continually studies various important problems and disseminates valuable information to its members to keep them abreast of the developments in various fields in the country and abroad.

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EMPLOYMENT CAPITAL AND OUTPUT IN SMALL REGISTERED  
 FACTORIES BY INDUSTRY GROUP, 1960.

S.No.	INDUSTRY GROUP. Title.	Factories with Fixed Capital Less than Rs.5 Lakhs.				Percent-age to all Registered Factories			
		No.of Facto- ries.	Persons Employed	Fixed Capit- al (Rs. Lakhs)	Gross Out- put (Rs. Lakhs)	No.of Facto- ries. %	Persons Employ- ed %	Fixed Capit- al %	Gross Output %
1.	Miscellaneous Food Preparations	3,715	1,38,238	36,73	2,47,72	87.2	40.6	47.0	51.2
2.	Grain Mill Products	4,255	92,639	16,84	1,82,77	95.6	86.1	84.1	78.8
3.	Textile Spinning, Weaving & Finishing	3,073	1,46,977	12,12	1,08,74	83.3	12.7	5.4	13.3
4.	*Metal Products except Machinery and Transport equipment	2,080	61,929	10,59	62,40	97.0	66.2	41.5	60.0
5.	Ginning and Pressing	2,812	1,04,350	14,83	60,27	95.7	91.9	93.6	88.1
6.	*Machinery, except Electrical Machinery	2,599	78,879	15,69	55,54	95.0	51.8	35.1	46.4
7.	Tobacco Products	2,565	1,36,171	2,77	51,06	95.3	74.8	34.3	43.0
8.	*Miscellaneous Chemical Products	1,002	42,502	7,22	47,63	89.6	47.1	19.9	28.6
9.	*Basic Iron and Steel Industries	709	43,533	5,28	43,11	84.9	31.3	2.7	16.2
10.	*Tanneries and Leather Finishing	413	16,077	1,55	39,87	97.4	77.0	63.7	88.8
11.	*Printing, Publishing & Allied Industries	2,466	68,702	14,24	37,97	96.3	60.5	47.4	50.2
12.	*Manufactures. not elsewhere classified	1,028	30,459	6,85	26,89	96.8	83.5	76.9	82.5
13.	*Non-Ferrous Metal Industries	267	8,206	2,43	24,68	91.7	36.6	13.9	41.2

S.No.	INDUSTRY GROUP Title.	Factories with fixed Capital Less than Rs. 5 Lakhs.				Percentage to all Registered Factories			
		No. of Factories.	Persons Employed	Fixed Capital (Rs. Lakhs)	Gross Output (Rs. Lakhs)	No. of Factories. %	Persons Employed %	Fixed Capital %	Gross Output %
14.	*Wood and Cork except Furniture	1,574	40,220	4,67	24,26	97.8	81.9	68.7	82.2
15.	*Electrical Machinery	485	25,058	8,95	23,04	83.2	28.8	25.1	21.1
16.	*Non-mettalic Mineral Products	727	33,309	3,48	21,40	95.7	76.2	52.0	63.2
17.	Motor Vehicle Repair	1,174	38,728	6,61	20,17	94.7	72.5	55.3	73.4
18.	*Rubber Products	257	15,187	6,96	18,20	92.1	38.2	41.5	23.9
19.	*Textiles	778	26,433	1,85	17,96	98.5	86.7	62.0	77.6
20.	*Basic Industrial Chemicals	207	9,110	2,81	17,62	76.9	18.2	3.4	17.9
21.	*Structural Clay Products.	604	42,882	10,63	9,57	94.5	70.4	53.2	50.0
22.	*Glass and Glass Products	211	25,041	1,50	8,19	88.6	67.1	24.8	49.9
	All other Manufacturers	3,456	1,13,012	16,97	83,29	----	----	----	----
	CSIO type industry group. Total	36,457	13,37,642	2,11,57	12,32,35	92.1	37.9	17.5	32.9

Note: An industrial unit which employs 10 or more workers and uses power in his factory or employs 20 workers, but does not use power is covered by the Factories Act of 1948.

"LL"/30.3.68.

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Illustrative list of Small-Scale and Village Industries.

1. Khadi (Hand Spinning and hand weaving of hand spun yarn) (cotton, silk and woollen)

- a) Khadi Spinning - traditional khadi and Ambar Khadi.
- b) Khadi weaving.

2. Village Industries: Village Industries with which the Khadi and Village Industries Commission are concerned are:-

- a) Processing of cereals and pulses
- b) Ghani oil
- c) Cottage Match
- d) Gur - Khandsari
- e) Palm - Gur
- f) Non-edible oils and soap
- g) Hand made paper
- h) Village pottery
- i) Bee keeping
- j) Fibre other than coir
- k) Blacksmithy & Carpentry
- l) Manufacture of Manure
- m) Limestone products
- n) Cottage leather
- o) Cane and bamboo

3. Handlooms

Handloom weaving of mill spun cotton, silk and woollen yarns.

4. Power looms.

5. Handicrafts

- |                              |               |
|------------------------------|---------------|
| a) Sandal wood carving       | f) Metal ware |
| b) Stone and metal sculpture | g) Mat        |
| c) Jewellery                 | h) Bamboo     |
| d) Agarbatti                 | i) Comb       |
| e) Caneware                  | j) Pottery    |

6. Small (Factory) Industries

- |                               |                                 |
|-------------------------------|---------------------------------|
| a) Machine tools              | h) Leather and Rubber products. |
| b) Radio Receivers (Assembly) | i) Chemicals                    |
| c) Mechanical Toys            | j) Engineering products         |
| d) Metal toys                 | k) Glass and Mineral products.  |
| e) Scientific instruments     | l) Metallurgical (metals)       |
| f) Fountain Pens              | m) Cycles and their parts.      |
| g) Food and Allied products   |                                 |