

Official Papers

A Depressing Appraisal

Report on Small-Scale Industries—Part 1. Estimates Committee 1959-60 Second Lok Sabha.

THE small-scale industry programmes of the Government of India have now been in operation for over five years. Much was expected of the small-scale industries which have been defined as those with a capital not exceeding Rs 5 lakhs, irrespective of the number of persons employed. They were expected to create new jobs; produce more consumer goods; arrest further technological unemployment 'such as occurs especially in the traditional village industries'; promote decentralisation and development of industries in the rural areas; and also to contribute to 'progressive economic development at a rapid rate'. The Estimates Committee in its 77th Report has attempted an assessment of their progress and achievement during the Second Plan period. The first part of the report is devoted to the organisation of the Development Commissioner, Small-Scale Industries, and can be taken as a sample of its major findings.

Despite a number of reports, surveys and statistics published from time to time, the Committee found that there was no proper data to assess the increase in employment and official claims in regard to additional employment in this sector were purely conjectural. During the Second Plan, the small-scale sector was expected to create 1.6 lakh new jobs. On the basis of prevailing investment/employment ratios in small-scale industries, the official estimate of employment is put at anywhere between 1.17 and 2.4 lakhs by the end of 1959. The Committee was unable to accept this or any other figure.

The Secretary of the Ministry modified the claim of the Development Commissioner who had stated that "if the amount of investment in the small industries was taken and the employment it could be *expected to provide worked out, it could* have said that the employment provided has exceeded the target (italics in the original). This he did by admitting that employment had not been increasing hand in hand with the increased production because 'quite a large number of the small industrial entrepreneurs

were self-employed people'. This view is also borne out by the evaluation report of the working group of small scale industries. What it really means is that increased investment has, perhaps, helped to reduce underemployment rather than make any substantial addition to new employment.

The available data also show the existence of substantial idle capacity in the small-scale sector, attributed variously to operational difficulties arising from non-availability of raw materials, finance, power and so on. It is understandable, therefore, that a sizable part of the additional investment should go fuller utilisation of capacity, including labour.

As regards technological unemployment, the Committee was told that there was not any, 'except in cases where there was lack of mobility'. This, the Committee felt, appeared to be over-simplification of the problem, in the absence of proper assessment. The Karve Committee had stressed the need for re-orientation of village or cottage industries at the lower technological levels to higher ones through programmes of 'skill-formation' and the provision of requisite technological and financial help. How far technological improvement has taken place and 'skill-formation' has been helped is another question which cannot be answered in the absence of data and the Estimates Committee discreetly reserves judgment on this issue.

It is, however, on the score of its failure to promote dispersal of industries that the programme is most severely criticised by the Estimates Committee. The Committee is categorical in its condemnation that beyond enunciating the principle of decentralised pattern of economy little else has been done to translate it into practice'. On this point, the Committee confirms the observation of the Selected Buildings Projects Team's Report on Slum Clearance which had said that

"Dispersal of industries is being talked about in our country for a long time; but no concrete steps appear to have been taken to implement it. On the contrary, there is a tendency to permit the estab-

lishment of new industries in the already over-crowded and congested parts of cities even without any regard as to whether adequate provision exists there for water supply, electricity, drainage and other facilities"

The tragedy of it is that even small-scale industries tend to be concentrated where social overheads are already there and external economies are available. Like King Canute, echoing the words of the Selected Buildings Projects Team, the Estimates Committee wants that 'the programme for the development of small-scale industries should be made largely rural-oriented so as to concentrate efforts towards developing industries in the rural areas as distinct from urban localities where the efforts have been primarily directed so far.¹ Unfortunately, it does not go deep into the costs of social overheads. Nor does the Committee seem to be aware of what is it that prevents the development of small-scale industries in villages and why is it that the exodus of village population to towns is not arrested. The Committee, however, tempers the sharpness of its criticism by acknowledging generously that the 'tempo of the activity in the small-scale industries sector has been rising', but cannot help adding that it is unable to assess 'whether it is in accordance with the objectives of the Plan'.

The common production programme, development of ancillary units and the industrial estates are the three main pillars of the programme for dispersal of industries and rural industrialisation. The common production programme seeks to draw up production targets for small-scale and large-scale sectors. The promotion of ancillaries, on the other hand, aims to build up "industrial constellations", sustained more or less on the principle of "vertical disintegration". The industrial estates provide basic facilities to organised small-scale units—built-up space, industrial power and water, common service centres such as testing and finishing equipment for groups of industries and so on.

The Estimates Committee found that of the three industries for which

'reservation of spheres' was fixed in the Second Plan, no programme was initiated at all in the case of storage batteries and the shortfall in the annual production in the small-scale sector for the other two, viz, sewing machines and bicycles, was roughly 67 per cent and 60 per cent respectively. Besides, in the case of such industries as tanning, leather and radio receivers, capacity in the large-scale sector was allowed to expand, although no such expansion had been contemplated. The main reason for this was a belated concession to economic principles, a re-consideration of the impact of reserving exclusive spheres in certain industries on general industrial growth. The Committee recognises that the benefits of the programme must not 'only be viewed in terms of employment afforded or decentralisation achieved, but also from the point of view of the best and most profitable utilisation of available resources'. The Japanese Delegation (1959) also opposed the reservation of spheres on the ground that it would mean perpetuation of inefficiency and spoon-feeding. The Estimates Committee therefore wants the constitution of a Technical Experts Committee to go into the question.

As regards promotion of ancillaries, only 8 units—four in the bicycle industry, one in automobile industry and the remaining three as ancillaries to the H M T—could be negotiated successfully till the end of 1958. Lack of progress here is due partly to the divided responsibility on this matter between the Small Industries Service Institutes and the National Small Industries Corporation. Partly, however, it is also due to the mutual distrust between the "parent" and the "ancillary" units about their respective motives. For example, the "parent" large-scale units may be sceptical about the ability of the "ancillary" small units to maintain a regular supply of standard components according to specifications. Any deviation from specifications or delay in supply would dislocate the production schedule of large-units and hence result in loss. On the other hand, the small units may be apprehensive of probable rejections of articles supplied by them on one pretext or any other, and hence may insist on an undertaking that the articles manufactured by them would be accepted as a pre-condition for starting production. This vicious circle run be

broken only when the benefits of sub-contracting are brought home to the large-scale units and the small-scale units are helped to equip themselves adequately with the requisite machinery, controlled raw materials, timely and adequate credit and so on, so that they can keep to schedule and specification. This is however largely a technical task and calls for initiative, perseverance and responsibility of the highest order on the part of the intermediary agencies.

The programme of industrial estates, for several seasons, has tended to be more a programme of delocalisation of industries and slum clearance than one for dispersal of industries and rural industrialisation. Availability of raw materials, entrepreneurial talent, power, skilled labour, transport and communication

facilities, banking and allied services and marketing centres—these are the "pulls" which determine the location of industries in a particular area or centre. Industrial estates provide some of the internal and external economies. This is one of the reasons why these estates have come to be located in or near cities and big towns. No doubt in these centres they have succeeded in stimulating the growth of small-scale industries. The broader objectives of rural industrialisation and decentralisation, however, by and large, still remain an elusive quest. The Estimates Committee has commended to the Government the consideration of Visvesvaraya's scheme which has been adopted in Mysore. Will one more scheme bring the realisation of the objective any nearer?

Book Review

Age Old Image

The Dynamic Brahmin by S N Nair. Popular Book Depot, Bombay. Pp 251. Price Rs 15.

THE *Dynamic Brahmin* is a remarkable performance. Its outstanding merit is the author's deliberate break with the traditional, routine approach of Indian scholarship to social analysis and his employment of latest sociological concepts developed in the West amidst a social environment quite different from India. Its weakness lies in its relative failure to take account of the uniqueness of Indian history and in particular the special features of the theocratic stage and evolution from which the country has not yet emerged.

Not that the author is not aware of the complexity of the social phenomenon which he is analysing. His explicit notice of local, regional and Indian elements which build up the mental and "spiritual" image of the average Indian is a clear indication of his awareness of facts. That priesthood and priestcraft have played a diabolical role in the exploitation of the masses and their subjugation for good or evil is not particularly true of Indian society alone. What is astounding is that priesthood and priestcraft have lasted for so many countless centuries till those who sought to degrade others, themselves became degraded. The author has not raised these points probably due to the peculiar analytical apparatus he employs.

The whole exposition is so framed as if the Brahmin Caste had act-

ed throughout history on a consciously formulated and deliberately implemented plan and design. Tins of course was impossible in those primitive stages although the author fears about the present day dangers of political and social oligarchies and coteries are more well-founded and pertinent. Social and economic forces have not operated in this manner—not at least till almost yesterday when knowledge placed the power of deliberate control in human hands. The dark and hidden psychological forces which these historical forces generated are to this country even today a terrible legacy of the past and the *Dynamic Brahmin* renders a great service to India at a critical time in ruthlessly holding up to view the Brahmin mind as it has grown throughout ages and thus tearing the masks behind which too many of our social and political leaders take shelter.

If the author had worshipped as much at the shrines of History, Dharma-shastras and of Karl Marx as he has obviously done at the shrine of sociology, we might have had quite a different and certainly more balanced study. The presentation of the theme is marked by great vigour though almost always it is too scholastic and pedantic and even verbose. But then who expects simplicity of expression and economy of words from South India?

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