E. C. No. 256

ESTIMATES COMMITTEE
1961-62

HUNDRED AND FIFTY-FIRST REPORT

(SECOND LOK SABHA)

MINISTRY OF COMMERCE & INDUSTRY

Action taken by Government on the recommendations contained in the Seventy-Ninth Report (Second Lok Sabha) of the Estimates Committee on the Ministry of Commerce and Industry Small Scale Industries— Part II (The National Small Industries Corporation Ltd., New Delhi)

LOK SABHA SECRETARIAT
NEW DELHI

March, 1962/Phalguna 1883(S)
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(1961-62)

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INTRODUCTION

I, the Chairman of the Estimates Committee, having been authorised by the Committee, present this Hundred and Fifty-first Report of the Estimates Committee on the action taken by Government on the recommendations contained in the Seventy-Ninth Report (2nd Lok Sabha) of the Estimates Committee on the Ministry of Commerce and Industry—Small Scale Industries—Part II (The National Small Industries Corporation Ltd., New Delhi).

2. The Seventy-ninth Report of the Estimates Committee was presented to the Lok Sabha on the 28th March, 1960. Government furnished their replies indicating the action taken on the recommendations contained in this Report on the 18th March, 1961. Government were requested thereafter to furnish further information on points arising out of their replies to certain recommendations. The replies were examined by the Study Group 'F' of the Estimates Committee (1961-62) on the 26th October and the 9th December, 1961. The draft Report was adopted by the Committee on the 16th March 1962.

3. The Report has been divided into the following five Chapters :—

I—Report.

II—Recommendations that have been accepted by Government.

III—Replies of Government that have been accepted by the Committee.

IV.—Replies of Government that have not been accepted by the Committee.

V—Recommendations in respect of which final replies of the Government are still awaited.

4. An analysis of the action taken by Government on the recommendations contained in the Seventy-ninth Report (2nd Lok Sabha) of the Estimates Committee is given in Appendix II. It would be observed therefrom that out of 47 recommendations made in the Report 44·7% have been accepted by Government and replies in respect of 36·2% of the recommendations have been accepted by the Committee. Of the rest, replies of Government in respect of 12·7% of the recommendations have not been accepted by the Committee while final replies to 6·4% of the recommendations are still awaited.

H. C. DASAPPA,
Chairman,
Estimates Committee.

NEW DELHI ;
The 16th March, 1962.
The 25th Phalguna, 1883 (S).

CHAPTER I

REPORT

In paras 2 and 4 of their Seventy-Ninth Report (Second Lok Sabha) on the National Small Industries Corporation Ltd., the Estimates Committee had referred to the existence of multiplicity of organisations for development of small scale industries and had felt that if the existing dual organisation at the Centre was continued, the functions of the Development Commissioner and the National Small Industries Corporation should be clearly demarcated so that the Small Industries Corporation might devote itself more and more to trading activities. *The Committee have dealt with this subject at some length while considering the replies furnished by Government to the substantive recommendations made by them in this behalf in their 77th Report and their views in the matter are set forth in para 2 of Chapter I of their Hundred and Fiftieth Report on Action taken by Government on the 77th Report on the Organisation of the Development Commissioner, Small Scale Industries. As suggested by them therein, Government should consider the desirability of entrusting the entire responsibility for promotion and development of Small Scale Industries at the Centre to one organisation only.*

2. In para 42 of the Report the Committee had observed that even the Undertakings in the public sector had not taken adequate steps towards the development of ancillaries. They felt that Public Undertakings should give a lead in the matter and suggested the issue of a Government directive in this respect. *The Committee are glad to note from the reply that Government have since issued necessary instructions to the undertakings concerned asking them to take speedy action to develop the ancilaries for meeting their requirements of necessary components and parts etc.*

3. Though the responsibility for setting up the Industrial Estates rest with the State Governments, the National Small Industries Corporation was entrusted with the construction of two Industrial Estates—One at Okhla (Delhi) and the other at Naini (Allahabad) with a view to expedite their construction. It was visualised that after the completion of the Estates, they would be handed over to the respective State Governments as envisaged in the 2nd Five Year Plan. After completion, the Okhla Industrial Estate was tansferred to the Delhi Administration. The Industrial Estate at Naini which was completed in October, 1958, had not, however, been transferred to the U.P. Government and the matter was stated to be under consideration. In para 90 of the Report, the Committee had urged that an early decision in the matter should be taken. In reply, Government have stated that since the negotiations with the U.P. Government were not proceeding smoothly and the administration of the Estate was suffering, Government decided that for some years to come, the Corporation should administer the Estate. *The Committee trust that Government will before long hand over the management of this Estate to the Government of U.P.*

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Sl. No. as in Appendix VII of the 79 th Report	Reference to para No. of the Report	Summary of Conclusions/Recommendations	Reply of the Government
1	2	3	4
5	11	An appropriate organisational pattern for the National Small Industries Corporation was not properly thought of at the beginning and major changes had to be made within a short period. The Committee feel that such an important matter should have been given full consideration at the beginning to obviate the necessity of frequent changes.	The pattern of organisation of the Corporation has now got stabilised. [*Min. of Commerce and Industry O.M. No. SSI(A)-15(14)/60 dated the 18th March*, 1961].
6	14	The Committee cannot help feeling that the ratio between paid up capital and loans of the National Small Industries Corporation is somewhat high. If the raising of the loans had resulted in higher profits, then at least it could have been justified. Here it is found that the borrowings have only added to the losses. The Committee recommend that the	This recommendation is being further examined so as to arrive at a proper relation between capital and loan. [*Min. of Commerce and Industry O.M. No. SSI (A)-15(14)/60 dated the 18th March*, 1961].

		capital requirements of the Corporation may be reviewed and properly assessed.	
7	16	It should be possible for the trading functions of the Corporation to be operated on a profit basis. In any case, it is essential that there should be no loss on such activities.	Orders have now been issued by Government so as to place the trading functions of the Corporation in a self-paying basis. It is envisaged that there will not be loss in future on trading activity. [*Min. of Commerce and Industry O.M. No. SSI (A)-/5*(14)/60 *dated the* 18*th March*, 1961].
10	23	While the Committee note with some amount of satisfaction that the volume of Government purchases made from the small industries has been rising, they feel that it is still not significant enough and leaves much scope for improvement.	Efforts are being made to bring more items under Group IV (*i.e.* items reserved for purchase from small scale units only) and negotiations are in progress with other Central Government Store Purchasing agencies to introduce a scheme of purchases from small industries as in vogue with the Director General of Supplies and Disposals. It is expected that with these efforts, the volume of contracts placed on small industries will increase considerably. [*Min. of Commerce and Industtry O.M. No. SSI (A)*-15 (14)/60 *dated the* 18*th Match*, 1961].
12	25	Though in terms of value, Government purchases from small Units during 1958-59 recorded a perceptible increase over the previous years yet Committee feel that there is considerable ... n for improvement.	Please see remarks against S. No. 10 (para 23 of the Report). [*Min. of Commerce and Industry O.M. No. SSI (A)*-15(14)/60 *dated the* 18*th March*, 1961].

1	2	3	4
14	26(ii)	The Committee suggest that the scheme of giving a price preference to the small industries be revised to assess the results achieved so far and to devise ways and means for the scheme being fully utilised by all industries.	The S.S.I. Board at its 18th meeting held on the 9th & 10th February, 1961 have set up a Committee under the Chairmanship of Shri G. L. Bansal, Secretary General of the Federation of Indian Chambers of Commerce and Industry to go into the question of Government store purchase. This recommendation has also been remitted to them for consideration. [*Min. of Commerce and Industry O.M. No. SSI* (*A*)-15(14)/60 *dated the* 18*th March*, 1961].
15	26(iii)	The Committee suggest that an early decision may be reached with regard to the items proposted to be reserved for procurement exclusively from the small scale units and further steps taken to enlarge the number of such items to be included under their group. In this connection they invite reference to their recommendation in para 55 of the 77th Report.	The number of items exclusively reserved for purchase from small scale units was originally 22 and is now 27. The list of such items is constantly being reviewed, as the development of industries in the small sector is a continuous process. [*Min. of Commerce and Industry O. M. No. SSI* (*A*)-15(14)/60 *dated the* 18*th March*, 1961].
26	27	The Committee suggest that in order that a proper appreciation of the extent to which purchase policy of the Government governing each group of the present Government Purchase Scheme has been successful may be possible,	This would be done separately in respect of items under Groups III & IV. [*Min. of Commerce and Industry O.M. No. SSI* (*A*)-15(14)/60 *dated the* 18*th March*, 1961].

		statistics showig the volume of purchases made under each group should be maintained.	
17	28	The Committee are surprised that though the Government purchase scheme was entrusted to the Corporation about four years ago, the extension of the scheme to the Railways and the Ministry of Defence should not have been completed till now and that not even a beginning should have been made to extend to departments like the Posts and Telegraphs. They suggest that urgent steps be taken to extend the scheme without further delay to all the departments of the Government of India, at present, not covered by it.	(*a*) Extension of the scheme to the Railways was given effect to from April, 1960. (*b*) The Chief Controller of Printing and Stationery and Directorate General of Posts and Telegraphs have also since agreed to introduce a similar scheme of purchases from the small scale units. (*c*) The Direct Demanding Officers of the Defence Ministry, D.G., A.F.M.S. have been provided with copies of the Directory of Small Scale Units enlisted with the Corporation so that enquiries for purchase of stores could be issued to the units. [*Min. of Commerce and Industry O.M. No. SSI (A)*-15(14)/60 *dated the* 18*th March*, 1961].
21	36—37	At present both the Organisation of the Development Commissioner, Small Scale Industries and the National Small Industries Corporation are engaged in the development of ancillaries but the primary responsibility is that of the Corporation. The Committee are not satisfied with the divided responsibility for development of ancillaries. They recommend that it may be reviewed in the light of the decision to be taken on the recommendation of the Committee contained in para 4.	Government have since decided that the work relating to the development of ancillaries would be handled by the Development Commissioner (Small Scale Industries). An Ancillary Divisio has been set up in this organisation for thisn purpose. [*Min. of Commerce and Industry O.M. No. SSI (A)*-15(14)/60 *dated the* 18*th March*, 1961].

1	2	3	4
23	42	The Committee consider it disappointing that while the Government are wedded to a policy of decentralisation of industries and development of ancillaries, even public undertakings have not taken adequate steps to implement this policy despite recommendations made by the Committtee to that effect in their earlier reports relating to the Bharat Electronics Ltd., Hindustan Aircraft Ltd., etc. They feel that Public Undertakings should take a lead in this respect and set an example to the private sector. They, therefore, consider that the issue of a directive to all the Public Undertakings to encourage small industries, as recommended by the Sub-Committee on Ancillaries, should be the first essential positive measure to be taken by Government for development of ancillaries.	As a result of the efforts made by the Corporation in collaboration with the Development Commissioner's Organisation, a number of schemes have been finalised with the public sector projects and in respect of others, negotiations are in progress as indicated below :— (1) *The Hindustan Machine Tools, Bangalore.* Scheme has been framed to set up about 50 small scale units in an Industrial Estate as ancillaries to H.M.T. (2) *Indin Telephone Industries Limited, Banaglore.* A scheme for setting up a Women's Cooperative Industrial Society under the aegis of the Central Social Welfare Board to serve as ancillary to this large scale Industry has been finalised. (3) *The Sindri Fertilizers and chemicals Ltd. Sindri.* Certain items have been chosen and the small scale industries in and around Calcutta have succssfully executed orders placed on them in respect of those items. It is estimated that during the last six months orders for about Rs. 6 lakhs were executed by small scale units.

(4) *Hindustan Cables Ltd.*

A few items, such as, leather gloves, etc., have been selected for procurement from small scale units.

(5) *Hindustan Shipyards Ltd., Vishakapatnam.*

40 small scale units considered capable of taking up production of items required by this undertaking have been located. The setting up of an Industrial Estate containing about 50 small scale units to serve as an cillaries is also contemplated.

(6) *Hindustan Steel Ltd., Rourkela, Bhillai.*

Steps are being taken to set up Industrial Estate in and around these places where ancillaries would be established to meet the demand of these plants when they go into full production.

(7) *Hindustan Aircrafts Ltd., Bangalore.*

In view of the fact that parts and components required by the Undertaking are of a very precision nature, the question of setting up ancillary units is still under consideration.

(8) *Bharat Electronics Ltd.*

Negotiations are in progress.

1	2	3	4
			(9) *Hindustan Insecticides Ltd., Delhi.* Negotiations are in progress. Further fillip is being given by the newly constituted Ancillary Division in the office of the Development Commissioner (Small Scale Industries) in consultation with the Public Sector projects.
		(*Further information called for by the Committee.*) Please state whether any directive to all Public Undertakings, as recommended by the Committee, has been issued. If not, the reasons therefor may be stated. (*Lok Sabha Secretariat O. M. No.* 19 *Pu*/61 *dt. the* 14*th July*, 1961.)	A Copy of this Ministry's D.O. letter No. SSI(A)-15 (31)/61 dated 22-6-61 addressed to the Ministries who are concerned with Public Sector Undertakings is enclosed (Appendix I). The Ministries concerned have since informed this Ministry that they have sent a suitable Communication in this regard to Government Undertakings with which each of them is concerned. [*Ministry of Commerce and Industry O.M.No. SSI (A)*-15(14)/60 *dated the* 29*th November*, 1961.]
25	48	The Committee consider that the procedure prescribed for the supply of machinery on hire-purchase is still complicated and there is room for further simplification. They also feel that the present arrangement by which all applications have to come to the Holding Corporation can be decentralised by dele-	The procedure has been further simplified in consultation with the State Governments. [*Ministry of Commerce and Industry O.M.No. SSI(A)*-15(14)/60 *dated the* 18*th March*, 1961.]

gation of powers to the subsidiary corporations/branch offices to some extent. The Committee, therefore, recommend that the feasibility of further simplifying the procedure may be considered.

26	49	The Committee suggest that the working of the scheme for the supply of machines on hire-purchase may be reviewed with a view to assess to what extent it has benefited the smaller units.	It is proposed to undertake this review as suggested by the Committee. It will be seen from the statement below that by far the largest number of applications accepted by the National Small Industries Corporation have been for small machines costing from Rs. 25,000/- to Rs. 50,000/-.

Application for hire-purchase of machinery accepted since inception of Scheme till 31st July, 1960.	No. of applications	Value: Rs.
	3175	11,89,12,244
Upto Rs. 25,000 .	2044	2,09,90,144
From Rs. 25,000 to Rs. 50,000.	513	1,81,22,314
From Rs. 50,000 to Rs. 1 lakh .	302	2,04,82,752
From Rs. 1 lakh to Rs. 2·5 lakhs .	249	3,83,34,076
Above Rs. 2·5 lakhs	67	2,09,82,958

[*Ministry of Commerce and Industry O.M.No. SSI (A)* -15(14)/60 *dated the* 18*th March*, 1961.]

1	2	3	4
27	50	The Committee recommend that the scheme for the supply of machines on hire-purchase basis may be utilised to encourage the use of indigenous machinery and machine tools as far as possible.	As far as possible, preference is given for supply to indigenous machinery and only in case of non-availability of indigenous machines, supply of imported machinery is resorted to. The percentage for supply of indigenous machines is continuously on the increase. [*Ministry of Commerce and Industry O.M. No. SSI (A)-15(14)/60 dated the 18th March*, 1961.]
28	54	The Committee feel that the scheme for supply of machines on hire-purchase basis should be operated on a no loss basis, if not on a profit basis. In case the Government consider it necessary to subsidise the scheme, the rate and extent of the subsidy should be clearly specified and accounted for separately as suggested in para 17.	This has already been agreed to in principle. With a view to achieving this objective, the Board of Directors recently decided that a Service Charge of 5% on the C.I.F. Cost in the case of imported machines and on the F.O.R. Cost (excluding Sales tax and Insurance charge) in the case of Indigenous machines should be levied in respect of all applications received in the Corporation w.e.f. 11th August, 1960. [*Ministry of Commerce and Industry O.M.No. SSI (A)-15(14)/60 dated the 18th March*, 1961.]
31	64	The Committee hope that suitable steps would be taken to ensure that the targets of sales laid down for the whole sale depots are achieved quickly. They also recommend that the incidence of the overheads should be spread over	Suitable steps are being taken to lay down targets in respect of the two wholesale Depots, which will continue to operate. This as also the other recommendation of the Committee to entrust one or more products for trade to the Wholesale Depots

		a large ranger of activities. To this end the Corporation may consider the feasibility of entrusting one or more products for trade to the wholesale depots.	would be kept in view while considering schemes for opening new Wholesale Depots in future. [*Ministry of Commerce & Industry O.M. No. SSI (A)-15 (14)/60, dated the 18th March, 1961.*]
32	72	The Committee feel that the export market for shoes is not yet established and, therefore, is not steady. They doubt whether it was essential to have set up the seven export cells in the country. Further they observe that the Corporation had branch offices and/or wholesale depots at five places where the cells were set up. The work of the cells could perhaps have been done by the existing agencies till the business became stabilised. The Committee are of the view that the decision to set up export cells and having set them up to close them down soon after were not business like. They recommend that as the expenses incurred on these cells are stated to have contributed largely to the fall in the profits earned by the Corporation, the feasibility of merging the present export cells at Agra and Bombay with the wholesale depots at these places may be considered.	The Export Cells at various places in the country were established with a view to developing shoe industry for participation in the export programme. It was then felt that it would be possible to secure and maintain continuity of export orders. However, due to reasons beyond the control of the Corporation, the expectation did not materialise with the result that the export orders did not flow in as anticipated. The promotional activity, undertaken through certain cells had, therefore, to be suspended for the time being. Since the demand from the foreign buyers is now expected to be more or less steady from the next year onwards, steps are being taken to develop centres at such places where there are potentialities for the development of footwear industry for export purposes. It has also been decided by the Corporation to merge the Footwear Wholesale Depot with the Footwear export Cell at Agra. The Bombay Footwear Export Cell is already being looked after by the Subsidiary Corporation, Bombay, which is acting as the agents of the Holding Corporation in the procurement of shoes for export purposes. [*Ministry of Commerce & Industry O.M. No. SSI (A)-15(14)/60, dated the 18th March, 1961.*]

1	2	3	4
34	75	The Committee understand that the 54,000 pairs of shoes lying undisposed of at Agra which were got fabricated during the execution of first Russian Order are of very good quality. They suggest that suitable steps may be taken to minimise the loss on this account, if necessary, by selling them in retail.	Messrs Bata Shoe Co. (Private) Ltd., have taken 22,147 pairs of shoes valued at Rs. 2·58 lakhs out of the surplus stocks held by the Corporation on behalf of the S.T.C. M/s. Bata Shoe Co. have agreed to purchase a further quantity of 2,000 pairs of children shoes and 13,000 pairs of gents shoes after inspection by their representatives. [*Ministry of Commerce & Industry O.M. No. SSI (A)-15(14)/60, dated the 18th March, 1961*].
35	76	The Committee suggest that the Corporation may examine the feasibility of co-ordinating the production programme of shoes for exports as well as for internal consumption in such a way that the shoe makers may have continuous orders.	With a view to attaining this objective, it has already been decided to merge the activities of the Footwear Wholesale Depot which at present handles the internal marketing of footwear, with the Footwear Export Cell at Agra. [*Ministry of Commerce & Industry O.M. No. SSI (A)-15(14)/60, dated the 18th March, 1961*].
36	77	The Committee suggest that a comprehensive list of items produced by small units which have a market abroad should be prepared by the National Small Industries Corporation. Towards this end they recommend that a survey of export possibilities of various items produced	Action in this direction has already been initiated. Discussions were recently held with the S.T.C. and the Export Promotion Council to explore the possibilities for exporting sports goods. Similar action would be taken in respect of other products holding prospects for export.

		by small units, may be conducted immediately in coordination with other organisations like the State Trading Corporation, Export Promotion Councils.	[*Ministry of Commerce & Industry O.M. No. SSI (A)-15(14)/60, dated the 18th March, 1961*].
43	89	As the Corporation is short of funds and has already borrowed a large amount of money the Committee suggest that the Corporation may take suitable steps to recover the amount due from the Delhi Administration quickly so that it may be available to reduce its liabilities or to strengthen its working capital.	The amount due from the Delhi Administration has since been received. (*Ministry of Commerce & Industry O.M. No. SSI (A)-15(14)/60, dated the 18th March, 1961*].

CHAPTER III

REPLIES OF THE GOVERNMENT THAT HAVE BEEN ACCEPTED BY THE COMMITTEE

Sl. No. as in Appendix VII of the 79th Report	Reference to para No. of the Report	Summary of Conclusions/Recommendations	Reply of the Government
1	2	3	4
3	5	Although the Articles of Association of the National Small Industries Corporation do not embody any restrictions on its powers in actual practice the powers of the Corporation are subject to full Government control. It is not consistent with the character of the Corporation to suffer from a disability to incur capital expenditure or a loan, however, small it may be, without the prior approval of the Government.	The Corporation does not suffer from any disability to raise a loan or incur capital expenditure, except in such cases were capital expenditure is intended for promotional activities to be met out of any grant to be made available by Government. In actual practice, however, the Corporation has hitherto approached only the Government for loan but this does not mean that there is any restriction on the powers of the Corporation to raise, borrow or secure funds for its various activities from any other source. [*Min. of Commerce & Industry O. M. No. SSI (A)-15(14)/60, dated the 18th March, 1961*].
4	6	The Committee feel that it would be desirable to follow a uniform pattern in matters of making provision in the Articles of Association of all Govt. Companies regarding powers for capital expenditute and borrowings and to lay	This recommendation is being examined for adoption in all Central Undertakings. [*Min. of Commerce & Industry O.M. No. SSI (A)-15(14)/60, dated the 18th March, 1961*].

down limits to the powers of the National Small Industries Corporation rather than vest it with hypothetical powers which are not expected to be exercised.

(Further information called for by the Committee).

The decision taken in the matter as a result of the examination may please be intimated.

(Lok Sabha Secretariat O. M. No. 19-*Pu*/61, *dated the* 14*th July* 1961.

The industrial undertakings in the Public Sector have provisions in their respective Articles of association, setting a limit on their powers for incurring capital expenditure. The maximum amount upto which the companies have been empowered to incur capital expenditure vary from unit to unit according to their size, nature of operations and special needs. Expenditure above the specified limits is to be approved by the President ; for instance, Fertilizer Corporation of India, Heavy Engineering Corporation and Heavy Electricals (India) have a limit upto Rs. 40 lakhs in each case whereas Nahan Foundry Ltd. have powers only upto Rs. 50,000 only and National Instruments Ltd. upto Rs.50 lakhs only.

2. The undertakings which are of a promotional nature (*e.g.* National Industrial Development Corporation, National Small Industries Corporation and Indian Handicrafts Development Corporation) and those which are of a commercial nature (*e.g.* State Trading Corporation and Export Risks Insurance Corporation) have, however, no provision in their respective Articles of Association for incurring capital expenditure. This

1	2	2	4
			is because the activities of these undertakings are such that no capital expenditure is required to be incurred by them. The promotional units, however, have special provisions in their Articles of Association, according to the nature of their promotional activities, to advance loans and to give guarantees to any particular concern upto certain specified amounts. Regarding borrowing, President's approval is required in all cases. 3. In the light of the position stated above, it will be seen that the public sector undertakings have been vested with adequate powers, according to the needs of each case and that it is not desirable or practicable to have any uniform powers or limits applicable to all the undertakings. [*Min. of Commerce & Industry O.M.No. Pr. C. 16(4)/61, dated the 14th August, 1961*).
8	17	If the Government wish to subsidise an activity the subsidy should be given at a specific rate and accounted for accordingly instead of the total loss incurred being reimbursed. That would enable the element of subsidy to be distinguished from the trading loss incurred by the Corporation. The Committee recommend that the rate and extent of subsidy payable to the Corporation for its promotional activities may be fixed and accounted for as such.	The Corporation's activities have now been grouped into two distinct parts, promotional and commercial. Commercial activities will be self paying. The expenditure incurred by the Corporation on its promotional activities will be reimrbused to it. There will therefore be no question of payment of subsidy as such. [*Min. of Commerce & Industry O.M. No. SSI (A)-15(14)/60, dated the 18th March, 1961*].

9	20	The Committee are surprised that while the Corporation was set up for the specific purpose of operating the scheme of Govt. purchases as a trading scheme, it should not have been even given a fair trail. They consider that the scheme suggested by the Ford Foundation Team was a good one. Though there might have been certain difficulties in implementing the scheme, they feel that it might have been tried by making suitable modifications, if necessary. The Committee suggest that the feasibility of reviving the original scheme be considered at the highest level.	According to the recommendation originally made by the International Planning Team on Small Industries, the function of the Corporation was to organise production for meeting Government orders, the Corporation getting the main contract and sub-contracting them to different small units. It was found that there were practical operational difficulties in working this scheme. Therefore the Government of India invited Mr. Kennard Weddell of the U.S.A. in April 1956 to go into this question further. The present programme of assistance for Govt. purchase is based on Mr. Weddell's report and is working satisfactorily and does not therefore call for any revision. [*Min. of Commerce & Industry O.M. No. SSI(A)*-15 (14)/60, *dt., the* 18*th March*, 1961.]
11	24	The Committee are unable to assess to what extent the rise in percentage of purchases from small industries is due to the assistance rendered by the National Small Industries Corporation and to what extent it is due to the reservation of stores for procurement from Small Units.	It may be stated that considerable assistance is rendered by the Corporation to Small Industrial units, for obtaining orders even in respect of items reserved for procurement under Group IV. Besides, the Corporation is activity pursuing with the authorities concerned the question of inclusion of more and more items in this Group. Orders obtained by small units from the Director-General (Supplies & Disposals) direct and

1	2	3	4
			through the efforts of the Corporation are given below:—

Period	Direct	Through the efforts of the Corporation	Total
	Rs. lakhs	Rs. lakhs	Rs. lakhs
1958-59 .	63·88	256·12	320·00
1959-60	54·19	264·81	319·00
1960-61 .	190·12	316·38	506·50
(upto Jan. 61)	(upto Dec. 60)		

[*Ministry of Commerce & Industry O.M. No.SSI(A)*-15 (14)/60, *dt. the* 18*th March*, 1961].

[*Further information called for by the Committee*].

It has now been stated that the value of orders placed by D.G.S. & D. with Small Scale units during 1958-59 was Rs. 320 lakhs ; whereas in reply to written Question No. 15 [furnished *vide* Min. of C. & I. O. M. No. SSI (A)-14(67)/59, dt. the 28th/29th October 1959] the same was stated to be Rs. 453 lakhs. This may please be reconciled.

[*Lok Sabha Secretariat O.M. No.* 19-*Pu*/61, *dt. the* 14*th July* 1961].

The amount of Rs. 320·0 lakhs bering the value of contract placed by the Director-General of Supplies and Disposals with small scale units, may be taken as correct. The figure of Rs. 453·0 lakhs, as communicated earlier included purchases in respect of Khadi also.

[*Min. of C. & I.O.M. No. SSI*(*A*). 15(14)/60.*dt. the 29th November*, 1261].

13	26(i)	The Committee regret that though more than a year has elapsed since the submission of the Report by the Committee set up by Small Industries Board on the development of Ancillaries, the Government have not been able to reach any conclusion over its recommendations. They suggest that Governments decision in this matter be expedited.	The main recommendations of the Committee on Ancillary Industries set up by the Small Scale Industries Board on 9th August, 1958 were : (a) that a price preference of 10 % of the actual value of components and parts purchased from small units should be allowed to the large scale units ; (b) There should be greater liaison between the National Small Industries Corporation, the Small Industries Service Institute and the Development Wing in order to increase purchases of components and parts by large units. To start with the Development Commissioner should pass on to the Development Wing the names and addresses of competent small scale units situated in Calcutta, Bombay, Madras and Delhi indicating in each case the components each of them could produce and the industries for which they are required. The Development Wing would then contact the large units concerned and persuade them to buy their requirements from those units. The Development Commissioner (small Scale Industries) and the National Small Industries Corporation should give all possible assistance to small units in execution of these orders ;

1	2	3	4
			(*c*) A directive should be issued by Government to State undertakings to purchase their requirements of components and parts from small units recommended by Small Industries Service Institute in the area ; (*d*) That all large scale applicants for licences under the Industries (Development and Regulation) Act should be asked to forward a copy of their application to the S. S. I. of the State who in consultation with State Director of Industries should examine the scheme and submit a joint report for the consideration of the Licensing Committee indicating the components and parts which the applicant can obtain from small ancillary units without making arrangements for producing the same in its own factory. Government have not found it possible to accept (*a*) above. As regards (*b*) & (*c*), follow up action has already been initiated by the authorities concerned. In regard to (*d*), the matter has been under consideration of the S.S.I. Board and further action will be taken after the Board's final recommendations are received. [*Ministry of Commerce & Industry* O.M. No. SSI(*A*)-15(14)/60, *dated the* 18*th March*, 1961.]

22	41	The method of persuasion by negotiation for development of ancillaries has not been attended with any appreciable success. It is therefore apparent that besides persuasion certain positive measures are called for. Though the necessity of such measures has been recognised by the Government no steps seem to have been taken so far in that direction.	The Small Scale Industries Board has appointed a sub-committee to make recommendations on the steps to be taken for the development of ancillary industries. The First Report of the Committee was considered by the Small Scale Industries Board at its 18th meeting in February 1961. Action will now be taken on the recommendation of the Committee. [*Ministry of Commerce & Industry O.M. No. SSI(A)* -15(14)/60, *dated the* 18*th March*, 1961.]
24	46	While the number of machines supplied is increasing, only 50% of the number applied for has been supplied. While this may be partly due to the fact that bulk of the demand is for imported machinery and the imports take time, it appears also to be due partly to the time taken in processing the applications.	With the introduction of simplified procedure since June, 1960, in most of the cases the applications are accepted within about three weeks of their receipt in the Corporation. There are, however, some cases, which take more than three weeks because either the applications are incomplete or references have to be made to other agencies. In the latest revised application forms, an extra copy has been added which the applicant is required to send direct to the Corporation as soon as he had submitted the same to the Director of Industries. This will enable the Corporation to have an idea of the Number of applications pending with the Recommending Authorities and will also enable the Corporation to draw their attention wherever introdinate delays occur.

1	2	3	4
			Apart from the time taken in importing the machines due to long delivery schedules given by the foreign suppliers, there are several other factors, which account for the delay in supply of machines. These include certain action on the part of applicants themselves *viz.*, delay in payment of earnest money, changes in their original demands necessitating the issue of fresh enquiries to the suppliers, amendment of orders already placed etc. etc. As on 1st January, 1961, the number of pending applications was 165. These could not be processed as the applications were not complete in all respects. [*Ministry of Commerce & Industry O.M. No. SSI(A)*-15(14)/60, *dated the* 18*th March*, 1961.]
29	58	The Committee consider that the losses incurred in the mobile sales vans scheme are due to defective planning and execution. Besides, the Committee are surprised that it was necessary for the Corporation to operate the scheme for four years to realise its ineffectiveness when it was incurring heavy losses every year since its inception. They urge that the Corporation should work in a more business like manner in dealing with such matters.	A full complement of mobile vans commenced operations only during the years 1957-58 and 1958-59. While in the beginning, the objective of the scheme was to promote the sale of certain selected small scale industries' products, from the beginning of the calendar year 1958, emphasis from the direct sales was shifted to publicising the sale of small scale industries products in the wider markets, the actual selling operation being subservient to this objective. Thus the operations contained a greater element of promotional aspect than trading and, therefore, losses were

			inevitable. The Corporation is conscious of the need to work in a business-like-manner. As a matter of fact, the scheme of mobile van operations was constantly under review before it was decided to discontinue the same. [*Ministry of Commerce & Industry O.M. No. SSI(A)-15(14)/60, dated the 18th March, 1961*].
30	62	The Committee recommend that suitable steps may be taken to improve the results of operation of the wholesale depots. Judging from the rate of progress shown, there should be no difficulty in eliminating the losses altogether and earning some profits.	The working of the Wholesale Depots was recently reviewed by the Board of Directors with reference to other primary objective *viz.*, to encourage production of standardised goods and to promote sale of such goods. From the progressive rise in the sale figures, it was evident that market for the products handled by the Wholesale Depots had been fairly established and thus the depots had been able to render the primary services for which these were set up. The Board, therefore, felt that since the present objective of the marketing assistance programme of the Corporation was to establish direct contract between the manufacturers and the dealers with a view to allowing their mutual trades relationship and goodwill essential for success of the business venture to develop, the time had come for the phased withdrawal of the Corporation from these activities. It was, therefore, decided that all the depots except Footwear Depot at Agra and Potteries Depot at Khurja may withdraw from the Marketing Operations. [*Ministry of Commerce and Industry O. M. No. SSI (A)-15 (14)/60, dated the 18th March, 1961*].

1	2	3	4
33	73	The Committee understand that to overcome the difficulty of getting good quality upper leather the Corporation had made arrangements with certain Tanneries at Calcutta for the supply of good upper leather. They hope that with the steps taken the incidence of rejection in the supply of shoes will be reduced. They suggest that a very careful watch should be kept over the rejections because the security of the market would largely depend on that factor.	The information furnished to the Estimates Committee was to the effect that the Corporation had suggested to the shoe fabricators to have a joint purchasing arrangement under which they could enter into contracts with three or four big tanneries for supply of good quality leather on a long term basis. To begin with, a Scheme on these lines in respect of the fabricators in Agra has already been formulated and is under consideration. Under this Scheme, not only would the fabricators be able to get their bulk supplies of quality leather but would also be able to avail of the credit facilities agreed to by the State Bank of India. [*Ministry of Commerce and Industry O.M. No. SSI (A)*-15(14)/60, *dated the* 18*th March*, 1961].
38	81	The Corporation, not being an engineering organisation, had no experience whatsoever, of constructional work. The Committee are unable to appreciate how it was expected that the Corporation would be able to complete the construction of the Industrial Estates at Okhla and Naini expeditiously.	With the opening of a separate Division fully equipped with adequate General Engineering staff to be incharge of the work of construction of Industrial Estates, it was felt that they would be able to give their undivided attention to the construction of these two Estates and complete them expeditiously. [*Ministry of Commerce and Industry O.M.No. SSI (A)*-15(14)/60- *dated the* 18*th March*, 1961].

3	2	The Committee doubt whether any useful purpose was served in entrusting the work of construction of the industrial estates at Okhla and Naini to the National Small Industries Corporation. They feel that by entrusting such items of work to the Corporaton its energies were diverted unnecessarily from more useful lines of activity.	As pointed out against S. No. 38, a separate Division was set up to look after the work of construction of the Industrial Estates. The Corporation's energies were thus not diverted to any appreciable extent from the implementation of the other schemes which were looked after by other division. [*Ministry of Commerce and Industry O.M. No. SSI (A)*-15 (14)/60, *dated the* 18*th March* 1961].
40	84	The Committee are doubtful whether the selection of the two sites for locating Industrial Estates at Okhla and Naini justifies fully the criteria laid down by the Ministry of Commerce and Industry.	The sites are considered to be quite suitable taking into account the special needs and conditions of the areas concerned. Actually, the Okhla Estate has turned out to be a model estate having regard to engineering units round about Delhi. [*Ministry of Commerce and Industry O.M. No. SSI (A)*-15(14)/60, *dated the* 18*th March*, 1961].
41	86	The Committee feel that unduly long time has been taken in the constructon of the Industrial Estates at Okhla and Naini.	The following table indicates the dates of commencement and completion at Okhla and Naini.

Okhla Industrial Estates (*Rs.* 40 *lakhs*).

	Commencement	Completion
Six factories .	21st Feb., 1956	21st May 1956
Seven factories	6th July, 1956	27th Nov. 1956
Twenty-two factories .	16th Sept. 1956	30th Nov, 1957

1	2	3	4	5
			Administration Ancillary Building 6th Aug.1957	15th Mar, 1958
			Allahabad Industrial Estate (*Rs.* 26 *lakhs*)	
			Ten factories 22nd Nov 56	May, 1957
			Four factories ..	June 1957
			Four factories ..	Jul. 1957
			Sixteen factories ..	Aug. 1957
			From the above it will be seen that the construction work had not been unduly delayed.	
			[*Ministry of Commerce and Industry O.M. SSI*(*A*) 15(14)/60, *dated the* 18*th March*, 1961].	
		(*Further information called for by the Committee*).		
		It has now been stated that the construction of factories in the Naini Industrial Estate was completed in August 1957, whereas in the reply given to written Question No. 57 (furnished *vide* Ministry's O. M. dated 28/29 October 1959) the completion date was stated	The construction of factory buildings in the Naini Industrial Estate was completed by August, 1957. Minor amenities like electrification etc. were however, provided by October, 1958.	

		to be October 1958. The position may be reconciled.) *[Lok Sabha Secretariat O.M. No. 19-Pu/61, dated the 14th July*, 1961].	*[Ministry of Commerce and Industry O.M. No. SSI (A)-15(14)/60, dated the 29th November*, 1961].
42	88	The Committee feel that the Industrial Estates should be run on no-loss basis and recommend that suitable steps be taken to that end.	The loss incurred in the management of the Industrial Estates is the direct result of the subsidized rent being charged from the allottees at the instance of Government. This was considered necessary in the initial stages. This necessity is also borne out by the experience on similar programmes in the industrially well advanced countries of the West. The Government would, no doubt, take necessary steps in the course of time to progressively increase the rent and/or transfer the sheds in the Estates to the allottees on Hire Purchase and/or on outright sale basis. *[Ministry of Commerce and Industry O.M. No. SSI (A)-15(14)/60, dated the 18th March*, 1961].
45	91	It is not clear whether the Government have worked out any comprehensive scheme as to the total number of Prototype Production-*cum*-Training Centres that may be set up, the nature of machines and machine-tools to be produced by them, their location, administration etc. In this connection, the Committee would invite reference to their recommendation made in para 57 of the 77th Report.	It is the Government's intention to start one such Centre in each State in due course of time. However, this depends on the offers of assistance received from foreign Governments also, as the entire expenditure involving machinery and equipment and foreign experts is to be met out of such assistance. All such Centres may not be for machine tools. A proper plan will be drawn up for such Centres for the country as a whole. *[Ministry of Commerce and Industry O.M. No. SSI (A)-15(14)/60, dated the 18th March*, 1961].

CHAPTER IV

REPLIES OF THE GOVERNMENT THAT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Serial No. as in Appendix VII of the 79th Report	Reference to para. No. of the Report	Summary of Conclusions/ Recommendations	Reply of the Government	Comments by the Committee
1	2	3	4	5
1	2	In their 77th Report, the Committee have dealt with in some detail the existence of multiplicity of organisations for development of small scale industries and have made certain recommendations in paras 17 and 19 thereof. The suggestions made in this report may be considered in the light of the decisions taken on those recommendations.	*Serial Nos. 1 and 2* There is a fairly clear demarcation between the functions of the Organisation of the Development Commissioner for Small Scale Industries and those of the NSIC. The DC (SSI) is concerned with the following : (*a*) advise small units on improved technical processes and use of modern machinery and equipment;	Please see para 1 of Chapter I.
2	4	The Committee feel that if the existing organisa-		

tion is continued the functions of the Development Commissioner and the National Small Industries Corporation should be clearly demarcated so that the National Small Industries Corporation may devote itself more and more to trading activities.

(*b*) demonstrate the use of such processes through workshops in Extension Centres and also small mobile workshops mounted on trucks ;

(*c*) train small industrialists in proper methods of business management including marketing ;

(*d*) conduct economic surveys of particular industries and areas, leading to concrete recommendations for a developmental programme;

(*e*) act as an information centre, including publication of bulletins, pamphlets, model schemes and the like for the guidance of small industrialists;

(*f*) carry out research on question like proper use of raw materials, improved designs of machinery etc.; and

1	2	3	4	5
			(*g*) development of ancillary industries. On the other hand, the NSIC is concerned with the following activities :— *Commercial* 1. Supply of machinery under the hire-purchase scheme; 2. Running of Wholesale Depots; 3. Export of Footwear ; 4. Import and distribution of cycle components and knitting needles and distribution of brass scraps; and 5. Outright sale of machinery to State Governments and of machines obtained from US Defence Surplus stock.	

Promotional

1. Setting up and running of two prototype Production and Training Centres at Okhla (New Delhi) and Rajkot ;

2. Administration of Industrial Estate at Naini (Allahabad);

3. Government Purchase Scheme ;

4. Pilot Scheme for marketing; and

5. Participation in Exhibitions.

It will be observed from the above that there is no overlapping between the functions of the two organisations and the activities of the one are complementary to the other. Government do not consider that there will be any advantage in amalgamating the National Small Indus-

1	2	3	4	5
			tries Corporation and the organisation of the Development Commissioner (Small Scale Industries). [*Ministry of Commerce and Industry O.M. No.SSI(A)-15(14)/60 dated the 18th March* 1961.]	
37	79	The Committee suggest that the following points may be kept in view while reviewing the marketing programme of the Corporation :— (*i*) The pattern of marketing assistance suggested by the Ford Foundation Team might be taken tinto consideration. (*ii*) More wholesale depots may be opened at centres where there is a definite need for them.	The suggestions of the Committee will be kept in view while finalising the comprehensive internal marketing Assistance Scheme of the Corportion under consideration. [*Ministry of Commerce and Industry O.M. No.SSI(A)-15* (14)/60 *dated the 18th March*, 1961.]	During evidence before the Committee on the 20th November, 1959, the Chairman of the Corporation stated that the Marketing Programme of the Corporation was being reviewed and that it would be finalised within a few months time. The Committee are surprised to find that no finality has been reached in the matter even after about two years time. They trust that the Corporation would come to an early decision in the matter.*

*At the time of factual verification, the Committee were informed as follows :—

"Actually, the Corporation had started a Pilot Centre in April 1960 and had been working on the Pilot Centre for a year. However, this project was found to be unsuccessful and was a abondoned in 1961".

(cf. Ministry of Commerce & Industry O.M. No. SSI (A)-15 (14)/60 dated the 15th March, 1962).

		(*iii*) Sales emporia should be opened as early as possible in States where they have not already been opened. In these emporia the products of small industries of other States should also be displayed on a reciprocal basis. Exhibitions may also be held in different parts of the country in which the State Governments may participate. (*iv*) Quality marking of the products of small scale industries should be gradually introduced. Since quality control plays an important part in promoting exports, the advisability of enforcing compulsory inspection and quality control of products for export may be considered.		
44	90	The matter relating to the transfer of Industrial Estate at Naini is stated to be still under consideration of the U. P. Govt. The Committee are of the opinion that such delay in decision is not congenial to the	It has since been decided that the National Small Industries Corporation will continue to administer the Naini Estate. [*Ministry of Commerce & Industry O.M. No. SSI(A)*-15(14)/60 *dated the* 18*th March*, 1961].	Please see para 3 of Chapter I.

1	2	3	4	5
		efficient working of the Estates and urge that a decision in the matter be taken early. *(Further information called for by the Committee).*		
		Since it was originally visualised to hand over the Naini Industrial Estate to the State Government, the reasons for the decision that the N.S.I.C. will continue to administer the Naini Estate may please be intimated. *(Lok Sabha Secretariat O.M.No. 19-PU/61 dated the 14th July,* 1961).	Negotiations with the U.P. Government for transfer of the Naini Industrial Estate to them were not proceeding smoothly and meantime the administration of the Estate suffered for lack of decision on a number of important points. Government accordingly decided that for some years to come the Corporation should administer the Estate. [*Ministry of Commerce & Industry O.M. No.SSI(A)-15(14)/60 dt. the 29th November,* 1961].	
46	94	The Committee regret that there should have been room for misunderstanding between the Government of India and Government of West Germany about the interpretation of the	The German Government's agreement to prepare detailed drawings was not incorporated in the Agreement but this was agreed during the discussions that the Second Indian Dele-	Apparently there had been some misunderstanding between the Governments of India and West Germany about the interpretation of the term 'detailed drawings'. The Committee

		term 'detailed drawings' of the project resulting in delay in execution of the Prototype Production *cum* Training Centre at Okhla. Care should be taken to subject every such agreement to a thorough examination before finalisation.	gation had with them in West Germany. As generally understood & practised in India, detailed drawings to be supplied to the contractors include both the architectural as well as engineering details, whereas according to the German practice, which became known later, only architectural details are furnished by the owners and the engineering details are prepared by the contractors themselves. However, it may be pointed out that this did not lead to any misunderstanding or controversy. [*Ministry of Commerce & Industry O.M. No. SSI(A)*-15(14)/60 *dated the* 18*th March*, 1961].	would like to reiterate the recommendation and suggest that in such matters necessary clarifications might be incorporated in the agreement itself in future.
47	97	The Committee feel that the planning of the production-*cum*-training centre at Rajkot has been defective and there would be considerable infructuous expenditure by way of installation, dismantling and reinstallation of machinery etc.	Equipment for the Centre started arriving in November/December, 1957 and sheds were hired in the Industrial Estate initially to store the machinery as they arrived. Subsequently, more sheds were hired to instal the machines. the months in	The agreement for the setting up of the Centre was signed with the T.C.M. in April 1956. The equipment for the Centre started arriving from November/December, 1957 *i.e.* after a lapse of about 20 months. During this time, it was possible

1	2	3	4	5
		They urge that suitable measures should be taken so that such defective planning and infructuous expenditure does not occur in the case of other production centres to be set up.	which sheds were hired, their number and the uses to which they were put are indicated below:—	to construct a building for the centre, had adequate planning and forethought been given to the matter in the beginning itself. This would have not only obviated the infructuous expenditure by way of installation, dismantling and reinstallation of machinery but would have also resulted in the full functioning of the Centre earlier. The Committee would therefore reiterate the recommendation and stress the need for sound planning from the beginning in such cases.

No. of sheds hired	Month when hired	Use made of the shed
One shed	December 1957	Storage of machines
Two sheds	January, 1958	Storage of machines.
Three sheds	June/ July, 1958	Installation of machines.

The shed hired in December '57 was vacated in August '58. After the last three sheds were hired, work began on the installation of machinery. The Wood Working and Pattern Making Sections were commissioned in April, 1959. The other shops such as Electroplating, Sheet metal and Machine were opened subsequently as the electrification of shops and the recruitment of personnel etc. progressed.

The machines were initially installed in sheds in the Industrial Estate because it would have otherwise taken at least two years to get the Centre's own buildings ready and they could not have been kept stored during this period without risking deterioration. Besides, the T.C.M. experts were expected soon after the machines were received. They could not have otherwise been kept busy until the Centre's own buildings were ready. The expenses on installation of machines in the sheds have been kept down to the minimum. Most of the materials used could be used again.

The training, designing and the other programmes of the Centre have been started and a large number of trainees are effectively utilising the opportunities available at the

1	2	3	4	5
			Centre. If, on the other hand, the commissioning of the Centre were to have been delayed till its buildings were ready, the Centre at Rajkot would not have even by now begun the work. Early installation of machines has therefore yielded immediate gains which more than compensate the expenses on installation and as such cannot appropriately be described as infructuous. [*Ministry of Commerce & Industry O.M. No. SSI(A)*-15(14)/60, *dated the* 18*th March*, 1961.]	
		(*Further information called for by the Committee*). It has now been stated that in 1957 only one shed was hired in the Industrial Estate, Rajkot to locate the centre whereas in para 95 of the Report which was factually verified by the Ministry, it has been stated that 5 sheds were hired in 1957 at a rental of Rs. 2500 p.m. This statement was	The correct position is that only one shed was rented during 1957. If any information had been given to the Committee that 5 sheds were rented during 1957 on a rent of Rs. 2500 p.m. it is incorrect. This Ministry regrets very much that such incorrect information should have been given.	

based on the information supplied to the Western Zone Study group of the Estimates Committee which visited the Rajkot Centre on 18-7-59. The position may please be reconciled. (*Lok Sabha Secretariat O.M. No.* 19-*Pu*/61, *dated the* 14*th July*, 1961.)	The comments of the Ministry on the Draft Report of the Estimates Committee were furnished to the Lok Sabha Secretariat under D.O. letter No. SSI(A)-15(8)/60, dated 23-3-60.
	In regard to para 97 on page 51 of the Draft Report, the Lok Sabha Secretariat were informed that the equipment for the centre at Rajkot started arriving in November, 1957, and that the sheds were acquired after that time. [*Ministry of Commerce & Industry O.M. No. SSI(A)*-15(14)/60, *dated the* 29*th Nov.* 1961.]

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

Serial No. as in Appendix VII of the 79th Report	Reference to para No. of the Report	Summary of Conclusions/ Recommendaions	Reply of the Government	Comments by the Committee
1	2	3	4	5
18	29	The Committee feel that pending the adoption of the procedure by State Governments for making their purchases from small units, recommended by the Small Scale Industries Board, the National Small Industries Corporation may extend its assistance to the small industries in securing contracts from State Governments also.	*Sl. Nos.* 18, 19 *and* 20 : These recommendations have also been remitted to the Bansal Committee for consideration. [*Ministry of Commerce and Industry O.M. No. SSI(A)*-15 (14)/60 *dated the* 18*th March,* 1961].	*S. Nos.* 18, 19 *&* 20 : The Committee would like to be informed in due course of the decisions taken in these matters.
19	30	The Committee consider that some special efforts are required to make the present Government Purchase Scheme yield better results.		

23	34	The scope of the credit guarantee scheme of the National Small Industries Corporation is limited and considering the amount of advances made under the scheme it is obvious that it has not been availed of to any appreciable extent. (*Further information called for by the Committee*).	
		Serial Nos. 18, 19 *and* 20 : The recommendations of the Bansal Committee and the Governments' decision thereon may please be intimated. (*Lok Sabha Secretariat O.M. No.* 19-*Pu*/61 *dated the* 14*th July*. 1961.)	These have been considered by the Committee and its recommendations are likely to come up for discussion during the next meeting of the Standing Committee of the Small Scale Industries Board proposed to be held in December, 1961. Five copies of the Bansal Committee Report are sent herewith (not appended). [*Ministry of C. & I. O.M. No. SSI*(*A*)-15(14)/60 *dated the* 29*th November*, 1961].

NEW DELHI;
The 16*th March*, 1962.
The 25*th Phalguna*, 1883(*S*)

H. C. DASAPPA,
Chairman,
Estimates Committee.

APPENDIX I

(Vide Sl. No. 23 of Chapter II)

D. O. No. SSI (A)-15(31)/61

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE & INDUSTRY

New Delhi, the 22nd June 1961.

My dear

As you are doubtless aware, it is the policy of Government that small scale industries should be developed to the largest possible extent in order to build a broad based economic structure for India. Among other things it has been suggested that there is the possibility of large scale factories in the public sector puchasing a substantial portion of the components and ancillary parts required by them from small scale units. This question has been examined in this Ministry and it is felt that the various State Industial undertakings should take action on the following lines :

(a) They may supply to the Regional Liaison Officer of the National Small Industries Corporation attached to the office of the Director of the Small Industries Service Institute at New Delhi, Calcutta, Madras or Bombay as the case may be, a complete list of stores (including components and parts) purhcased by them with specifications and drawings where necessary. A list containing the names and addresses of the Directors of the Small Industries Services Institutes at the above places, is attached (Annexure I).

(b) The Regional Liaison Officer of the Corporation in consultation with the Director of the Small Industries Service Institute of the Region concerned will furnish to the Industrial concerns the names and particulars of small units who in their opinion are capable of producing the stores to the standard required.

(c) The State Undertakings when they are in the market for the stores should also issue enquiries to the small scale units recommended by the Regional Liaison Officer of the Corporation and a copy of the enquiry along with the list of firms to whom it has been sent should further be endorsed to the Regional Liaison Officer to enable him to follow up the case with the small units.

(d) As you will notice, the Government of India have accepted the principle of a price preference upto a maximum of Rs. 15%— the actual quantum to be decided upon the merits of each case depending upon the actual cost of production. At the time of evalutation of the tenders for award of a contract, the State Undertakings may also allow a similar price preference to small scale producers over the lowest acceptable tender received from a large scale unit. It has, however, to be ensured that this should not mean automatic increase over the offer of the large scale product unrelated to the cost of the small scale unit.

(e) Where the State Undertakings feel hesitant to place the order with any small scale unit recommended by the Regional Liaison Officer, due to any doubt about the capability or otherwise of the firm to execute the contract satisfactorily, they should first ask the National Small Indstries Corporation to take the contract either in their own name or underwrite the same before taking steps to place the contract with another large scale unit.

2. It is requested that suitable instructions may be issued to the Managing Directors/General Managers of the undertakings in the list attached (Annexure II) to take action on the lines suggested above and this Ministry may be advised of the name and address of the Officer with whom the officers of the Development Commissioner, Small Scale Industries, should correspond in this regard, so that speedy action to develop the ancillaries for the units mentioned may be taken.

Yours sincerely,
Sd/- K. V. Venkatachalam.

1. Shri R. P. Sarathy,
Additional Secretary,
Ministry of Defence, New Delhi.

2. Shri N. S. Mani,
Joint Secretary,
Ministry of Steel,
Mines and Fuel,
Deptt. of Mines & Fuel, New Delhi.

3. Shri Nagendra Singh,
Joint Secretary & Director General of Shipping,
Deptt. of Transport, Ministry of Transport & Communications,
New Delhi.

4. Shri A. S. Naik,
Joint Secretary,
Ministry of Works, Housing & Supply, New Delhi.

5. Shri E. W. Isaacs,
Member (Engineering),
Ministry of Railways (Railway Board), New Delhi.

6. Shri P. P. Agarwal,
Joint Secretary,
Ministry of Irrigation & Power, New Delhi.

7. Shri B. P. Bagchi,
Joint Secretary,
Ministry of Food & Agriculture, New Delhi.

No. SSI (A)-15(31)/61.

Copy forwarded for information to the Department of Atomic Energy with the request that possibility of developing ancillaries to the Indian Rare Earths Ltd. and Travancore Minerals Ltd., may also be explored and a report furnished to this Ministry at an early date.

Copy also forwarded to the Development Commissioner (Small Scale Industries) and National Small Industries Corporation for information.

ANNEXURE I

Small Industries Service Institute

1. Shri Gandharv Sain,
   Director, Small Industries Service Institute,
   56, Sunder Nagar, New Delhi.

2. Shri K. S. Roy Chowdhury,
   Director, Small Industries Service Institute,
   4, Camac Street, Calcutta.

3. Col. E. P. Raju,
   Director, Small Industries Service Institute,
   20-D, Rutland Gate, Madras-6.

4. Director, Small Industries Service Institute,
   40-40A, Cowasjee Patel Street, Fort Bombay-1.

ANNEXURE II

List of Public Sector Undertakings other than those under the Ministry of Commerce & Industry

Ministry of Defence

1. Bharat Electronics Ltd.
2. Hindustan Aircraft Ltd.

Ministry of Steel, Mines & Fuel

1. National Coal Development Corporation Ltd.
2. Orissa Mining Corporation Ltd.
3. Hindustan Steel Ltd.
4. Indian Refineries Ltd.
5. National Mineral Development Corporation Ltd.
6. Neyveli Lignite Corporation Ltd.

Ministry of Transport and Communications.

1. Hindustan Shipyard Ltd.
2. Indian Telephone Industries Ltd.
3. Air India International Corporation.
4. Eastern Shipping Corporation Ltd.
5. Indian Airlines Corporation.
6. Western Shipping Corporation Ltd.

Ministry of Works, Housing & Supply

1. Hindustan Housing Factory Ltd.
2. Ashoka Hotels Ltd.

Ministry of Railways

1. Integral Coach Factory.
2. Chittaranjan Locomotive Works.

Ministry of Irrigation & Power

1. Damodar Valley Corporation.
2. National Projects Construction Corporation Ltd.

Ministry of Food & Agriculture

1. Central Warehousing Corporation.

Department of Atomic Energy

1. Indian Rare Earths Ltd.
2. Travancore Minerals Ltd.

LIST OF AUTHORISED AGENTS OF LOK SABHA SECRETARIAT

ANDHRA PRADESH

1. G. R. Lakshmipathy Chetty and Sons, General Merchants & News Agents, Newpet, Chandragiri, Chittoor District (Andhra Pradesh).

2. Hindustan Diary Publishers, Market Street, Secunderabad.

3. Hyderabad Book Depot, Abid Road (Gun Foundry), Hyderabad.

4. International Consultants Corporation, 48, C. Marredpally (East), Secunderabad-3.

5. K. J. Asservadam and Sons, Cloughpet, P. O. Ongole, Guntur District (Andhra Pradesh).

6. M. S. R. Murthy & Company, Visakhapatnam.

7. People's Book House, B-2-829/1, Nizam Shahi Road, Hyderabad-1.

8. The Triveni Publishers, Masulipatnam.

BIHAR

9. Amar Kitab Ghar, Diagonal Road, Jamshedpur-1.

10. Book Centre, Opp. Patna College, Patna.

11. 'Jagriti', Bhagalpur-2.

GUJARAT

12. Chanderkant Chiman Lal Vora, Law Publishers and Law Book Sellers, P.B. No. 163, 57/2, Ghandi Road, Ahmedabad.

13. Gandhi Samiriti Trust, Bhavnagar.

14. Lok Milap, District Court Road, Bhavnagar.

15. The New Orde Book Company, Ellis Bridge, Ahmedabad-6.

16. Swadeshi Vastu Bhandar, Booksellers etc., Jamnagar.

KERALA

17. C. V. Venkitachala Iyer, Near Railway Station, Chalakudi.

18. International Book House, Main Road, Trivandrum.

18a. M. Mukanda Krishna Nayak, Manjeshwar S. K. Cannore Distt., Kerala State.

MADHYA PRADESH

19. Modern Book House, 286, Jawahar Ganj, Jabalpur-1.

20. The National Law House, Near Indore Library, Opp. Old High Court Building, Indore.

MADRAS

21. E. M. Gopalkrishna Kone (Shri Gopal Mahal), North Chitrai Street, Madura.

22. The Kalpana Publishers, Booksellers, Trichinopoly-3.

23. The Presidency Book Supplies, 8-C, Pycroft's Road, Triplicane, Madras-5.

24. S. Krishnaswami & Company, P. O. Teppakulam, Tiruchirapalli-2.

25. (Vacant)

MAHARASHTRA

26. Charles Lambert & Company, 101, Mahatma Gandhi Road, Opp. Clock Tower, Fort, Bombay.

27. The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-1.

28. D. B. Taraporevala & Sons, Co., (P) Limited, 210, Dr. Naoroji Road, Bombay-1.

29. Deccan Book Stall, Fergusson College Road, Poona-4.

30. The Good Companions, Raspura, Baroda.

31. The Imperial Book Depot, 266, Mahatma Gandhi Road, Poona.

32. The International Book House, Private Ltd., 9, Ash Lane, Mahatma Gandhi Road, Bombay-1.

33. The International Book Service, Deccan Gymkhana, Poona-4.

34. Minerva Book Shop, Shop No. 1/80, Netaji Subhash Road, Marine Drive, Bombay-2.

35. The New Book Company (P) Limited, Kitab Mahal, 188-90, Dr. Dadabhai Naoroji Road, Bombay

36. The New Book Depot, Modi No. 3, Nagpur.

37. The Popular Book Depot (Registered), Lamington Road, Bombay-7.

38. Sahitya Sangam, Booksellers, 44, Lok Manya Vastu Bhandar, Dadar, Bombay-28.

MYSORE

39. H. Venkataramiah & Sons, Vidyanidhi Book Depot, New Statue Circle, Mysore.

40. Makkalapustaka Press, Balamandira, Gandhi Nagar, Bangalore-9.

41. People's Book House, Opp. Jaganmohan Palace, Mysore-1.

42. Pervaje's Book House, Koppikar Road, Hubli.

APPENDIX II

(*Vide* Introduction)

Analysis of the action taken by Government on the recommendations contained in the 79th Report of the Estimates Committee (Second Lok Sabha)

1.	Total Number of Recommendations made .	47
2.	Recommendations that have been accepted by Government (*vide* recommendations Nos. 5, 6, 7, 10, 12, 14, 15, 16, 17, 21, 23, 25, 26, 27, 28, 31, 32, 34, 35, 36 and 43 referred to in Chapter II) :	
	Number .	21
	Percentage to total . .	44·7%
3.	Recommendations not accepted by Government but replies in respect of which have been accepted by the Committee (*vide* recommendations Nos. 3, 4, 8, 9, 11, 13, 22, 24, 29, 30, 33, 38, 39, 40, 41, 42 and 45 referred to in Chapter III) :	
	Number	17
	Percentage to total	36·2%
4.	Recommendations in respect of which replies of Government have not been accepted by the Committee (*vide* recommendations Nos. 1, 2, 37, 44, 46 and 47 referred to in Chapter IV) :	
	Number . .	6
	Percentage to total	12·7%
5.	Recommendations in respect of which final replies of the Government are still awaited (*vide* recommendations Nos. 18, 19 and 20 referred to in Chapter V) :	
	Number	3
	Percentage to total	6·4%