Gandhi's emphasis on hand spinning provides the background to the policy relating to small industries. In the XXXIX session of the Indian National Congress in 1924, Mahatma Gandhi said, "I have no better or other message than that of spinning wheel for the nation. I know no other effective method for the attainment of Swaraj if it is to be by peaceful and legitimate means." The All India Spinners' Association was established in 1925. In the early 1930's support was successively extended to hand weaving and to certain other types of small industry, even those employing workers on wages. This had been necessitated by the boycotting of foreign cloth and British goods of all kinds and the need to develop indigenous production of these goods.

Mahatma Gandhi's views on the role of small-scale industries were as follows, "If I can convert the country to my point of view, the social order of the future will be based predominantly on the charkha and all it implies. It will include everything that promotes the well-being of the villagers. I do visualise electricity, ship-building, iron works, machine-making and the like existing side by side with village handicrafts. But the order of dependence will be reversed. Hitherto, the industrialisation has been so planned as to destroy the villages and the village crafts."\(^2\)

Jawaharlal Nehru also said, "I am all for tractors and big machinery ... but I am equally convinced that the most careful planning and adjustment are necessary if we are to reap the full benefits of industrialisation and avoid many of its dangers ... it would fit in well... the Indian background, give a democratic basis to small industry and develop the co-operative habit. It could be made to complement the big industries".\(^3\)


Though the Government started taking active interest in the development of small-scale industries during the Second World War, its importance was not fully recognised before the Conference on Industrial Development held in New Delhi in December 1947. The Conference stressed the need of organised development in the field of small-scale industries and in pursuance of its recommendations, the Cottage Industries Board was set-up as an advisory body. The attitude of the Government of India towards this sector was categorically defined in the Industrial Policy statement of 6th April, 1948 as follows:

"Cottage and small-scale industries have a very important role in the National Economy, offering as they do scope for individual, village or co-operative enterprises and means for the rehabilitation of displaced persons".

In view of the diversity of problems relating to the various groups in the small-scale sector, the Cottage Industries Board recommended separate organisations at the centre for the promotion of each group of industries. Accordingly, five Boards were set-up during the period 1952-53 for Handlooms; Handicrafts, Coir, Silk, and Khadi and Village Industries. During the First Five Year Plan, the Union Government identified some of the problems of small-scale industries such as paucity of requisite finance, shortage of
raw-materials and power, lack of machinery and equipment, competition from imported articles and from large-scale units within the country, and unstandardised and inferior quality of production. For giving a definite shape to the small-scale industries programme, an international team of experts on small-scale industries was invited by the Ministry of Commerce and industry in 1954 through the courtesy of the Ford Foundation to make a study of the problems of small-scale industries. An All India Board, known as the Small-Scale Industries Board charged with the responsibility of nation-wide planning and coordination of programmes for development of small-scale industries was set-up in November 1954. In order to carry out the programmes and policies, a Central agency known as the Development Commissioner, Small-Scale Industries also came into existence simultaneously to function both as a coordinating and executing agency. The Team's major recommendations concerning the setting up of four Regional Institutes of Technology for small industries and a Marketing Service and Small Industries Corporation were accepted by the Government. Four regional Small Industries Service Institutes were established at Delhi, Bombay, Calcutta and Madras to serve as the main centres for an industrial extension service which could provide technical assistance and guidance to small entrepreneurs. The Branch Institutes were set-up at Trivandrum, Hyderabad, Patna, Ludhiana, Rajkot and Agra. The National Small Industries
Corporation Ltd. was set-up in 1955 with the object of supplying machinery and equipment to small enterprises on a hire-purchase basis and assisting them to execute Government orders for the supply of various items and stores. Other important programmes initiated during the First Five Year Plan period were the establishment of industrial estates and the reservation of spheres of production for small-scale industries. The policy regarding small-scale industries was specifically mentioned in the Industrial Policy Resolution of 1956 as follows:

"The State has been following a policy of supporting cottage and small-scale industries by restricting the volume of production in the large-scale sector, by differential taxation or by direct subsidies... the aim of the State Policy will be to ensure that the decentralised sector acquires sufficient vitality to be self-supporting and its development is integrated with that of the large-scale industry. The State will, therefore, concentrate on measures designed to improve the competitive strength of the small-scale producer. For this it was essential that the technique of production should be constantly improved and modernised, the pace of transformation being regulated so as to avoid as far as possible technological unemployment."
Besides continuing the development programmes initiated in the First Five Year Plan, emphasis was laid in the Second Five Year Plan on development of small-scale industries as ancillaries to large industries and on organisation of industrial co-operatives. Programmes for development in the Third Five Year Plan included expansion of existing schemes such as extension services, provision of common service facilities, supply of machines on hire-purchase terms, training, economic research and surveys and emphasis on the development of ancillary and feeder units. In the Fourth Five Year Plan, the principal aims were to consolidate the progress already accomplished and to ensure further accelerated growth of these industries in coordination with the programmes for increased agricultural production as well as the development of large-scale industries. The Fifth Five Year Plan emphasized the need to continue policy measures of protection and incentives. This was reiterated in the Industrial Policy Statement of December 23, 1977 as follows:

"The main thrust of the new Industrial Policy will be an effective promotion of cottage and small industries widely dispersed in rural areas and small towns. It is the policy of the Government that whatever can be produced by small and cottage industries must only be so produced. The list of industries which would be exclusively reserved for the small-scale
sector has significantly expanded and will now include more than 500 items (or 807 products according to National Industries Classification) as compared to 150 items earlier... an annual review of reserved industries is, therefore, undertaken in order to ensure that reservation according to the small-scale sector is effective and this list is also continually expanded.  

Besides, it was emphasized that small-scale entrepreneurs should get all facilities under the same roof. Accordingly, setting up of District Industries Centre was recommended for the development and growth of small-scale and village industries.

The Industrial Policy statement of July 23, 1980, revised the definition of a small-scale industry and an ancillary. The maximum investment limit in the case of a small-scale unit was raised to Rs.2 million and in that of an ancillary one to Rs.2.5 million. It was announced on behalf of the Government of India on August 2, 1980, that this had been done for boosting the development and modernization of small-scale industries and to ensure their rapid growth.

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growth. Further, the policy emphasised the role of ancillary development in the small-scale sector.

GOVERNMENT OF PUNJAB

Since industry was a State subject under the Constitution, development of small-scale industries in India was primarily the responsibility of the State Government. However, as for other aspects of development, the basic policy was formulated at the Central level and its implementation was primarily the responsibility of the State Government. Soon after Independence, the East Punjab Government set-up the Industrial Development Board in 1948, to analyse the role of cottage and small-scale industries in industrial development. The Industrial Development Board recommended that the development of cottage industries was to be planned with the object of:

(a) utilization of the idle time of population for supplementing production and

(b) dispersal of industries into areas where the cost of living was low so as to reduce the cost of production; cottage industry did not exclude but positively included the use of power and machinery.


The Board was of the view that the main requisites for industrial development were capital, power and technical skill. With these fundamentals in view, the Board examined the scope of development of each industry in Punjab. However, the First Five Year Plan gave the highest priority to agriculture. In the Second Five Year Plan, small-scale and cottage industries received considerable emphasis chiefly due to their employment potential. At the instance of the State Government, the National Council of Applied Economic Research conducted a techno-economic survey of Punjab in 1959-60 in order to appraise the resources available within the State, analyse the problems facing the State in the way of rapid development of the economy and draw up a programme of development for the decade 1961-71 indicating the directions of growth. The Council analysed the possibilities of growth for small-scale industries and found that compared to many other States in the Country, Punjab was ideally suited for the development of small-scale industries because its people were enterprising and capable of assimilating skill particularly in engineering industries. However, the survey report did not have much impact on industrial plans of the State Government. During the first three Five Year Plans, there were a number

of individual projects without linkage with locally available raw-materials, skills and infrastructure. The Indo-Pak conflict in 1965 gave a setback to the industrial development of the State as it caused a flight of capital from the State because of its close proximity to the border.

After re-organisation of the State in 1966, a programme entitled 'Setting-up of Focal Growth Points for Industries' was started in 1967-68 for the integrated development of industries by providing infrastructural and other facilities. One such Focal Point was set-up at Dhandari Kalan in Ludhiana District on a piece of land of 150 acres. In the Fourth Five Year Plan of the State, it was visualised that the future development of the State depended to a considerable extent on the development of the industrial sector which created employment opportunities for the unemployed and underemployed. Owing to power scarcity, the State Government announced in 1973, the programme of providing 20 per cent subsidy on purchase of generating sets. In the year 1976-77, the Government felt that the large and medium-scale units of the State were not related to the type of industries that had developed in the small-scale

8 Government of Punjab, Department of Industries, Review of Overall Development of Industries in Punjab since 1950-61 (Mimeographed), p.i.
sector and were, therefore, not much helpful in sustaining the growth of the latter sector.\(^9\) Besides, the industrial development had tended to concentrate in about half a dozen town centres of the State while the rural areas had practically remained untouched by the process of industrialisation. For growth and decentralisation of industries, the Punjab Government made an Industrial Policy Statement in March 1978, to provide incentives to small-scale entrepreneurs for setting-up industries. The broad objectives of the policy were as follows:

(i) to promote generation of maximum industrial employment at all levels;
(ii) to attract the maximum number of entrepreneurs for setting up industries in the State with special incentives for non-resident Indians;
(iii) to undertake setting-up of industrial projects in developing countries with a view to finding markets for Punjab products and skills;
(iv) to arrest the flight of labour from rural to urban areas by dispersal of industries in rural areas;
(v) to maximise export of industrial products of the State;
(vi) to continuously upgrade technology in industry by introducing research and development.\(^10\)


The policy stated that the emphasis in promotional efforts was to be foremost on tiny units and small-scale units. A new set of incentives was evolved; these were to be provided in a graded manner depending upon the extent of backwardness of the region where the unit was located.

**ORGANISATIONAL FRAMEWORK**

**CENTRAL LEVEL**

**SMALL-SCALE INDUSTRIES BOARD**

The Board was set-up in November 1954, charged with the responsibility of advising the Government of India with regard to overall planning and coordination of the programme of the development of small-scale industries in the country. It consisted of Central and State Government officials, representatives of Government, financing bodies, the Federation of Small-scale Industries Associations and a number of non-officials representing trade, industry and other interests. The Board considered policy matters such as the revision of the definition of the small-scale industries for purposes of assistance like the supply of credit and raw-materials and formulated guidelines for further growth of the small-industrial sector. Meetings of

*See Organisation Chart No. I.*
the Board were to be held by rotation in different States, usually once every six months to help members to acquire first hand knowledge of developments in every State besides drawing their attention to particular problems of local industries. However, the Board did not meet regularly: its thirty-fourth meeting was held after four years and thirty fifth after one and a half years.

DEVELOPMENT COMMISSIONER, SMALL-SCALE INDUSTRIES

In order to carry out various programmes and policies of the Government of India for the development of small-scale industries, an organisation at the national level with the Development Commissioner, Small-Scale Industries at its head was set-up in 1954 under the then Ministry of Commerce and Industry. It was to be the coordinating and executive agency to maintain liaison with State Governments and different organisations at the Central and State levels concerned with the development of small-scale industries. The main functions of the Development Commissioner were as follows.

Co-ordination

The Development Commissioner coordinated the work relating to the development of small-scale industries on an all India basis by:
(i) evolving an all-India policy and programme for the development of small-scale industries;

(ii) coordinating the policies and programmes of various State Governments;

(iii) acting as a liaison between different States as also between the States and Central Ministries, Planning Commission, Reserve Bank and the State Bank;

(iv) coordinating the programme for development of large and small-scale industries; and

(v) coordinating the programme for the development of industrial estates and ancillaries all over the country.

Assistance

The Development Commissioner was charged with the responsibility of identifying the lines of manufacture suitable for the small-scale sector and giving assistance in the form of procurement of raw-materials, machinery and technical advice. He was represented on different licensing committees, development councils and other bodies for safeguarding the interests of the small-scale sector.

Industrial Extension Service

Industrial extension services were available to small-scale industrialists through a net-work of 25 Small-

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11 Second Afro-Asian Conference, Assistance Programmes for Small-Scale Industries in India (Development Commissioner Small-Scale Industries, 1971, Mimeographed), pp.3-4.
Industries Service Institute, 20 Branch Institutes, 41 Extension Centres, 4 Regional Testing Centres, one Product and Process Development Centre, 3 Footwear Training Centres and 5 Production Centres. The Small Industries Service Institute for Punjab was located at Ludhiana.

NATIONAL SMALL INDUSTRIES CORPORATION LTD (NSIC)

The National Small Industries Corporation Ltd. was established in February 1955 on the recommendation of the International Planning Team. The International Planning Team had taken into account the inherent weakness of this sector which included a weak capital base, the absence of proper managerial and entrepreneurial capabilities, the lack of proper marketing organisation and above all the absence of a regular source of financial assistance for purchasing equipment and machinery. Accordingly, the NSIC was commissioned to extend assistance in the field of supply of upto-date plant and machinery on an easy instalment basis, training of workers, technical know-how, testing facilities, supply of raw-materials and components (indigenous and imported) and assistance in marketing, particularly under the Government Stores Purchase Programme.

The Corporation was an autonomous body under the Indian Companies Act, with an initial capital of Rs. one million. It was headed by a full time Chairman. It had
four regional offices at Delhi, Bombay, Madras and Calcutta. In addition, there were four Prototype Development-cum-Training Centres, specialised in respective trades at New Delhi (Machinery and Precision Machine Tools), Madras (Leather and Footwear Machinery), Rajkot (Wood Working and Sheet Metal Working) and Howrah (Plastic Machinery and Die casting and Electric Measuring Instrument Meters). The Corporation also had liaison offices at Kanpur and Delhi which assisted small-scale units in participating in the Central Government Stores Purchase Programme. The Board of Directors of the Corporation included representatives of Ministries of Industries and Finance. Representatives of the small-scale industrial sector were also included.

**SMALL INDUSTRY EXTENSION TRAINING INSTITUTE**

The Development Commissioner, Small-Scale Industries, had initiated a programme of manpower development for the small-scale sector in 1956 under which part-time courses in business management were introduced for the proprietors and senior managerial personnel of small-scale industries, initially in the Small Industries Service Institutes at Bombay, Madras, Calcutta and New Delhi. The programme proved useful and was gradually extended to other Institutes. The Working Group on Small-Scale Industries for the Third Five Year Plan, recommended that a central Industrial Training
Centre should be established where all the extension personnel could be given training for 8 to 12 weeks in appropriate extension methods. The Small-Scale Industries Board, at its meeting held on January 21, 1960 at New Delhi recommended its implementation. The Institute began to function as a Department of the Central Government under the Ministry of Commerce and Industry in October; it was transferred to Hyderabad in January 1962. Later, the Government decided to administer the Institute through an autonomous body; accordingly a society entitled 'Small Industry Extension Training Institute' was registered on July 1, 1962 with the following objectives:

(i) to provide, supervise and plan training for persons engaged in the small industry development and management activities;

(ii) to undertake, sponsor and plan research programmes relating to the development of small industry;

(iii) to enter into and execute technical assistance agreements with international or other organisations for the provision of services for the development of small industry.12

The Department of Industries was under the charge of a Cabinet Minister, who was advised and assisted by a Secretariat Department consisting of a permanent Secretary and other officers. The executive agency was the Director of Industries. Small industrial units which desired Government assistance were required to register with the Department. The registration was done in two stages: (a) provisional registration and (b) permanent registration. When an entrepreneur intended to start a unit, he had to apply in the prescribed form to the District Industries Office. Provisional registration enabled him to take necessary steps to establish the unit. After the factory building was ready, the power connection had been obtained, and the machinery had been installed, he had to apply for permanent registration in the prescribed form. The District Industries Officer now inspected the unit; on being satisfied that it was capable of productive activity a registration certificate was issued. This procedure was introduced on 1st April, 1975 throughout India; units registered earlier were also required to apply for fresh registration.

*See Organisation Chart No.2
It is interesting to note that while the object of registration was merely to make Government assistance available, its procedures created problems such that about as many units preferred to remain unregistered as offered themselves for registration. The problems were (i) delay, (ii) the requirement of repeated visits to the District Industries Centre, and (iii) the requirement of illegal payments, or bringing political pressures to bear. Of the 117 entrepreneurs in our sample, 55 or about half stated that it took them one to six months to get their unit registered, and required up to 15 visits. Some of the respondents did not wish to commit themselves in regard to bribing or pressuring; however, 58 stated that they had paid sums ranging from Rs.50 to 300. It was stated that factory inspection alone generally cost Rs.100. Officials also generally expressed awareness of these problems.

According to a survey conducted by the Economic and Statistical Organisation Punjab during October 1975-May 1977, there were 13,136 unregistered units in Ludhiana District, an unregistered unit being defined as one which was not registered under the Factories Act and had 5 or more workers. See Government of Punjab (India), Directory of Unregistered Small Scale Industrial Units Employing 5 or More Workers in Punjab (The Economic Advisor to the Government of Punjab, 1971); Government of Punjab, Planning Department, Economic Survey 1977-78 (Chandigarh: Government Press, n.d.), p. 13.
The assistance available to registered units was as follows.

**Industrial Extension Service**

The Department of Industries was to provide industrial extension services like survey of development potentialities of an area, preparation of schemes and blue prints, issue of technical literature, publicity and technical assistance.

**Infrastructure**

The Department of Industries provided infrastructure in the form of developed industrial plots or sheds, with the facilities of water, electricity, roads, banks, post-offices, canteen and first aid. In Ludhiana District, there were two industrial areas, an urban industrial estate in Ludhiana city, and two rural industrial estates at Ramgarh Sardaran and Utalon.14 There were two Focal Points, one each at Dhandari Kalan and Khanna.

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Availability of Inputs

The Department of Industries was to assist the entrepreneurs in obtaining the essential inputs: finance, raw-materials and machinery.

Marketing Assistance

The Department was also to assist small industrial units in the marketing of their products.

BOARD OF INDUSTRIES, PUNJAB

Under the State Aid to Industries Act, 1935, financial subsidy to an industrial unit was granted on the recommendation of the Board of Industries. The Chief Minister of the State was its ex-officio Chairman and the Director of Industries ex-officio Secretary. Three Members of the State Legislative Assembly and five others representing small-scale industries were nominated by the Government as members. The quorum was four.

PUNJAB FINANCIAL CORPORATION

The State Financial Corporation Act, passed by Parliament came into force on 1st August, 1952. The first corporation registered under the Act was that of Punjab: the Punjab Financial Corporation was set up with the object of providing medium and long term loans to industrial concerns in the State of Punjab.
The Corporation was established in 1962 for the procurement and supply of essential raw-materials, which were then in short supply, to the small-scale sector. Over the years, promotional activities were taken up one after the other. The main activities were as follows:

(i) procurement and distribution of raw-materials;
(ii) supply of machines on hire-purchase basis;
(iii) provision of infrastructural facilities;
(iv) development and allotment of industrial sheds;
(v) assistance in marketing;
(vi) grant of seed/margin capital.

There were other corporations for the promotion of particular industries, such as the Punjab State Handloom Textile Development Corporation Ltd., the Punjab State Electronic Development and Production Corporation Ltd., the Punjab State Leather Corporation Ltd., and the Punjab State Hosiery and Knitwear Corporation Ltd.,

DISTRICT LEVEL*

THE DISTRICT INDUSTRIES CENTRE

The District Industries Centre was set-up at Ludhiana in January 1979. Earlier, there was a District Industries Officer assisted by a manager, inspectors and

*See Organisation Chart No.3
ORGANISATION OF THE DISTRICT INDUSTRIES CENTRE

Senior General Manager

Functional Manager Marketing
Functional Manager Credit
Functional Manager Raw-Materials
Functional Manager Machinery and Equipment
Functional Manager Khadi and Village Industries
Functional Manager, Economic Investigation

Area or Block

Senior Industrial Promotion Officer (1)
or Industrial Promotion Officer (15)
or Block Level Extension Officer (10)

CHART 3
other staff. A major policy decision was taken at the Union level and announced in the Industrial Policy Resolution of December 1977 to replace the District Industries Office by the District Industries Centre. The District Industries Centre was to serve as the nodal agency to deal with all the requirements of small and village industries. It was envisaged that the entrepreneur who had till then to go to different agencies for assistance — banks and corporations for finance, Quality Marking Centres for technical advice, and the Small Industries Service Institute for training — would now be provided with all these services at one place.

It was intended to make the Centre an operational mechanism for granting financial and other facilities to small units, for developing close links with development blocks and specialised institutions, and helping in the setting up of industries in rural areas. The linkages were to be with the Punjab Financial Corporation, Punjab State Small Industries Corporation Ltd., banks and Quality Marking Centres. The idea was that powers would be delegated to the General Manager by the Director of Industries to decide matters regarding assistance to small entrepreneurs, who would now not have to rush to State headquarters.

Further, the Centre was to identify and help new entrepreneurs. For this, the Centre was to examine the potential
for future development of industry in the district including the availability of raw-materials and other resources, the supply of machinery and equipment, effective arrangement of credit facilities, marketing assistance, quality control, research, extension and entrepreneurial development. Substantial financial assistance was to be provided by the Government of India for the District Industries Centre, as follows: (i) a non-recurring grant up to Rs. 2 lakh for the construction of an office building, (ii) a non-recurring grant up to Rs. 3 lakh for meeting the expenditure on furniture and fixtures, office equipment and vehicles; (iii) recurring establishment expenditure to the extent of 75 per cent of the actual expenditure, limited up to Rs. 3.75 lakh.

The District Industries Centre in Ludhiana District had a General Manager and six Functional Managers to supervise respectively the functions of marketing, raw-materials, cottage industries, credit, supply of machinery and equipment, and economic investigation. A seventh manager for whom provision existed in the proposal was not appointed.

Working of the DIC : A Critical Examination

Under the new set-up, the rate of increase in the number of new units went up. In the old set-up, there was a lack of technical experts; the District Industries Officer was busy with the existing industrial units. Hence, the
development of new units could not be taken care of. After the setting up of the Centre, during the year 1979-80, the rate of increase of units was about 14 per cent as against 10 per cent in earlier years. The major strength of the District Industries Centre lay in providing better guidance to an entrepreneur. There was some improvement in the support to rural artisans also; however, absence of the proper supporting staff in rural areas made the impact somewhat less than hoped for. There was a definite improvement in the flow of credit from banks to the small industrial sector. During the year 1979-80, the District Industries Centre sponsored 781 applications for loan and 421 were actually granted loan. The Credit Manager who was on deputation from the staff of United Commercial Bank - lead bank of the District acted as the liaison man between the entrepreneur and the bank. He guided the entrepreneurs in filling up the application forms and through his personal contacts in the bank, pursued the applications more effectively than before.

The District Industries Centre also formulated a District Action Plan and set the targets to be achieved for industrial development of the District. It was recommended that agro-based industries should be set up in the District. However, during the year 1979-80, no new agro-based industry was set up in the District.
One of the factors which apparently came in the way of achievement was the lack of delegation of powers. Allotment of industrial plots was decided by the Committee at the headquarters, the General Manager had no say in it. Granting of special incentives was also decided at the headquarters. It was only in the year 1980-81 that the power of sanctioning interest-free loans up to a maximum of Rs. 2 lakh was delegated to the General Manager. For loans for fixed assets, the entrepreneur was to apply to the Punjab Financial Corporation. Further, the Controller of Exports and Imports had not agreed to delegate powers to the General Manager for grant of the essentiality certificate for import of raw-materials and capital goods. The distribution of raw-materials of iron and steel was still being done through the Punjab State Small Industries Corporation at Chandigarh. The General Manager, DIC only assessed the capacity of the unit and the entrepreneur booked his requirements with the Corporation. For items like cement, coal, mutton tallow, paraffin wax and furnace oil for which State quota was fixed by the Government of India, entrepreneurs had to depend on the Directorate of Industries. Allotment of raw material to units was made at the State headquarters. Thus, the provision of services to an entrepreneur at one place could not be achieved.
For providing linkages with other agencies, the Credit Manager was drawn from the staff of the lead bank of the District. A District Level Advisory Committee was set-up. The Committee consisted of the Deputy Commissioner as the Chairman, the General Manager, District Industries Centre as the Convener and other members like Chairman of Zila Parishad, Executive Engineer of the Punjab State Electricity Board, Deputy Registrar Co-operative Societies, Functional Managers of the District Industries Centre, Members of the Legislative Assembly of the District, Branch Manager of the Co-operative Bank and representatives of the lead bank. Periodic meetings of the Committee were held. However, no suitable links with other development agencies like the Punjab State Small Industries Corporation, Punjab Financial Corporation, Punjab State Electricity Board and Punjab State Khadi and Village Industries Board could be developed.

The Centre had not been able to make much headway in providing assistance in economic investigation and marketing. No techno-economic feasibility studies had been made, no market survey had been made and no market intelligence had been provided.

The foregoing analysis indicates that the District Industries Centre was not able to fulfil all the objectives for which it had been set up. After the change of the
Government at the Centre in 1980, it was even proposed to scrap the Centres. In February 1981, the Industry Ministry proposed some changes. It was proposed that the Centres should have a managerial staff of not more than four inclusive of the General Manager as against the existing strength of seven. Under the new proposal, the posts of Managers of Economic Investigation and Marketing would be abolished. The expenses on experts upto ₹ 2.5 lakh per annum per District Industries Centre would be borne by the Centre. The experts would be appointed on a contractual basis. The proposal was being considered by the Government of India.

**DISTRICT LOAN ADVISORY COMMITTEE**

Loans under the State Aid to Industries Act,1955, were to be sanctioned on the recommendation of the District Loan Advisory Committee. The Deputy Commissioner was the Chairman of the Committee and the General Manager, District Industries Centre, the Secretary. The Senior Technical Officer of the Quality Marking Centre, the Functional Manager, Khadi and Village Industries and the Functional Manager, Credit were permanent members of the Committee. There were five other members representing different industries. They were nominated by the Government every year.
Block-Level Extension Officer

When the Community Development Programme was taken up in 1952 for the integrated development of rural areas, it was decided to have a functionary of each department in a block. As a result, an Extension Officer was appointed as a functionary of the Industries Department for the development of industries in each block. He was expected to make a survey of his area, draw up an industrial plan, and act as a link between the entrepreneur and district officials. For this purpose, he was given training for a period of four months by the Small Industries Service Institute and for eight months by the Khadi and Village Industries Commission. He was paid his salary by the Industries Department but was responsible to the Block Development Officer.