

# **ESTIMATES COMMITTEE (1967-68)**

## **TWENTY-FIRST REPORT**

**(FOURTH LOK SABHA)**

**MINISTRY OF INDUSTRIAL DEVELOPMENT AND  
COMPANY AFFAIRS**

**(DEPARTMENT OF INDUSTRIAL DEVELOPMENT)**

### **SMALL SCALE INDUSTRIES**

**Action taken by Government on the recommendations  
contained in the Hundred and Sixth Report of the  
Estimates Committee (Third Lok Sabha)  
on the erstwhile Ministry of Industry—  
Organisation of the Development  
Commissioner, Small Scale  
Industries—Part II**



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CORRIGENDA

To

Twenty-first Report of Estimates Committee (Fourth Lok Sabha) on the Ministry of Industrial Development and Company Affairs - Small Scale Industries, Pt. II.

....

Page 2, line 4 from bottom, for 'observed' read 'observe'.

Page 5, line 6, for 'anad' read 'and'.

Page 5, line 23, for 'liaison' read 'liaison'.

Page 8, line 3, from bottom, for 'date' read 'data'.

Page 10, line 13, for 'annxed' read 'annexed'.

Page 11, line 2, for 'brought' read 'brought'.

Page 11, line 12 from bottom, for 'have restricted' read 'have been restricted'.

Page 14, line 17, for 'charge' read 'change'.

Page 18, line 12, for 'purued' read 'pursued'.

Page 20, line 14, for 'will brone' read 'will be borne'.

Page 23, line 16, for 'fund' read 'funds'.

Page 29, line 24, for 'cost' read 'costs'.

Page 38, line 9, for 'indivenous' read 'indigenous'.

Page 40, line 4, for 'about the' read 'about by the'.

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## C O N T E N T S

	<b>PAGE</b>
<b>COMPOSITION OF THE COMMITTEE</b>	(iii)
<b>COMPOSITION OF THE STUDY GROUP "E"</b>	(v)
<b>INTRODUCTION</b>	(vii)
<b>CHAPTER I.—Report</b>	I
<b>CHAPTER II.—Recommendations which have been accepted by Government</b>	2
<b>CHAPTER III.—Recommendations which the Committee expect will be accepted in view of the Government's reply</b>	27
 <b>APPENDICES:</b>	
I. Statement showing important recommendations made in the Committee Report on Development of ancillary industries for public sector undertakings	32
II. Copy of letter dated 30-3-66 to Public Sector Undertakings on the development of ancillary industries	36
III. Note with reference to the concluding paragraph of Recommendation No. 12 in Appendix VII of the 106th Report of EC.	38
IV. Note on Central Small Industries Organisation and the Emergency	40
V. Analysis of the action taken on the recommendations contained in the 106th Report of Estimates Committee (Third Lok Sabha).	60

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(1967-68)**

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STUDY GROUP 'E'  
(ESTIMATES COMMITTEE)  
1967-68

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SECRETARIAT

Shri B. B. Tewari—*Deputy Secretary.*

Shri G. D. Sharma—*Under Secretary.*

## INTRODUCTION

I, the Chairman of the Estimates Committee, having been authorised by the Committee, present this Twenty-first Report of the Estimates Committee on the action taken by Government on the recommendations contained in the Hundred and Sixth Report of the Estimates Committee (Third Lok Sabha) on the erstwhile Ministry of Industry—Organisation of the Development Commissioner, Small Scale Industries (Part II).

2. The Hundred and Sixth Report of the Estimates Committee was presented to the Lok Sabha on the 21st April, 1966. Government furnished their replies to the recommendations between 19th December, 1966 and 1st August, 1967. The replies were considered by the Study Group 'E' of the Estimates Committee on the 1st December, 1967. The Report was adopted by the Committee on the 17th February, 1968.

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

- I. Report.
- II. Recommendations that have been accepted by Government.
- III. Recommendations which the Committee do not want to pursue in view of Government's reply.

4. An analysis of the action taken by Government on the recommendations contained in the Hundred and Sixth Report (Third Lok Sabha) of the Estimates Committee is given in Appendix V. It would be observed therefrom that out of 27 recommendations made in the Report, 25 recommendations i.e., 92.6 per cent have been accepted by Government and the Committee do not desire to pursue the remaining 2 recommendations i.e., 7.4 per cent in view of Government's replies.

NEW DELHI-1.  
February, 20, 1968  
Phalguna 1, 1889 (Saka)

P. VENKATASUBBAIAH,  
*Chairman,*  
*Estimates Committee.*

## CHAPTER I

### REPORT

The Estimates Committee are glad to note that the recommendations contained in the Hundred-and-Sixth Report of the Estimates Committee, 1965-66 (Third Lok Sabha) on the erstwhile Ministry of Industry—Organisation of the Development Commissioner, Small Scale Industries (Part II), have been generally accepted by Government.

While noting the action taken by Government on certain recommendations, the Committee desire that further information on the progress made in the implementation of some of the recommendations (included in Chapters II and III) may be furnished to the Committee in due course.

## CHAPTER II

### RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

#### Recommendation (Serial No. 3, Para. 11)

*The Committee are perturbed to note the following disquieting features revealed by the table given in para 11 of the Report:*

- (1) *81 industrial estates though completed have not started functioning, that is they do not have a single unit that has actually gone into production.*
- (2) *796 completed sheds remain to be allotted.*
- (3) *The number of functioning units is less than half of the number of sheds completed.*
- (4) *839 units though stated to be occupied have not reported production.*

*The Committee need hardly stress that the time in the completion and functioning of an industrial estate should be reduced to the minimum. Similarly, it is imperative that the sheds built and other facilities provided in the industrial estates at considerable costs are promptly and fully utilised. It may be advantageous to allot sheds in advance of their construction or during the course of construction so that these are occupied as soon as they are completed. This may also ensure construction according to specifications needed for the industry. The Committee are also unable to appreciate why 839 units which though stated to be functioning failed to report their production to the authorities even though they are located in the industrial estate.*

*The Committee are constrained to observe that C.S.I.O. has failed so far to take due notice of these lapses and hope that it would now investigate the reasons for these shortcomings and take remedial measures.*

### REPLY OF THE GOVERNMENT

The position is continuously improving and the position as on 30th September, 1965 is as follows:

No. of sheds constructed in estates allotted:	5952
No. of sheds	4708
No. of sheds occupied for production purposes	4298
No. of units functioning	3032
No. of units which reported production.	2286

It is recognised that there is further scope for improving the position as suggested by the Estimates Committee. This recommendation has been brought to the notice of State Governments.

Reporting of production is now voluntary and, therefore all units do not report production. As suggested by the Estimates Committee in paragraph 21 of their 105th Report action has been initiated.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5(3)/66-SSI(C) dated 19-12-1966 and D.O. of even number dated 1st August, 1967].

### COMMENTS OF THE COMMITTEE

The Committee would like to be furnished with a copy of the reference made to the State Governments.

### Recommendation (Serial No. 4, Para. 12)

The Committee regret to note the very poor progress of the rural industrial estates.

### REPLY OF THE GOVERNMENT

The comments of the Committee have been noted.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5(3)/66-SSI(C) dated 19-12-1966 and D.O. of even number dated 1st August, 1967].

### Recommendation (Serial No. 5, Para. 13)

The Committee regret to note that although the Third Five Year Plan had clearly provided that "at appropriate places, particularly near large cities and towns, only developed sites should be provided on which small scale entrepreneurs could erect their own factory

*buildings", no serious action has been taken to implement the idea with the result that at the end of the Third Plan period only 3 developed plots, in this vast country, have been actually occupied by small scale entrepreneurs. Moreover, considering the poor response of the entrepreneurs to the scheme, the Committee are inclined to feel that due care has not been taken in selecting the areas where developed plots are offered for allotment to small scale units.*

*The Committee feel that the scheme of developed sites needs to be vigorously pursued particularly in States where small scale industry is fairly well developed or where the usefulness of industrial estates has already been demonstrated, so as to provide an alternative to the present programme of constructing industrial estates, with built-in-factory sheds, which, as pointed out in para 11 is too expensive to be tried on a large scale. The Committee suggest that the Central Small Industries Organisation should immediately address itself to the task of streamlining and energising the scheme of developed sites.*

#### REPLY OF THE GOVERNMENT

The Committee's recommendations have been accepted by Government.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5(3)/66-SSI(C) dated 19-12-1966 and D.O. of even number dated 1st August, 1967].

#### Recommendation (Serial No. 6, Para. 15)

*The Committee agree with the Working Group's view that in urban areas necessary local entrepreneurial talent and capital can be induced to come forward to establish industrial estates on cooperative pattern, provided the requisite promotional effort is made by the State Government. The Committee would like the Central Government to impress the need for encouraging the establishment of cooperative industrial estates in the various States, particularly those where small scale industry is already fairly advanced and there are a number of well established industrial estates.*

#### REPLY OF THE GOVERNMENT

The recommendation of the Committee has been accepted. This has also been brought to the notice of State Governments.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5(3)/66-SSI(C) dated 19-12-1966 and D.O. of even number dated 1st August, 1967].

**Recommendation (Serial No. 7, Para. 16)**

The Committee need hardly stress that an industrial estate scheme is not a mere civil engineering scheme, as its success depends upon important economic factors which have also to be carefully taken into account at the stage of its planning. It is evident that approval of an industrial estate, if it is to be really useful and effective, has to be on the basis of a techno-economic scrutiny with particular reference to the suitability of the proposed location from the points of view of effective demand for space, proximity to markets, transport, availability of raw materials, power, skilled workers etc.

The Committee regret to note that some of the industrial estates have come to be established in wrong places because of the States being guided by non-economic considerations. The Committee feel that to avoid such wrong selection of site and the consequent infructuous expenditure, there should be proper coordination in this matter between the Centre and the States. They are of the view that the selection of the site should not be left exclusively to the States, particularly when the funds for the industrial estates are provided by the Centre.

The Committee consider it necessary that the CSIO should exercise stricter control and scrutiny on proposals for the setting up of industrial estates. They suggest that in the first instance, the State Directorate of Industries should construct a techno-economic survey of the area where an industrial estate is proposed to be set up. The results of this survey should then be scrutinised carefully by the Advisory Committee attached to the Small Industries Service Institute which consists of the Director of Industries of the State concerned, the Director of Institute and two non-official representatives. The Advisory Committee should then report their findings and conclusions to the Development Commissioner, Small Scale Industries, who may render the necessary suggestions and advice to the State concerned to facilitate final decision regarding the location and layout of the estates.

The Committee realise that this procedure may entail some delay in the finalisation of proposals for industrial estates. They feel, however, that a little delay in the selection of a location in the beginning is a small price compared to the wastage of public funds and private resources resulting from the wrong location of an industrial estate.

**REPLY OF THE GOVERNMENT**

The recommendation of the Committee has been accepted. This

has also been brought to the notice of the State Directorate of Industries and of C.S.I.O.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5(3)/66-SSI(C) dated 19-12-1966 and D.O. of even number dated 1st August, 1967].

**Recommendation (Serial No. 8, Para. 22)**

The Committee welcome the proposal to bring into the Standing Committee on Ancillaries some more representatives of Small Scale Industries and urge that the proposal should be given effect to at an early date. They hope that with the induction of men of practical experience of small scale industry, the Standing Committee will be better equipped to formulate effective policies for the development of ancillary industries in the country. They would like to suggest, however, that in implementing the proposal for providing representation to the small scale industries on the Standing Committee on Ancillaries, a system of rotation should be followed so that various small industries of the different regions are able to place their problems before the Committee and help it to devise suitable measures for the uniform development of ancillaries in the country.

The Committee also note that the Standing Committee on Ancillaries has met only seven times since September 1961 and that it has formally issued only one report so far. It is evident that if the Standing Committee is to play a useful and effective role it must meet regularly to take stock of the position, to suggest appropriate measures, and to see that the policies formulated by it are translated into practice. The Committee suggest that the Standing Committee on Ancillaries should draw up their recommendations in the form of Reports and that each report should contain a statement showing the action taken on the previous reports. The position with regard to the development of ancillaries should also be reviewed by the small industries board at least once a year.

The Committee also suggest that efforts should be made to expedite the setting up of State level Committees for Ancillaries in all those States where such Committees have not been established so far.

**REPLY OF THE GOVERNMENT**

The recommendation of the Committee has been noted for future guidance. Ancillary Industries Committee is a Standing Committee of the Small Scale Industries Board and is reconstituted every two

years on the expiry of the term of the Board. Every time it is re-constituted some new non-official members are taken on the Committee.

This part of the recommendation has been accepted and will be brought to the notice of the Standing Committee for necessary action. The SSI Board has been considering the progress in development of ancillaries in each one of its meetings.

Soon after the Chinese invasion, the Regional Ancillary Industries Committees were initially set up at Bombay, Calcutta, Delhi and Bangalore as recommended by the Ancillary Industries Committee which is a Standing Committee of the SSI Board.

The terms of reference of the Committees were—

- (i) To prepare lists of parts, components and sub-assemblies required by those large industries which are directly connected with the defence effort.
- (ii) To prepare lists of parts, components and sub-assemblies required by other large industries.
- (iii) To suggest items of production to be demarcated for the small scale sector so as to fit in with the Common Production Programme proposed for large and small scale industries.

Subsequently requests were received from some of the States (Madras, Gujarat, Bihar and Madhya Pradesh) to set up Regional Ancillary Committees in their States. These requests were agreed to by the Standing Committee and Committees were accordingly set up in these States. The States of U.P. and Assam and Orissa have set up Committees for development of ancillary industries on their own.

The Ancillary Industries Committee is dissolved every two years when the terms of the Board expires and strictly speaking the Regional Committees should also stand dissolved with the Standing Committee. Some of these Ancillary Industries Committees are still working on their reports and therefore, they are functioning. The terms of reference, of the Regional Sub-Committees were limited and in some cases where they have completed their work they have now to be given fresh directions. It has been suggested to the State Governments that a regional committee in each state should be set up by them and that the State Directors of Industries and the Directors of Small Industries Service Institutes in each State and prominent industrialists from large as well as small scale sectors should

be associated with the Committees. These Committees will function as Standing Committees to advise the State Governments regarding development of ancillary industries in their areas. The liaison work between these regional committees and the Standing Committee of the Ancillary Industries Committees of SSI Board will be done by the DC SSI. All policy issues of general nature emerging out of the deliberations of regional Committees will be considered by the Ancillary Standing Committee of the SSI Board and suitable recommendations made to Government.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5 (3) /66-  
SSI (C) dated 19-12-1966 and D.O. of even number dated 1st  
August, 1967].

#### COMMENTS OF THE COMMITTEE

The Committee would like to be informed of the progress made with regard to the setting up of Standing Regional Committees by States.

#### Recommendation (Serial No. 9, Para 35)

The Committee note that the total value of goods supplied by small scale ancillaries in the various states to industries in the large scale sector during the year 1964-65 was Rs. 10.37 crores of which over 80 per cent was accounted for by Delhi, Madras and West Bengal. They also note that the total value of the goods obtained by the public sector undertakings from ancillary units during half-year April—September, 1965 was only Rs. 70.95 lakhs. Only three public undertakings—Hindustan Machine Tools, Bangalore; Heavy Electricals, Bhopal; and Integral Coach Factory, Madras—have obtained appreciable quantities of the requirements from small scale ancillaries. There has been very little progress in developing functional estates either for the public undertakings or for large scale units in the private sector.

The Committee regret to note that although the development of ancillary industries has figured as an important feature of the small scale industries programme ever since the First Five Year Plan, the actual achievements cannot but be regarded as meagre. They would also like to record here that in respect of the 16 industries which have been specially selected for development as ancillaries, the C.S.I.O. have no separate date about the number of ancillary units, or the value of products supplied by them to large scale units. They also do not appear to keep any record of small scale units which

have been brought into ancillary relationship with large scale units through the efforts of the C.S.I.O. or the Small Industries Service Institutes. In fact the Ministry have stated that many small scale units have been working as ancillaries for long period even before the programme for development of ancillaries was initiated. It is evident that even the little progress that has been achieved in the development of ancillaries in the country cannot be mainly attributed to the Government's programme for the development of ancillaries. At least the Committee have not been able to get any specific data regarding the contributions of the C.S.I.O. in the development of Ancillary Industries.

#### REPLY OF THE GOVERNMENT

Information available on the extent of supplies to ancillary units to large scale industries is incomplete. The figure of Rs. 10.37 crores cannot, therefore, be taken as the total volume of this activity. There is, however, scope for further improvement of this activity.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5(3)/66-SSI(C) dated 19.12.1966 and D.O. of even number dated 1st August, 1967].

#### COMMENTS OF THE COMMITTEE

The Committee would like to be informed as to what specific action has been initiated to further improve the rate of contribution of small scale ancillaries to industries in large scale sector.

#### Recommendation (Serial No. 10, Para. 35)

The Committee are particularly distressed to note the very slow and insignificant progress made in fostering ancillaries by the public undertakings which might well have given a lead in demonstrating the usefulness of ancillary arrangements and set an example to their counterparts in the private sector. The Committee, however, have not any data to refute the general suspicion that even in the Public Undertakings there is a sort of resistance to encourage ancillary industries. The Committee are constrained to observe that beyond reiterating the need for developing ancillaries in the successive Five Year Plans, no serious effort has been made to implement the idea or even to formulate a realistic policy aimed at producing concrete results.

The Committee feel that Government should have taken up the matter with the C.S.I.O. to keep themselves fully informed of the

measures taken by it for fostering ancillary industries and also of the difficulties impending the growth of ancillaries and should have taken remedial measures.

#### REPLY OF THE GOVERNMENT

A Committee, consisting of an officer of the DGTD and an officer of the DC (SSI) was appointed to examine the reasons for the tardy progress of ancillary development in public sector undertakings, particularly regarding establishment of Functional Industrial Estates. An important reason for the tardy progress was that most of the public sector undertakings, till recently, were established by Foreign collaboration arrangements, the plants being fully integrated to produce all components, parts etc. required, on a self-sufficient basis, leaving little or no scope for ancillary units.

The important recommendations of the Committee are annexed (Appendix I). The Ministry have approved the recommendations and have addressed all public sector undertakings to implement them. A copy of the letter addressed is also annexed (Appendix II).

In the initial stages of planned economic development, there were few Small Scale Industries Units capable of undertaking the production of sophisticated items of parts, components to the required degree of precision. Therefore, all large scale industries—public sector as well as private sector—had to establish integrated plants producing all parts and components required by them. During the last five or six years, capable small scale units have come up and have demonstrated their capacity to produce parts, components, etc. of the required precision, at reasonable cost and according to agreed delivery schedules. The psychological barrier against utilisation of ancillaries is now being gradually broken. The experience of some large scale units like Jay Engineering Company, HMT, Philips (Ind) and others had instilled further confidence in large scale undertakings. The recent experience of the defence authorities in procuring sophisticated parts and components from small scale units have also convinced large scale units about the capacity of small scale units to work as ancillaries. Thus, the necessary climate is now created for further, rapid development of ancillaries.

As mentioned already, complete information about the extent of this capacity is not available since there is no special arrangement to collect this information. An effort is now being made to collect this information and publicise it. Recently, a brochure containing

names of over a thousand small scale units supplying parts and components to large scale undertakings was brought out. This is a continuing work.

As mentioned already, when project reports for many of the public sector undertaking, now in production, were drawn up there were not many capable scale ancillary units.

At the time of preparing the project reports, exact details of parts and components required were also not known. Moreover, under the foreign collaboration agreements, at that time, the collaborators offered 'turn-key' plants which did not take into consideration indigenous capacity.

The Committee appointed by the Ministry of Industry, referred to above, made useful recommendations, in this regard. These are now being implemented.

[*Ministry of Industrial Dev. & Company Affairs O.M. No. 5 (3) /66- SSI(C) dated 19.12.1966 D.O. of even number dated 1.8.1967*].

#### **Recommendation (Serial No. 11, Para No. 35)**

The Committee would also like to record that the achievements of the Ancillaries Division do not appear to be commensurate with the expenditure incurred on it. They would like the working of the Division to be thoroughly reviewed at an early date and suitable measures taken to improve its performance.

As the development of ancillaries constitutes an important element in the growth of the small scale sector, the Committee fail to understand why progress in this field should have restricted to a few States. They would like the Government to take suitable measures to ensure, as far as possible, uniform development of ancillaries all over the country.

#### **REPLY OF THE GOVERNMENT**

The recommendation of the Estimates Committee has been noted. The work of the Ancillaries Division will be reviewed with a view to improve its performance.

The suggestion of the Estimates Committee that ancillary industry should be developed on a uniform basis all over the country has been noted. In the present circumstances, however, ancillary units have a tendency to develop around large scale units and therefore,

the present pattern of ancillary development reflects the pattern of development of large scale industries which varies from State to State. As the goal of the balanced regional development of industries is achieved, ancillary units will also develop in all the States. This process may take some time.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5 (3)/66-  
SSI(C) dated 19.12.1966 and D.O. of even number dated 1st August, 1967].

#### **Recommendation (Serial No. 12, Para. 35)**

The Committee are of the view that the chief difficulties in the development of ancillaries are:—

- (a) inadequate supplies of raw materials,
- (b) lack of firm orders from large scale units.

So far as the question of raw materials is concerned, the Committee have recommended in Chapter IV (Part I) a system of equitable distribution of scarce raw materials ensuring equitable treatment to all industrial units according to their production capacity and the instance of their end-products in the overall national economy. They would like to suggest here that until the system is introduced raw materials should be supplied to ancillary units on a priority basis, if necessary, by making suitable deduction from the quotas of the corresponding large scale units.

The Committee recognise that the problem of ensuring a regular flow of orders to ancillary units, in other words of establishing firm ancillary relationship between small scale and large scale units, particularly in the private sector, bristles with difficulties. On the one hand, because of the high prices prevailing in the sheltered domestic market and the consequent profitability, large scale units feel induced to produce all parts/components required by them. There is also the understandable hesitation of the large scale units to farm out orders for parts and components to small scale units due to doubts about the latter's ability to produce goods of standard quality, at competitive prices and on firm times schedules. On the other hand, the small scale units cannot be expected to concentrate on production of such items, sales of which are solely dependent on the willingness of the purchasers in the large scale sector unless there is a definite indication that what they produce will be readily purchased by the large scale units. The Committee feel that the vicious circle can and must be broken. They regret that the C.S.I.O. has not so far taken concerted measures in this direction.

### REPLY OF THE GOVERNMENT

The Lokanathan Committee on raw materials recommended *inter alia* that units which are working as ancillaries to a particular large scale unit should get to that extent, the priority of the principal unit and this recommendation has been accepted by Government.

As already mentioned, efforts are being made to overcome the difficulties.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5(3)/66-  
SSI(C) dated 19.12.1966 and D.O. of even number dated 1<sup>st</sup> August, 1967].

### Recommendation (Serial No. 13, Para 35)

The Committee have given serious consideration to the suggestions made in certain quarter that components/parts which could be made in the small scale sector should not be licensed to the large scale sector. They are unable to support any such categorical reservations. They feel that an abrupt and blanket ban on licensing of parts and components to the large scale units may well hamper industrial production in the country because the small scale sector cannot be expected to produce at short notice and at an economic price all these goods which are sought to be banned to the large scale sector.

The Committee suggest that in the first place the CSIO should prepare a list of some selected parts and components, preferably those which are at present largely imported and are capable of being manufactured by small scale units. It should then, depending upon the demand for the goods, locate a sufficient number of competent small scale units which are willing to produce the required items. The CSIO should assure them a regular supply of the needed raw materials and give them every help in obtaining the required machinery and such financial assistance from Governmental/Institutional sources as is available to small scale units.

The CSIO should also give the units intensive technical assistance and guidance to produce quality goods at an economic price. It should encourage the formulation of I.S.I. standards for the goods produced by the small scale sector so that small scale units may be induced to obtain ISI certification for their products and there may be no room for complaint that the products do not conform to the requisite standards. After the preliminary selection of the items and the location of the prospective ancillary units have been com-

pleted, the import of the concerned parts/components should be reduced according to a phased programme and no new units or additional capacity for the manufacture of such items should be sanctioned for the large scale sector.

The Committee would like to urge that determined efforts should be made to make a success of this experiment. It is well-known that because of low overhead costs and their ability to specialise in manufacturing items requiring a high degree of precision and technical skill, small scale units have an edge over large scale units in certain spheres of production. The growth of small scale ancillary units in highly industrialised countries like the U.S.A., the Federal Republic of Germany, Sweden and Japan, clearly shows that the concept of ancillaries is basically sound and justifiable on purely economic grounds. Therefore, once, through concerted efforts of the CSIO and the entrepreneurs, the capacity of ancillaries to supply quality parts in time and at reasonable cost is proved, the attitude of the large scale sector is bound to change and the necessary climate will be created for the steady growth of the ancillary movement. The Committee hope that the CSIO will take more energetic and effective steps in this matter.

The Committee also urge that intensive efforts should be made by public undertakings to farm out their parts/components to ancillary units. They would like the Railways and the other well established public undertakings, like H.M.T., Hindustan Steel, etc., to take speedy measures in this behalf and give a lead to other concerns in the public and private sectors. It is necessary to remove the impression that Government expects the large scale units in the private sector to accept something which it does not consider good enough for its own undertakings.

#### REPLY OF THE GOVERNMENT

The Committee's recommendation is accepted.

The CSIO is already preparing and circulating lists of parts and components which are at present largely imported and are capable of being manufactured by small scale units. Efforts, in this direction, would be further intensified. Regarding assured supply of raw materials to ancillary industries, it may be pointed out that the State Govts. are now the sponsoring authorities for supply of raw materials and imported parts etc. as recommended by the Lokanathan Committee and the Mathur Study Team. Attention of the States has

been drawn to this recommendation of the Estimates Committee with the request that they should bear it in mind while distributing raw materials to individual units.

The Development Commissioner (Small Scale Industries) is scrutinising applications for individual licences from the small industry angle. The other points made in the recommendation are noted for necessary action.

This recommendation has been brought to the notice of all public sector undertakings. In this connection, a note Appendix III received from the Ministry of Railways (Railway Board) may please be seen.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5(3)/66-SSI (C) dated 19.12.1966 and D. O. of even number dated 1st August, 1967.]

#### Recommendation (Serial No. 14, Para. 35)

The Committee would like to endorse a suggestion made by the Fourth Plan Working Group on Small Scale Industries, namely: "The Director-General of supplies and Disposals while considering tenders for all group II items i.e., those which could be made only in the large scale sector but provide an opportunity to sub-contract to small scale units, should specifically invite information about the ancillaries to which the work will be farmed out and give a preference on this basis. Tenderers who previously supplied to the D. G. S. & D. might also be evaluated and rated according to the use they made of ancillaries.

The Committee consider that in the case of many Government purchases, for example, of large and complex military items, sub-contracting is the only practical way for small firms to participate. They would like the C. S. I. O. to prepare in cooperation with the D. G. S. & D. a comprehensive scheme for giving ancillaries a greater share in supplying Government stores.

#### REPLY OF THE GOVERNMENT

This recommendation is under consideration in consultation with the Ministry of Supply and Technical Development and Materials Planning.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5(3)/66-SSI(C) dated 19.12.1966 and D.O. of even number dated 1st August, 1967].

### COMMENTS OF THE COMMITTEE

The Committee would like to be apprised of the decision as and when taken in the matter.

#### Recommendation (Serial No. 15, Para. 35)

The Committee would also like to mention particularly that the contribution of the small scale industries towards meeting the requirement of ordnance factories is meagre at present. The Committee feel that the defence authorities should procure a large percentage of their requirements from small scale industries and should encourage small entrepreneurs to set up ancillaries for supplying parts and components to the ordnance factories. The C. S. I. O. should have acted as the Liaison between the Defence, Railways, etc. and the small scale industries.

### REPLY OF THE GOVERNMENT

Considerable effort has already been made to enable the participation of small scale ancillary units in the purchases programme of Defence, Railways (Appendix III) and a note on the supply of components for Defence items (Appendix IV) are attached. This recommendation of the Estimates Committee has been brought to the notice of Defence authorities and Railways for further improvement of their performance.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5 (3) /66-SSI (C) dated 19.12.1966 and D. O. of even number dated 1st August, 1967.]

#### Recommendation (Serial No. 16, Para 35)

The Committee recommended that Government should assist ancillary units in advertising their products. The CSIO should also regularly prepare lists of parts and components that can be made in ancillary units and circulate them regularly to all Government Departments and members of the Licensing Committee and should continue to pursue the matter with the Government Departments and also with the Small Scale Industries. The lists should be given wide publicity so that prospective entrepreneurs in large scale sector might plan their projects suitably. It needs hardly to be stressed that these lists should always be taken into consideration by the concerned Central and State Government departments while preparing project reports of public undertakings.

### REPLY OF THE GOVERNMENT

This recommendation is already being implemented. This lists of parts and components that could be made in ancillary units are being circulated among large scale units, State Directorates of Industries, etc. and the parts, components required by large scale units are being brought to the notice of small scale units by Directors of Industries & SISIs. Exhibitions of parts, components, etc. required by large scale units, Defence & Railways have been organised. Conferences on development of ancillary industries have also been held. An important booklet showing the parts and components supplied by small scale units to specific large scale units in the different States has recently been brought out. It may be noted that this booklet contains over a thousand names of small scale units actively working as ancillaries.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5(3)/66-SSI(C) dated 19.12.1966 and D.O. of even number dated 1st August, 1967].

### Recommendation (Serial No. 17, Para 35)

The Committee feel that the experience gained so far in the working of functional estates is not sufficient to prove their utility conclusively. As the units in such estates would have to depend on buyers in the large scale sector, it is necessary that before the establishment of any such estate in future there should be firm assurance of the off-take of the production.

### REPLY OF THE GOVERNMENT

The recommendation of the Committee has been noted for guidance.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5(3)/66-SSI (C) dated 19.12.1966 and D. O. of even number dated 1st August, 1967.]

### Recommendation (Serial No. 17, Para. 35)

The Committee would like to suggest that in implementing the programme for the development of ancillaries, or for that matter, for all small scale industries, care should be taken to see that the benefits intended for small entrepreneurs are not manipulated by large scale units by setting up ancillaries under 'benami'.

## REPLY OF THE GOVERNMENT

The recommendation of the Committee has been noted for guidance.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5 (3) /66-SSI (C) dated 19.12.1966 and D. O. of even number dated 1st August, 1967.]

**Recommendation (Serial No. 19, Para 41)**

The Committee are unhappy to note that that detailed industry-wise studies which were recommended in Third Five Year Plan itself as prerequisites for the implementation of the common production programme were not undertaken with the result that the programme has not been systematically pursued during the Third Five Year Plan. The Committee also deplore the fact that the recommendation made by the Estimates Committee (Second Lok Sabha) in their 77th Report for the setting up of a Committee of technical experts to examine the working of the common production programme and make appropriate recommendation has not been implemented although it was accepted by Government. The Committee have a feeling that the Government have only enunciated the common production policy but have not given due attention to its implementation in actual practice and have rather allowed a policy of drift in this matter.

The Committee note that the main reasons why common production programme have not succeeded in the past are (a) the items were selected without detailed studies of comparative cost of production in the two sectors, the small scale units did not have equality of treatment with large scale units regarding the allotment of scarce raw materials and in many cases the small scale units had to purchase some of the components from their competing large scale units who charged comparatively higher prices.

The Committee consider it imperative that the selection of industries for the common production programme should be invariably preceded by and based on detailed study and investigation of such factors as the relation between scale of production and cost, quality requirements, existing capacities in the large scale and small scale sectors, present and likely future demand etc. Generally speaking, such industries should be selected for small scale units in which the economies of mass production and distribution are offset by increased

overheads. In the case of industries in which small scale units have demonstrated their capacity by accounting for a major portion of production, it would be reasonable to reserve the bulk of future expansion for the small scale sector.

The Committee also feel that for industries in which both the small and large units have been already allowed to function protective measures for the smaller units should be taken, e.g. preferential or at least equal treatment in the distribution of materials, loan facilities, supply of components and spares by the big units at reasonable prices, tariff protection etc.

The Committee have recommended in Chapter IV (Part I) that the distribution of scarce raw materials should be based on an equitable system ensuring equality of treatment to all industrial units irrespective of the sector to which they belong. They would like to stress here that an equitable distribution of scarce raw materials is also a pre-requisite for the successful working of the common production programme, for it would be unrealistic to expect participating small scale units to hold their own against their large scale competitors if they are handicapped by higher costs of essential raw materials and components. The Committee, therefore, urge that if the Government really wish to give a fair trial to the concept of common production programme they must hasten to bring into existence a system of equitable distribution of scarce raw materials.

Government should also evolve and enforce a suitable formula to ensure that components and parts manufactured by indigenous large scale units are available to the small scale units at reasonable prices.

The Committee agree with the view that units with known installed capacity and progressive management should be selected for participation in the common production programme. They are also glad to note that Government are aware of the need to provide the selected small scale units with 'necessary technical assistance by persons who have special knowledge in the particular industries.' The Committee hope that necessary measures will be taken to see that the requisite technical assistance is provided to the small scale units by the Small Industries Service Institutes of the C.S.I.O. in a systematic and effective manner so that the small scale units can produce quality goods which can stand comparison with those produced by the large scale units.

#### REPLY OF THE GOVERNMENT

The Common Production Programme was evolved during the 1st Five Year Plan period as a measure of protection to the village and

small industries. So far as the small scale industries were concerned, the programme was confined to setting up of targets of production for items capable of being manufactured both in the large and small scale sectors. Such targets were set in the case of bicycles and sewing machines and storage batteries.

The programme worked satisfactorily when both the small scale and large scale units were dependent on imported packet of components. But as parts and components came to be manufactured within the country, the small scale units found themselves at a disadvantage since there was no price or distribution control over the parts and components required by them.

The question of common production programme therefore needs a critical review and in making this review the recommendations of the Estimates Committee will borne in mind and implemented to the extent possible.

In some cases like Caustic Soda this has already been done. Also at the time of licensing large scale units, the licences are restricted from using for further processing more than certain percentage of the raw material/intermediate produced by them. However, this recommendation will be kept in view and implemented to the extent possible.

This recommendation will be kept in view in recruiting and posting personnel in the C.S.I.O.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5 (3) /66-SSI (C) dated 19.12.1966 and D. O. of even number dated 1st August, 1967.]

#### Recommendation (Serial No. 20, Para 35)

The Committee need hardly stress the importance of ensuring that the Small Industries Service Institutes and Extension Centres are able to render quick and effective technical assistance to small scale units as ultimately the success or failure of the Industrial Extension Service of the C.S.I.O. will be judged by the degree to which such technical assistance has actually been helpful to the small scale units. They recognise that the Extension Service may need to be strengthened both in number and quality. But they feel that an accretion to the technical strength of the Institutes and Extension Centres cannot by itself produce the desired result—an efficient and effective technical service.

The Committee feel that what the C.S.I.O. and its field organisation need most is a sense of purpose and a desire and determination

to produce concrete results. They are of the view that the present practice of measuring the achievements of the organisation and of individual officers purely in terms of the quantum of services rendered e.g. number of cases given technical advice, number of cases given advice to start new units, etc. is not helpful for producing solid results. The Committee therefore suggest that the Small Industries Service Institutes and Extension Centres should henceforth place greater emphasis on quality rather than quantity of activity. The CSIO should ensure that regular and uniform records of services provided to and the actual benefit derived by such small scale unit are maintained at each Institute and Extension Centres.

The Committee are unable to appreciate the Ministry's contention that it is difficult to keep a record of units set up on the advice of the Small Industries Service Institutes. They would like to point out in this connection, that besides giving advice to entrepreneurs to start new industries, the Small Industries Service Institutes are supposed to offer them a variety of other services, such as technical assistance, choosing appropriate designs and raw materials, assistance in obtaining loans from the State Banks, orders under the Government Purchase Programme, machinery on hire-purchase etc. Normally an entrepreneur who set up a unit on the advice of the Small Industries Service Institute will also approach the Institute for any of these various types of services. The Committee, therefore, fail to understand why it should be so very difficult for the Small Industries Service Institutes to keep a record of cases where their advice actually fructifies in the establishment of a new small scale unit and its subsequent progress. The Committee recommend that such records should be maintained in future by each small industries service institute. They would like to add that such records besides enabling the Institutes to check on the effectiveness of their advice would also enable them to identify the difficulties faced by the entrepreneurs in setting up new units, and draw appropriate lessons for future guidance.

#### REPLY OF THE GOVERNMENT

The recommendation of the Committee has been accepted. The C.S.I.O. has been directed to devise a suitable system to keep records, on a uniform basis and introduce it in all S.I.S.I.s quickly. Arrangements are also to be made to keep records of cases of advice given and follow them up.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5 (3) /68-SSI (C) dated 19.12.1966 and D. O. of even number dated 1st August. 1967.]

**Recommendation (Serial No. 21, Para 53)**

The Study Group of the Estimates Committee which visited the Small Industries Service Institute, Okhla where the Industrial Design Cell is located, were impressed by some of the designs reported to have been evolved by the Industrial Design Cell and which are in production. The Committee are, however, concerned to note that while the expenditure on the Industrial Design Cell has increased from Rs. 1,36,831 in 1961-62 to Rs. 1,79,472 in 1965-66, the number of designs implemented and prototypes manufactured have come down from 41 and 59 to 19 and 11, respectively. The Committee suggest that the working of the Cell with particular reference to its staffing position should be reviewed at an early date and appropriate measures taken to reorganise it so that its continuance is economically justified.

**REPLY OF THE GOVERNMENT**

A Committee to review the working of the Industrial Design Cell is being set up.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5(3)/66-SSI(C) dated 19-12-1966 and D.O. of even number dated 1-8-1967].

**COMMENTS OF THE COMMITTEE**

The Committee would like to be informed of the findings of the Committee set up to review the Working of the Industrial Design Cell.

**Recommendation (Serial No. 22, Para. 54)**

The Committee note that the experience of the Government in regard to the availability of technical consultants for forming panels to assist and guide small scale industrialists is not confirmed by the categorical statement of the Fourth Plan Working Group that 'there are a number of specialists in the country working in Government, public sector and private sector undertakings who for the nominal fee would be willing to give the benefit of their experience'. The Committee feel that Government should make vigorous efforts to set up panels of consultants at headquarters of the CSIO and at each of the Small Industries Service Institutes, on the lines suggested by the Estimates Committee in their 77th Report in 1960 and by the Fourth Plan Working Group.

**REPLY OF THE GOVERNMENT**

The recommendation of the Committee has been accepted. The C.S.I.O. has been directed to make vigorous efforts to set up Panels

as suggested by Estimates Committee and the IV Plan Working Group.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5 (3) /66-  
SSI (C) dated 19-12-1966 and D.O. of even number dated 1-8-1967].

#### COMMENTS OF THE COMMITTEE

The Committee would like to be informed about the progress made in the setting up of the panels.

##### ... Recommendation (Serial No. 23, Para. 56)

The Committee are in agreement with the view of the International Perspective Planning Team that the imposition of fees is the best way (a) to ascertain the value of the services rendered to small scale units by the Small Industries Service Institutes and Extension Centres, (b) to discriminate in favour of those who will actually use the assistance rendered, (c) to assess the usefulness of the various programmes and (d) to judge the performance of the extension personnel. They would like to stress that the present practice of extending ex-gratia technical advice and assistance to thousands of units all over the country involves tremendous effort and public resources, which in many cases may turn out to be infructuous. As pointed out by the Fourth Plan Working Group on Small Scale Industries, the advice or assistance is often not taken seriously because it is rendered free. The Committee, therefore, urge that the CSIO should work out and introduce at an early date a system of charging moderate fees for the special services, both technical and economic rendered to small scale units by the Small Industries Service Institutes and Extension Centres. To begin with, this system may be restricted to the metropolitan areas and other regions where small scale industries are already fairly developed and where it would be permissible to presume that there is at least, some genuine appreciation of the services rendered by the Institutes and Extension Centres; as small scale industry develops in other areas the system should be extended to them also.

#### REPLY OF THE GOVERNMENT

The principle of charging fees for specialist services rendered by CSIO is accepted. A beginning has been already made in this regard by charging fees for distribution aid surveys. It is now proposed to charge fees for management training courses. The practice would be gradually extended to other services.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5 (3) /66-  
SSI (C) dated 19-12-1966 and D.O. of even number dated 1-8-1967].

**Recommendation (Serial No. 24, Para. 57)**

*The Committee feel that area surveys should be undertaken by the State except when the area covers more than one State in which case the survey should, of course, be conducted by the C.S.I.O. The C.S.I.O. may on its own, and should, in the opinion of the Committee, undertake area studies of the backward regions to analyse their problems and potentialities and suggest ways and means of accelerating the growth of small scale industries in such areas. But the C.S.I.O. should make it known to the States that in future they would have to undertake themselves local area surveys to meet their requirements.*

**REPLY OF THE GOVERNMENT**

This is being done.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5(3)/66-  
SSI(C) dated 19-12-1966 and D.O. of even number dated 1-8-1967].

**Recommendation (Serial No. 25, Para 58)**

*The Committee are distressed to note that the 'model schemes' have generally been prepared and published by the Small Industries Service Institutes without keeping in view their practicability and usefulness to the entrepreneurs in the area concerned. The Committee also note the steep fall in the number of model schemes prepared annually (from 543 in 1961-62 to 327 in 1962-63 to 237 in 1963-64), which considering the admitted failings of these schemes, presumably reflects a decline in their popularity.*

*The Committee would like the greatest care to be taken in the preparation of the model schemes to ensure that they give the entrepreneurs correct information on all essential points like requirements of land, building and machinery, cost of production and estimated returns, availability of raw materials and machinery required etc. The entrepreneurs should be clearly advised to contact the Small Industries Service Institute for details and any assistance they may need for implementing the scheme. The Committee suggest that Government may critically review the working of the model schemes prepared by the Small Industries Service Institutes with a view to eliminate those which are impracticable and to bring the rest upto date as well as to lay down the guidelines for the preparation of model schemes in future so that they may be of greater practical use to the entrepreneurs.*

### REPLY OF THE GOVERNMENT

The recommendation of the Committee has been accepted. The S.I.E.T. Institute has been asked to do some preliminary work in this direction, prepare a course to train S.I.S.I. officers in preparing model schemes according to present requirements. After training adequate number, this work will be taken up in S.I.S.I.s. on the lines suggested by the Estimates Committee.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5 (3) /66-SSI (C) dated 19-12-1966 and D.O. of even number dated 1-8-1967].

#### Recommendation (Serial No. 26, Para 58)

The Committee note that the number of technical bulletins issued by the Small Industries Service Institutes has been on the decrease. It has been represented to them that the knowledge about the assistance rendered to small scale industries by various Government agencies is generally limited to the metropolitan and immediately surrounding areas and that units in the interior regions do not have full knowledge about such assistance.

The Committee feel that knowledge about the scope and potentialities of small scale industries and the facilities available for the development of such industries from Government organisation, including the Small Industries Service Institutes, should be given wide publicity so that people, who have the requisite means and talents, may feel attracted to set up small industries. They would like to suggest that the Small Industries Service Institutes should, with the active collaboration of the respective State Directorates of Industries, make concerted efforts to provide effective publicity in regard to small scale industries and the facilities available for setting up and running such industries, through pamphlets, technical bulletins, audiovisual means, exhibitions, etc.

### REPLY OF THE GOVERNMENT

The recommendation of the Committee has been accepted. C.S.I.O. has been directed to intensify publicity work.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5 (3) /66-SSI (C) dated 19-12-1966 and D.O. of even number dated 1-8-1967].

#### Recommendation (Serial No. 27, Para. 62)

The Committee note that the various facilities for scientific research and investigation available with the National Laboratories, which have been set up at considerable expenditure, have been made available also to the small scale industries. They feel that as, by and

*large, the big enterprises can afford to have their own research facilities or acquire foreign know-how, the small scale industries/C.S.I.O. should make fuller use of these facilities.*

*The Committee urge that the Government should secure greater organisational collaboration between the C.S.I.O. and the C.S.I.R. so that the resources of men and material available with the two organisations are used systematically and effectively, to deal with the technical problems of small scale industries.*

*In view of the present financial stringency, the Committee feel that Government should critically examine how far the needs of small scale industries can be met by the facilities available with the C.S.I.R./National Laboratories, and if found necessary, make a modest beginning for setting up a separate Institute of intermediate technology for research in the technical problems of small scale industries.*

#### **REPLY OF THE GOVERNMENT**

The recommendation of the Committee has been noted. Proposals to make a modest beginning with an institute of new technology for small industries have recently been made. The recommendation of the Estimates Committee was borne in mind in preparing this scheme. This proposal is now under consideration.

*[Ministry of Industrial Dev. & Company Affairs O.M. No. 5 (3) /66-SSI (C) dated 19-12-1966 and D.O. of even number dated 1-8-1967].*

## CHAPTER III

### RECOMMENDATIONS WHICH THE COMMITTEE DO NOT WANT TO PURSUE IN VIEW OF GOVERNMENT'S REPLY

#### Recommendation (Serial No. 1, Para. 10)

The Committee note that the actual expenditure on industrial estates is likely to fall short of the Third Plan targets in all States and Union Territories except Kerala, Madras, Delhi and Himachal Pradesh. The short-fall is most marked in the case of Bihar, Gujarat, Mysore, Rajasthan and West Bengal. In the case of Madras, the actual expenditure exceeds the Plan target by 237.97 lakhs or 74.37 per cent. The progress achieved in terms of number of estates set up also varies widely from State to State. In most of the States the achievement falls much below the target. Thus, against the original target of 24 estates for Assam, 51 for Uttar Pradesh and 11 for West Bengal, the estates actually set up in these States by the end of March, 1965 number respectively, 2, 13 & 3.

The Committee also note the Ministry's statement that the short-falls are due to the 'curtailment of the programme in the wake of the Chinese Aggression'.

The Committee could understand a general scaling down of the industrial estates programme as a measure of economy dictated by the needs of the emergency. Even in such a case, Government should have given some thought to a State like Assam with high production potentialities, to a State like West Bengal which besides having high production facilities is a large consumption centre and is faced with acute unemployment, and also to Uttar Pradesh—eastern Uttar Pradesh being generally backward. The Committee are, however, distressed to note that, in practice while drastic cuts have been made in the industrial estates programmes in many of the States, in one State the expenditure on this head exceeds the Plan target by as much as 74 per cent.

The Committee regret to note that positive measures were not taken by Government to ensure a broad uniformity in the implementation of the industrial estates programme in the various states. From the data available regarding (a) loans advanced by the Central Government to the States during the Third Plan period for establishing

industrial estates, and (b) expenditure approved for industrial estates for the year 1966-67, the Committee are also constrained to observe that the disparities among the States in this particular sphere are largely attributable to the variations in the quantum of Central assistance made available to the States.

The Committee strongly urge that immediate measures should be taken to rectify the great disparities among the States in the development of industrial estates and to ensure that progress in this sphere, in future, is, as far as possible evenly spread throughout the country. As an essential step in this direction, the Committee would like the Government to determine the allocation of Central Loans to the different States for the industrial estates programme, during the fourth Plan period, strictly with a view to accelerate the pace of development in those States where the programme has lagged behind so far and where unemployment problem is acute. To afford immediate relief to such States, within the limits of the fund available Government should also suitably revise the State-wise allocations for the programme for the year 1966-67.

#### REPLY OF THE GOVERNMENT

The progress in the number of industrial estates reflects the stage of economic and industrial development of a State at the particular time.

The Centre's assistance for implementation of small industry programmes in different States is uniform and there is no discrimination as between different States. However, actual utilisation varies from State to State depending upon the States' own priorities in the field of development.

Implementation of the industrial estates programmes is primarily the responsibility of State Governments. In the wake of Chinese aggression when States were asked to curtail the programme, each state revised and reset its targets according to its own priority. If a particular State accords low priority to industrial estates programme because it is felt that entrepreneurs may not be forthcoming, it is no use insisting that higher priority should be accorded to the programme since there is the risk of sheds remaining unutilised.

This recommendation has been brought to the notice of State Governments and will be implemented to the extent possible.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5(3)/66-SSI(C) dated 19-12-1966 and D.O. of even number dated 1-8-1967].

### COMMENTS OF THE COMMITTEE

The Committee would like to know whether the State-wise allocations for this programme during 1966-67 were revised, as recommended by them. The State-wise allocations for the current year should also be indicated. They would also like to be apprised about the steps taken to accelerate the pace of development of industrial estates programme in those States which have lagged behind so far.

#### Recommendation (Serial No. 2, Para. 11)

The Committee would like the achievements in regard to industrial estates to be considered in the context of the expenditure incurred on the industrial estates programme since its inception.

This expenditure is broadly as under:—

(Rs. in lakhs)

First Five Year Plan .....	58.80
Second Five Year Plan.....	1098.00
Third Five Year Plan.....	1963.00

(upto March 1965)

Total	3119.00
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(or Rs. 31.19 crores)

Considering that with an expenditure of over Rs. 31 crores on the industrial estates programme during the three plan periods all that has been possible to achieve is the construction of 5188 sheds of which only 2586 are occupied by functioning units. The Committee feel that the cost of the programme are rather too high. It is evident that any attempt to bring an appreciable proportion of the existing or prospective small scale units in the country within the purview of the programme, as presently conceived, will involve heavy expenditure which would be difficult for the country to afford. The Committee consider that there is considerable scope for economy particularly in the construction of industrial estates.

The Committee, therefore, urge that the industrial estates programme should henceforth be pursued primarily for demonstrating the utility of the idea rather than as a means of actually providing Government-built and subsidised accommodation to small scale units. The Committee feel that in States where sizeable amounts have already been spent under the industrial estates programme, it would be permissible to presume that the usefulness of the industrial estate

idea has been sufficiently demonstrated and further progress in this sphere can be left to associations of entrepreneurs, cooperative societies etc. In such States, no new industrial estates, consisting of built-in-sheds, should be established by Government and governmental assistance should cease with the completion of the sheds already under construction. As for the other States, targets for establishing industrial estates, with built-in-sheds, during the Fourth Plan period should be laid down. The number of these estates need not be large but there should be a firm time schedule for their completion.

However, Government assistance may continue to be available in all States for providing developed sites, encouraging cooperative societies to set up industrial estates, providing roads and utilities etc.

#### REPLY OF THE GOVERNMENT

The amount of Rs. 31.19 crores is not the cost of 5188 sheds but includes the cost of all industrial estates at various stages of construction so far undertaken for instance, on 31st March, 1965 as many as 193 estates were under construction at preliminary stages. The expenses incurred on these also is included in the amount of Rs. 31.19 crores though not a single shed has been completed in these estates. As on 31st March, 1965, the number of units functioning was 2586 and they occupied as many as 3794 sheds. By 30th September, 1965, the number of units functioning increased to 3032 and they occupied 4298 sheds for production purposes out of the total 5952 constructed in all States. It may thus, be seen, that the position is continuously improving.

The Estimates Committee's remarks regarding the scope for economy particularly in construction of industrial estates has been brought to the notice of all State Governments and will also be taken up with them while examining the schemes included in their Annual Plans.

This recommendation has been brought to the notice of States.

The State Governments have been asked to lay down firm targets for industrial estates with built-up sheds during the IV Plan. It is however, for each State Government to determine the number of sheds etc. depending upon their circumstances, the priorities they accord to the programme and the finances available for the purpose.

[Ministry of Industrial Dev. & Company Affairs O.M. No. 5 (3) /66-  
SSI (C) dated 19-12-1966 and D.O. of even number dated 1-8-1967].

**COMMENTS OF THE COMMITTEE**

The Committee would like to have a copy of the letters addressed to the State Governments. They would also like to be informed whether any modification in the implementation of the programme in the various States, as suggested by them has been made. If so, a copy of the new guidelines in this regard should be furnished.

NEW DELHI-1;  
February 20, 1968.  
Phalgun 1, 1889 (Saka).

P. VENKATASUBBAIAH,  
*Chairman,*  
*Estimates Committee.*

## APPENDIX I

(Vide page 10)

*Recommendations made by Sarvashri N. Krishnaswami, Industrial Adviser, D.G.T.D. and J. M. Shrivastava, Director (Anc.), Development Commissioner, Small Scale Industries in their report on Development of Ancillary Industries for Public Sector undertakings and suggested agencies for taking action.*

### *Project Authorities Assisted by D.G.T.D. and D.C. (SSI)*

1. In the existing undertakings a thorough scrutiny of parts and components required by each assembly must be made by competent technical persons with a view to determining:
  - (a) What are the specified items whose import is inescapable; atleast for some time to come. This should be given the first and top-priority with a view to locating indigenous capacity in as short a time as possible;
  - (b) which are the items that could be conveniently developed by ancillary units in and around that undertakings;
  - (c) which are the items which could be framed out to the existing undertakings other than the ancillary units proposed.
  - (d) which are the items which could be off-loaded profitably to the proposed industrial estate with a view to augmenting the existing resources of such units to give an increased out put.

### *Project Authorities*

2. Each Public Sector Undertaking must appoint a full time senior officer whose job should be to look after the above aspect constantly and submit six monthly reports to the D.G.T.D. and D.C. (SSI) on the progress.
3. A committee should be formed in each undertaking under its Chairman/Managing Director to promote the growth of ancillary industries in the small scale sectors and to inculcate such ideas which are in the interest of that undertaking;

*Project Authorities State Govt. N.S.I.C.*

4. Each large public Sector Undertaking must set up a Functional Industrial Estate where small scale units may be given facilities of developed land, electric Power and other services, where necessary factory sheds may be constructed initially and rented at appropriate rent to attract entrepreneurs.

*Project Authorities*

5. It should be primary responsibility of such undertaking to provide with Technical Assistance, tooling and testing facilities must be provided by the Undertaking to the ancillary units as it will be beneficial to the undertaking to get such ancillary products next door.

*Project Authorities*

6. Scarce or imported raw-materials and in-escapable components to complete the assembly should be supplied by the undertakings to the small scale ancillary units wherever possible.

*Project Authorities Entrepreneurs:*

7. A stable policy should be laid down in respect of the price to be paid for the items to be purchased from ancillary units which are set up in their functional industrial estates. Long term purchase arrangements must be made with the small scale units to give them a sense of security and encourages them to develop new items.

*Project Authorities.*

8. All Public Sector Undertakings must have rooms to display parts and components which are required to be developed by ancillary industries. Mobile Exhibition of these parts should also be organised by the Public Sector undertakings in places such as Ludhiana, Delhi, Kanpur, Agra, Calcutta, Madras, Bangalore, Hyderabad, Bombay and Ahmedabad where small scale industries are concentrated.

*Project Authorities Govt. for Policy decisions.*

9. During the course of our visits we had come across some experienced technical employees who have shown interest in setting up their own ancillary units attached to the undertakings. It is strongly recommended that such employees should be encouraged and assisted by the Management in regard to drawing of schemes. Employees may be allowed to continue in the employment of the Undertakings on the condition that they will resign from service as soon as they are geared for production in the ancillary unit.

*Project Authorities.*

10. The Public Sector Undertaking may also consider the question of off loading some of the machine tools to such of their employees, individually or who form a cooperative society to set up ancillary units in the small scale sector. The sale value etc. of machine tools can be worked out by the Finance Department of such undertakings.

The above suggestions will result in certain obvious advantages such as fuller utilisation of the machine tools so off-loaded, as they can also cater to other outside orders and minimise the problem of idle time employment and the space so created in the main factory as a result of such off-loading could be utilised for installation of more sophisticated machines for increasing the output or for expansions with lesser expenditure.

*Government D.G.T.D. D.C. (SSI) and entrepreneurs.*

11. In future for new undertakings, the following suggestions are submitted:

- (i) Before finalising agreements with foreign collaborators or aiding countries, the items which are proposed to be manufactured must be clearly specified.
- (ii) Scrutiny of parts and components required from each item must be made by the competent technical person with a view to determining.
  - (a) What should be manufactured by the undertaking.
  - (b) What should be developed and manufactured by ancillary units in the small or large scale sectors.
  - (c) What should be sub-contracted or bought out. This may include fabrication, standard hard-wares or other items.
  - (d) What should be imported initially and steps to be taken for their early production indigenously on top priority basis.

Enlisting items under above categories may need, not only study of drawings and specifications of parts and components but their physical examinations also. It may, therefore, be necessary to send technical officers to the factories of foreign collaborators for examination and preparation of detailed lists under each category.

If the approach as suggested above is adopted it would also help in deciding about the machine tools, equipment, etc. which should

be purchased. It will reduce not only the initial cost on building and machinery but also idle installed capacity later.

We may take this opportunity of adding here that the concept of setting up Functional Industrial Estate should be extended to private undertakings also. Such an industrial estate has been successfully set up by M/s. Enfield India Ltd., Madras for their motor cycles and industrial engines factory.

12. Possibility of setting up such a functional industrial estate should be examined by the D.G.T.D. and other sponsoring authorities in association with the D.C. (SSI) at the time of considering the application for industrial licence and the entrepreneur persuaded to take effective steps for setting it up.

Sd.:- (N. KRISHNASWAMY)

Sd.:- (J. M. SHRIVASTAVA)

## APPENDIX II

(Vide page 10)

No. 13/53/65-HECHE

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRY

New Delhi, the 30th March, 1966.

To

The Chairman/Managing Directors/General Managers of all the Public Sector Undertakings under the administrative control of the Ministry of Industry.

**SUBJECT:**—Development of Ancillary Industries by Public Sector Undertakings.

Sir,

I am directed to say that the question of reducing imports and increasing indigenous production capabilities of various engineering industries in the public sector, has been engaging attention of the Government for some time. In order to achieve this objective, it has been decided that the Public Sector Undertakings should strive to develop ancillary industries as far as possible. For implementation of the above decision and also to understand the practical difficulties of the public sector undertakings, a committee consisting of a representative of each of the Directorate General of Technical Development and the Development Commissioner, Small Scale Industries, was constituted to undertake a close study in the matter with the cooperation of the public sector projects under the control of this Ministry and make suitable recommendations. The Committee who paid visits to some of the bigger public sector undertakings, have made certain recommendations which have since been accepted by the Government. I am directed to enclose a copy of the recommendations made by the Committee and to request you to take suitable steps as early as possible to implement those recommendations in so far as your undertaking is concerned and inform this Ministry of the action taken in the matter in due course.

Yours faithfully,

Sd/- K. RAJA RAM,  
Deputy Secretary to the Govt. of India.

Copy forwarded to all the Ministries/Departments concerned with the public sector undertakings, with the request that they may like to take similar action in respect of public sector undertakings with which they are concerned.

II. Copy forwarded for information to:--

1. Development Commissioner, Small Scale Industries, New Delhi, with reference to their U.O. No. 3(16)/65- Anc., dated the 31st January, 1966.
2. Directorate General of Technical Development, Udyog Bhavan, New Delhi.
3. Ministry of Supply and Technical Development, North Block, New Delhi.
4. All the Industries Sections concerned with public sector undertakings.

Sd/- K. RAJA RAM,  
*Deputy Secretary to the Government of India.*

### APPENDIX III

(Vide page 15 and 16)

#### MINISTRY OF RAILWAYS

(Railway Board)

*Note with reference to the concluding paragraph of recommendation No. 13 contained in Appendix VII of the 106 Report of the Estimates Committee (1965-66)..*

The Ministry of Railways have for some time now been making efforts to develop indigenous capacity for imported and short supply items, including in the small scale sector. For this purpose, a Committee known as the Indian Railway Equipment Advisory Committee—with regional committees at Delhi, Bombay, Calcutta and Madras—has been functioning since 1956, with a view to advise on the action necessary to develop indigenous capacity for Railway items. Manufacturers' Organisations, including small scale interests, Government Departments concerned, including the Development Commissioner, Small Scale Industries, etc. are represented on these Committees. The Committees have provided a valuable Liaison with the Manufacturers and their proceedings have been of considerable assistance in developing capacity for Railway equipment both in the Small Scale and the Organised Sectors of Industry.

2. In order to focus attention on the requirements of the Railways and to facilitate the small scale entrepreneurs becoming aware of them, mobile show rooms have toured the entire country, both on the Broad Gauge and the Meter Gauge Sections, during the last few years. Selected samples of imported and short supply Railway Stores were exhibited in these show rooms which were manned by competent staff for the purpose of giving necessary information to visitors. The tour programmes of the show rooms were fixed in consultation with the Directors of Industry of the States concerned and were given wide publicity in the press. These show rooms attracted considerable interest, especially among the small scale entrepreneurs. Recently, show rooms exhibiting selected imported items of diesel and electric locomotive spares, electric signalling equipment, overhead traction equipment etc. have been opened at Bombay and Delhi and have also attracted considerable interest. Similar show rooms are also proposed to be set up at Calcutta and

Madras. In addition, in collaboration with the Small Industries Service Institutes and the Directors of Industries of the States concerned, show rooms of selected items of Railway equipment which are imported or in short supply have been functioning at Ludhiana, Okhla (Delhi), Kanpur and Dasnagar, (Howrah), for the special facility of small scale entrepreneurs. A similar exhibition was arranged at Bombay, through Maharashtra Industrial Development Corporation. The question of opening such show rooms at other places is being followed up with the State Directors of Industries concerned. A list of imported and short supply Railway items has also been published for facility of potential entrepreneurs. These steps have been taken with a view to promote the indigenous development of Railway equipment especially amongst small scale entrepreneurs.

3. The three production units of the Railways have also been encouraging small scale entrepreneurs and obtaining their requirements of stores from them to the extent possible.

4. It will thus be seen that considerable emphasis is being placed by the Railways in encouraging small scale units for supplying stores required by them. Purchases made by the Indian Railways from small scale units in 1964-65 amounted to Rs. 3.26 crores.

## APPENDIX IV

(Vide page 16)

### CENTRAL SMALL INDUSTRIES ORGANISATION AND THE EMERGENCY

The emergency brought about the Chinese invasion in 1962 and the strain caused by the recent Indo-Pakistani conflict presented a challenge and an opportunity to the Central Small Industries Organisation to play its part in the national defence effort—a challenge as to how to face a mighty task and an opportunity to prove its worth. Defence authorities were interested in a number of sophisticated items which could be taken up in the Small Scale Sector. To attract more and more small industrial units towards active participation in the defence efforts and in the Government Stores Purchase Programme, Central Small Industries Organisation had taken a series of steps. At the highest level an operational committee was set up with Directors at Headquarters as members. This Committee was to help create more avenues of supplying items manufactured in the Small Scale units to the defence services. This Committee has been meeting regularly to review the position regarding location of more supplies within the country.

2. Various delegations consisting of representatives of small scale units from Delhi, Rajasthan, Maharashtra, Punjab, Gujrat, visited the Headquarters office of the C.S.I.O. and they were shown the samples of various defence items. They were also briefed on the procedure for obtaining orders for these items. Besides this, necessary guidance in obtaining drawings and specifications was also given to the Small Scale Units. A number of enquiries from the industrialists were also attended to.

3. In order to ensure that the small scale units throughout the country participate in the National Defence Efforts, the C.S.I.O. had evolved a procedure of circulating to all the Directors of Industries and the Directors, Small Industries Service Institutes lists of items of interest to the small scale units. So far lists of about 400 such items have been circulated. A list of these items appears at Annexure I. The Directors of Small Industries Service Institutes recommended a number of units to the National Small Industries Corporation for supply of these items against the lists circulated. In regard to Drugs, items which are of interest to small scale sector, D.G.S. & D. was requested to issue tenders to the units recommended by the C.S.I.O. and the Drugs Controllers were also requested to give all

possible assistance in ensuring the supplies of stores by small scale units. (A list of such items which are required by the Defence Department has been prepared after a scrutiny of their indents in D.G.S. & D. and may be seen at Annexure II).

4. All the Directors of Industries were kept posted with the details of indents screened in the office of the D.G.S. & D., thereby enabling them as well as the small units in their respective areas to participate effectively in the Government stores Purchase Programme. Some of the State Governments kept close liaison with the D.G.S. & D. by posting their officers in New Delhi so that they could take prompt action for securing orders for small scale units in their respective States. The problem in the matter of supply of raw materials, was no doubt, being felt by the small scale units. The D.G.S. & D. and the Directors of Industries were requested to assist the small scale units manufacturing defence items in procuring essential raw materials.

5. Since the declaration of emergency, orders to the extent of Rs. 17.31 crores were secured by units enlisted with the National Small Industries Corporation and the number of units enlisted from each States till March, 1965, are given below:—

State	1964-65 (Rs. lakhs)	Units En-listed
West Bengal	4,80,56	2,345
Maharashtra	1,8398	1,853
Uttar Pradesh	3,8095	1,773
Punjab	2,1710	1,593
Delhi	2,1914	1,354
Kerala	6,12	502
Madras	53,96	1,421
Andhra Pradesh	340	730
Madhya Pradesh	7,68	412
Mysore	6,52	588
Rajasthan	27,10	206
Gujarat	36,75	656

State	1964-65 (Rs. lakhs)	Units En-listed
Bihar	7.50	
Orissa	0.07	406
Assam	0.48	42
J & K		93
Goa		62
		31

Arrangements have now been made to purchase specifications and drawings of the tenders received from D.G.S. & D. and to keep these in the Small Industries Service Institutes so that the entrepreneurs may examine them and know the exact requirements.

6. The C.S.I.O. associated itself with the Council of Scientific and Industrial Research in their efforts to manufacture new items in the country, which are at present being imported. An illustrative list of Defence requirements of chemicals, which are being imported and which are likely to be of interest to the Small Scale Sector, have been shown in the Annexure III. The C.S.I.R. has been requested to send us all the data, processes, schemes, etc. available with them for the manufacture of these items, so that efforts can be made to encourage suitable small scale units for the production of these items.

7. With the creation of Department of Defence Supply, ways and means were evolved for the effective participation of indigenous manufacturers in the supply of Defence Stores. Four sample rooms exhibiting imported defence stores have been opened in New Delhi, Bombay, Calcutta and Madras. Two Technical Committees with representatives of D.C. (SSI), D.G.T.D. Department of Defence Production, Defence Finance, Department of Defence Supply have been constituted for considering the quotations received from the units quoted for the items displayed in the Sample Rooms. These measures have opened up new avenues for the small scale units to participate actively in the defence purchases.

8. The work done by the Small Industries Service Institutes in regard to participation of small scale units in the Defence effort was commendable. The resources available at the disposal of SISIs were utilised in rendering effective technical advice to small scale units who have received defence orders. The Officers of the Institutes made extensive visits to Ordnance Factories and introduced

several small scale units to them for the supply of defence stores. Small Industries Service Institute, Kanpur, rendered technical advice to small scale units for the execution of Defence Stores viz. plastic bullets and mule shoes, two blanking and piercing dies for PVC helmet parts. The workshop attached to the Institutes successfully carried out by various jobs such as camera body, tank pins, shafts, spacers.

In Punjab, which was badly affected during the recent hostilities the loss of production in the border districts viz. Jullundur, Kapurthala, Gurdaspur, Ferozepur, Amritsar, Ludhiana was estimated to be in the range of 50 to 80 per cent. Director of Industries in collaboration with *SISI Ludhiana* set up a Defence Stores Purchase Cell to process tenders on behalf of small scale units. Some of the important orders received trigger assembly, electric siren, ammunition boxes, carriers, blankets, etc. The Institutes also conducted a work study course for the benefit of EME Batallion Officers stationed at Ludhiana.

The SISI, Patna assisted a firm in manufacturing trailers required by the Defence Department. The Institute circulated number of drawings and specifications of defence products and rendered technical advice to the small scale units who wanted to take up the work.

The SISI, Indore has built up a Library of drawings and specifications of Defence Stores for rendering assistance to small scale units. Mention may be made of the successful development of auto-resetting-shooting-targets for EME workshop, Mhow. By the efforts of the Institute 12 small scale units from Indore and Devas were able to get orders for 35 different items of the value of Rs. 3,53,438 from G.C.F., Jabalpur.

Competent small scale industrial units were specially assisted by providing with raw materials, rendering technical assistance, developing proto-type products and even plant, equipment, tools etc. for manufacturing the Defence Stores. At the request of Chief Inspectorate of Small Arms Factory, Kirkee, the possibility of manufacturing aluminium foils of thickness :068 mm. to :012 mm. was explored by designing suitable equipment and making trials of rolling such foils. The results have been appreciated by the Defence Authorities.

The SISI Madras, concentrated in rendering technical assistance to units who are engaged in Defence Production. Special mention may be made of the technical advice rendered by them in the manufacture of chrome laces for ammunition boots, design and plastic moulding die for the manufacture of bullet caps, wood seasoning

for cordite factory, Aravankave. Close contact was kept by the Institute with Heavy Vehicles Factory, Avadi, so that parts and components were supplied by the Small Scale units.

A list of well developed small scale units was forwarded to the factory authorities for utilising them as ancillary units. As a result thereof, the factory has invited quotations for some item from the units recommended by the Institute. Cordite Factory Aravankadu has placed orders to the extent of Rs. 65,000 for packing cases to two small scale units recommended by the Institute.

Special efforts have been made by the Institute to get in touch with small arms factory Trichnapally, to ascertain the requirement of the ancillary items for the factory and making existing small scale units to serve as ancillary units to the factory. Some items like link chips, ammunition boxes etc. are at display in the Small Industries Service Institute's show room, which will help the small scale units actually engaged in the manufacture of such items.

The SISI, Gauhati assisted a firm manufacturing guns in the manufacture of body pins reducing the cost of production by 50 per cent. The units manufacturing shoe-pony were also assisted by the Institute for procuring Defence Orders. Items like camp equipment, hoods for vehicles worth about Rs. 1,20,000/- were supplied by two scale units of Assam.

The SISI, J & K, convened a meeting in the Industrial Estate which was attended by the Director of Industries and a large number of entrepreneurs. A list of defence items was circulated in the meeting and the entrepreneurs were advised to take up the defence items as far as practicable. Special efforts were made by the Institute to encourage defence oriented production amongst the small scale units.

The SISI, Bombay, launched a campaign regarding on-the-spot technical guidance to those small scale units which were engaged in the defence production on better tooling and various other technical aspects. The common Facility Centre attached to the Institute was offered on priority basis to the defence oriented units for execution of jobs. The items executed by the Small Scale units of Maharashtra were; hand-grenade components, brass eyelets and tubular rings; special casting nozzles and plugs ammunition shed-doors, gears and freewheels, concrete mixtures, etc. valuing at several lakhs of rupees. Special guidance in the manufacture of hand-gloves, purka coat and pant were given to a unit.

The SISI succeeded in creating incentive among the small scale units for manufacture of garments, purka coat and purka pants, special garments for the cold climate, for which they have been depending on imports from the U.S.A. A sample was manufactured by a unit which was found acceptable by the Defence Authorities. Also ammunition and anklet boots required by the Defence Department were not previously manufactured in the Maharashtra State. On the initiative of the Institute some units have procured orders for the manufacture of ammunition and anklet boots and the work is in progress.

The SISI, Bangalore assisted in locating small scale units who are manufacturing precision components and other meter components required by the Hindustan Aeronautics and other large-scale units.

The SISI, Jaipur assisted a small scale units who is manufacturing generators required by the Defence Department.

As required by the D.G.S. & D. particulars in respect of 69 units capable of manufacturing defence requirements with detailed information on their machinery, equipment etc. was prepared by a team of officers of the Institute and supplied to the D.G.S. & D.

The officers of the SISI, Calcutta, in collaboration with the defence authorities, drew up a regular programme of work for scrutinising the drawings of Engineering Stores for selection of suitable items for sub-contracting to small scale units. It has thus been possible to locate capacity in the small scale sector for items like jigs, fixtures, die-punches, milling cutters, reamers etc. Tractor components, Rifle components etc. with the help of the Institute, 15 small scale units have secured orders to the extent of Rs. 13:63 lakhs and executed them successfully.

The SISI, Hyderabad, assisted M/s. Parga Tools in executing a huge order they have on hand for manufacture of a number of components of automatic weapons. The Institute has processed 925 components successfully and supplied to M/s. Praga Tools.

The Institute successfully designed Steel Kit Box to a small scale unit who has secured a order for supply of 20,000 Nos—The unit has successfully completed the order.

The SISI New Delhi, assisted 154 small scale units to procure orders for supply of defence stores to the extent of Rs. 1.48 crores. The Institute has helped several units in the manufacture of difficult items required by the Defence Department.

The SISI Trichur, made efforts to help a number of small scale units to secure orders for packing cases etc. required by the Defence Department, 3 Fruit Preservation Units were assisted to fabricate machines and manufacture products like canning vegetable, potatos, dry soap powder etc. required by the Defence Department.

The SISI, Kanpur, located 150 small scale units who were equipped to supply defence requirements. They have successfully executed defence orders to the tune of Rs. 2600 lakhs.

The SISI, Ludhiana, is negotiating to secure orders to the extent of Rs. 2.5 crores to small scale units, required by the Defence Department, with the D.G.S. & D. The Institute designed a proto-type of trolley-cum-hydraulic lighting arrangement. Other items like 'antiskid pads' etc. were manufactured by a small scale unit with the complete technical assistance by the Institute.

9. The C.S.I.O. was asked to make an independent assessment of the situation caused by the recent hostilities on the borders of Punjab which seriously effected the industrial economy of the State, particularly that of the six border districts viz. Ferozepur, Amritsar, Gurdaspur, Kapurthala, Jullundur and Ludhiana. Soon after ceasefire, a team of the officers was deputed for an on-the-spot study. Besides their own impressions, the members of the team gave detailed consideration to the various suggestions and representations made to them. Various remedial measures, necessary to restore normal conditions amongst industrialists, labour, suppliers and customers were made.

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## ANNEXURE I

### *Items of Government Purchase Including*

#### *Defence*

1. Aprons Canvas.
2. Anklets Battle Web.
3. Armlets.
4. Berets Woollen.
5. Badges & Formation Signs.
6. Bandage Cloth.
7. Blankets.
8. Bags.
9. Bags water proof.
10. Bags kit.
11. Bolt Waist.
12. Bushirts Cotton.
13. Buckram Canvas.
14. Braces Cotton.
15. Covers Canvas & W.P.
16. Caps.
17. Comouflage Nets.
18. Caps comforters.
19. Cord Disc.
20. Coats water proof.
21. Cloth Flannel.
22. Cotton Waste.
23. Caps Balaclava.
24. Curtains.
25. Cloth Songe.
26. Covers Gunvala.
27. Caps water proof.
28. Case Tape Tracing.
29. Cordage Nylon.
30. Cloth drab misture.
31. Cordage Manila.
32. Cord Braking.
33. Cordage Sisal.
34. Cordage Cotton.
35. Canvas Flax.
36. Covers Water Bottle.
37. Cord Pull Through.

38. Gauges Union Cotton.
39. Cloth Teapoy.
40. Cloth Mutton.
41. Drawers.
42. Dhoti Cotton.
43. Durries.
44. Fabric Linen.
45. Felts.
46. Frogs Brown.
47. Fabric W. P.
48. Gloves.
49. Gauzes.
50. Ground Sheets.
51. Garments.
52. Havers Sacks.
53. Hose tops.
54. Hosiery Woollen.
55. House Wives (Box containing sewing needle, thread and Buttons.
56. Holdals.
57. Hemplines.
58. Jerseys.
59. Jackets.
60. Laces Nylon.
61. Line Natural.
62. Line Cotton.
63. Line Bedding.
64. Linelint Plain.
65. Laces fabric.
66. Lanyard.
67. Mazri.
68. Mosquito nets.
69. Newar.
70. Overall flying.
71. Pile fabric.
72. Pillow.
73. Putties.
74. Pouches.
75. Pad Head dress.
76. Pack Personal survival.
77. Buck back pads.
78. Razai.
79. Ribbon cap.
80. Ropes.
81. Ropes Heel.

82. Scraves Woollen.
83. Socks cotton.
84. Sweaters.
85. Stockings.
86. Socks Woollen.
87. Surgical cotton.
88. Stockinette.
89. Sarge battle dress.
90. Shelter artificer's.
91. Singlets.
92. Station Labels.
93. Tape Tracing.
94. Tents.
95. Tarpaulines.
96. Tol Tool canvas.
97. Tape Niwar.
98. Tape Cotton.
99. Twine ammunition & Packing.
100. Trousers.
101. Tat Putties.
102. Towels.
103. Tape draw spring.
104. Tent bags.
105. Ticken.
106. Tow Jute.
107. Underpants.
108. Umbrellas.
109. Vests.
110. Vests Strings.
111. Vallises officers.
112. Web.
113. Woollen Cloth.
114. Wool Sheep.
115. Wicks flat.
116. Overall combination drill blue.
117. Boots Ankle.
118. Boots.
119. Chappals.
120. Shoes
121. Shoes canvas.
122. Ammunition boxes.
123. Boxes.
124. Basket Ration.
125. Blocks vee.
126. Crates.

127. Cases packing.
128. Casing.
129. Carrier cartridge.
130. Carrier ammunition.
131. Door poles.
132. Discs.
133. Holders timber.
134. Halves for shovels & pick axes.
135. Equipment air dropping (skid Boards).
136. Handles wooden.
137. Leather oil drums.
138. Mango Boards.
139. Mill Board amm.
140. Planks wooden.
141. Roller grounds wooden.
142. Skids.
143. Sisso Boards.
144. Tent poles.
145. Timber.
146. Teak wood.
147. Wood Chir Sleeper.
148. Wood Babool Bark.
149. Paper sleeves.
150. Packing paper.
151. Aprons leather.
152. Attache cases.
153. Belting leather.
154. Basil down.
155. Bandoliers.
156. Belt Fireman.
157. Cases tools.
158. Cash beg leather.
159. Cases Binoculars.
160. Gloves Boxing.
161. Hides.
162. Half soles.
163. Laces leather.
164. Leather cow cured.
165. Leather washers.
166. Leather.
167. Lifts leather.
168. Leather Buffalow tanned.
169. Mallets Raw Hides.
170. Straps leather.
171. Skim Chamois Leather.

172. Sheel skin.
173. Strap chin hats.
174. Balls (Rubber).
175. Cloth cotton rubberised.
176. Fabric rubberised.
177. Ground sheets.
178. House water.
179. Rubber sleeves.
180. Acid Hydrochloride.
181. Blanco water proof.
182. Benzion composite.
183. Bee wax.
184. Boot polish.
185. Composition rust.
186. Centimade cream.
187. Copper Nepthanate.
188. Candles.
189. Drugs.
190. Enamel.
191. Ether.
192. Foam Compound.
193. Clue.
194. H. G. Black.
195. Insectivides.
196. Lacquer.
197. Leather Polish.
198. M. S. Black.
199. Metal polish.
200. Myrobolams.
201. Nepthelene.
202. Nylon Iene fabric.
203. Okum Black.
204. Oil tarpentine.
205. Oil Mustard.
206. Oleum Arachis.
207. Polish Bichromate.
208. Pot Nitrate.
209. Paints.
210. Pottassium Iodide.
211. Polish floor.
212. A Paraffn.
213. Paste flux soldering
214. Shellac ammunition
215. Soaps.
216. Syrup Solutions.

- 217. Salt Phosphating.
- 218. Salt Candaminous.
- 219. Solutions Rust.
- 220. Spray brushing.
- 221. Tablets Vitamins & Other.
- 222. Tape Adhesive.
- 223. Wax Paraffn.
- 224. Wax Shoe maker.
- 225. Wax shellac.
- 226. White Tin.
- 227. Zinc Oxide.
- 228. Zinc Chloride.
- 229. Bricks Fire.
- 230. Cement.
- 231. Grind Stones.
- 232. Graphite crucibles.
- 233. Packing graphite asbestes.
- 234. Stone curry.
- 235. Glass heads.
- 236. Copper.
- 237. Lead assembly.
- 238. Phospher Bronso Ingots.
- 239. Soldering Iron.
- 240. Solder.
- 241. Anvils.
- 242. Air Crow Locks.
- 243. Angles R.F.L.
- 244. Axes pick, axes hand, axes, felling & axes.
- 245. Axle box dust.
- 246. Bolts, nuts & Rivets.
- 247. Barbed wire.
- 248. Bins Steel.
- 249. Buckles.
- 250. Battery Carrier.
- 251. Buckets.
- 252. Bars Parallel.
- 253. Bench.
- 254. Bristles.
- 255. R. F. F. M. Units.
- 256. Boxes Tools.
- 257. Boxes mobile.
- 258. Blow lamps.
- 259. Bendors.
- 260. Chevrons.
- 261. Chost trousers.

- 262. Cabinets.
- 263. Cramps.
- 264. Containers.
- 265. Cane Brass Solis.
- 266. Clippers Mule.
- 267. Chests, tools.
- 268. Bentick Plants.
- 269. Bentick Planks.
- 270. Carpenters square smith.
- 171. Clips.
- 272. Clippers hair.
- 273. Chains.
- 274. Cutter pipes.
- 275. Compasses drawing.
- 276. Clamps.
- 277. Chopper meat.
- 278. Carrier set.
- 279. Chisels.
- 280. Dunder.
- 281. Distance piece foolid.
- 282. Drum Cable.
- 283. Door springs.
- 284. Bess double Barred.
- 285. Eylets.
- 286. Funnel Fuel.
- 287. Forges Cutters.
- 288. Frying Pans.
- 289. Fasteners snap.
- 290. Fuller Bottom Smith.
- 291. Files splicing.
- 292. Filth cart.
- 293. G. I. Bonds.
- 294. G. I. Pipes.
- 295. Gauges.
- 296. Hinges Butt.
- 297. Basps & Staples.
- 298. Handles.
- 299. Hackles.
- 300. Hooks & Eye Brass.
- 301. Helmets Steel.

- 302. Hammers.
- 303. Holders screw rings.
- 304. Horse shoe.
- 305. Heating stoves & oil stoves.
- 306. Iron pressing.
- 307. Jointed nibs.
- 308. Knives.
- 309. Kettles paint.
- 310. Lamp Incandescent.
- 311. Lack Mortar.
- 312. Moulders.
- 313. Millens headings.
- 314. Measures conicals.
- 315. Metal shoulders.
- 316. Mugs Enamolled.
- 317. Methodex card index.
- 318. Mounting Roaps.
- 319. Nails tips.
- 320. Nails Horse shoes.
- 321. Nails cutter.
- 322. Oil Fired Heaters.
- 323. Pad locks.
- 324. Pans privy.
- 325. Pins.
- 326. Perforeted plating.
- 327. Pliers.
- 328. Racks.
- 329. Racks steel.
- 330. Razor Open.
- 331. Rigid type box.
- 332. Rasps Carpenter.
- 333. Receptacles.
- 334. Rulers Flat.
- 335. Shovel.
- 336. Screws.
- 337. Screw Drivers.

- 338. Screw **Wires**.
- 339. **Spanners**.
- 340. **Shackles**.
- 341. **Scissors**.
- 342. **Stretcher Ambulance**.
- 343. **Steel bedstead**.
- 344. **Studs**.
- 345. **Steel syphs**.
- 346. **Spoons aluminium**.
- 347. **Steel tubes**.
- 348. **Safes**.
- 349. **Steel furniture**.
- 350. **Furniture Scribes**.
- 351. **Screwing cutting**.
- 352. **Squates**.
- 353. **Tallow**.
- 354. **Spittoons Fount**.
- 355. **Tape measuring**.
- 356. **Tub washing**.
- 357. **Truck hand for food containers**.
- 358. **Triangular 'D' Kings**.
- 359. **Tins Mess**.
- 360. **Tumbler locks**.
- 361. **Tacks copper cut**.
- 362. **Tools hand**.
- 363. **Tips boot**.
- 364. **Tips fitting**.
- 365. **Tent pins**.
- 366. **Tools screw**.
- 367. **Trumpets**.
- 368. **Utensils cooking**.
- 369. **Vices**.
- 370. **Vacabs Sections**.
- 371. **Wrenches**.
- 372. **Washers copper**.
- 373. **Wire Metre**.

- 374. Wire nails & Nails.
- 375. Weights & Scales.
- 376. Zip fastners.
- 377. Whistles.
- 378. Blowers.
- 379. Chaff Cutting machine.
- 380. Crane.
- 381. Centrifugal pumps.
- 382. Furnace.
- 383. Grinders.
- 384. Head Gear.
- 385. Jacks.
- 386. Machine Horse.
- 387. Shears.
- 388. Stone curry rollers.
- 389. Trucks elevating.
- 390. Trailors.
- 391. Weighing Machine & Scales.
- 392. A. C. Mancoolers.
- 393. Cables.
- 394. Fabricator conductors.
- 395. Fuse covers.
- 396. Fuse holes.
- 397. Hand drawn conductors.
- 398. Lighting fittings.
- 399. Power transformers.
- 400. Stay Insulators.
- 401. Tape Electric.
- 402. Wire electric.
- 403. Buffer Plunger.
- 404. Polythene lay flat.
- 405. Hand spikes.
- 406. Trolleys.
- 407. Truck ground front plate shifting front.
- 408. Washer springs.
- 409. Apparatus testing.
- 410. Brushes.

- 411. Buttons & Stick Buttons.
- 412. Beacon Bandreel set.
- 413. Brooms.
- 414. Coil covers.
- 415. Cushions.
- 416. Coir Matting.
- 417. Coir rope.
- 418. Ear defenders.
- 419. Flexible duck board.
- 420. Forceps Artory.
- 421. Fire Extinguisher.
- 422. Hose Items.
- 423. Lable Holders.
- 424. Mats door Gymnasia.
- 425. Needle Blood Transfusions.
- 426. Projectors.
- 427. File Feathers.
- 428. Packs.
- 429. Tr. Hyoscymi.

## ANNEXURE II

Drug items taken from the current defence requirements.

1. Tabellae Cough.
2. Tabellae Di-iodohydroxyquinoline 0·26
3. Tabellae Ferri Sulphates. 0·26
4. Tabellae Isonicotinici Acid Hydrazide 50 mg (ISONOZID)
5. Tabellae Phthalyl Sulphathiazole 0·5 G
6. Tabellae Sulfaguandine 0·5 G
7. Benzylis Emulsion
8. Oleum Arachis.
9. Parafinum Liquidum.
10. Pigmentuem Iodi Compositum (Mandl's Paint).
11. Syrups Tolutanus.
12. Acidum Boricum.
13. Parafinum Molle Flavum tube of 120 (Vaseline)
14. Tab. Novalgin. 0·5 G
15. Tabellae Promthazine Hydrochloride 25 mg.
16. Chloramphenicol 125 mg. and Dihydrostreptomycin 125 mgs. Capsule of 30 G
17. Chloramphenicol Monostearoylgly-Colate bottle of granules (1·5 of free Chloramphenicol to make 60 ml. syrup)
18. Tabellae Telbutamide.
19. Tetracycline Hydrocaboride (Pediatric drops) 100 mg. per ml. in bottle of 10 ml.

### **ANNEXURE III**

#### ***Imported Chemicals which are likely to be of interest to the Small Scale Sector.***

1. Concentrated Nitric Acid.
2. Aniline.
3. Calcium Salicide.
4. Dimethyl Aniline.
5. Hexa Chlore Ethane.
6. Resorcinol.
7. Zinc Oxide.
8. Penta Chlorophenol.
9. Naphthenic Acid.
10. Potassium Ferricynide.
11. Potassium Ferrocyanide.
12. Asbestos Fibre.
13. Para Nitro Phenol.
14. Sod. Penta Chlora Phenol.
15. Ammonium Perchlorate.

## APPENDIX V

(*Vide* Introduction)

### *Analysis of the action taken by the Government on the 106th Report of the Estimates Committee (Third Lok Sabha)*

I. Total Number of recommendations.	27
II. Recommendations which have been accepted by Government ( <i>Vide</i> recommendations at S. Nos. 3-17)	
Number	25
Percentage to total	92.6%
III. Recommendations which the Committee do not desire to pursue in view of Government's reply ( <i>Vide</i> recommendations at S. Nos. 1 and 2)	
Number	2
Percentage to total	7.4%

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
27.	Bahree Brothers, 188, Lajpatrai Market, Delhi-6.	27	33.	Bookwell, 4, Sant Naran-kari Colony, Kingsway Camp, Delhi-9.	96
28.	Iayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi.	66			MANIPUR
29.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi -1.	68	34.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annex, Imphal.	77
30.	People's Publishing House, Rani Jhansi Road, New Delhi.	76			AGENTS IN FOREIGN COUNTRIES
31.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88	35.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C.—2.	
32.	Hind Book House, 82, Janpath, New Delhi.	95			

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