CHAPTER FIVE

Conclusions and Policy Prescriptions
5.1 Conclusions

From the present analysis some general conclusions can be made regarding the nature of small scale industries and its developmental role in a labour surplus country like India. The small scale sector includes both traditional as well as modern technology-based industries. In the case of modern manufacturing small scale sectors many studies have concluded that small scale sectors are inefficient because of their smallness in size (lack of skilled labour and better quality inputs, lack of technical improvement and R & D facilities and lack of adequate marketing facilities have made this sector inefficient). So protection and assistance to this sector ultimately results in greater cost to the society and development of an oligopolistic structure of the industrial sector from which only the large scale sector can reap the gain. But from the point of view of identifying the growth potential and developmental linkages of the small scale sector the specific technological character must be taken into account. For some time the development of technology and enlargement of scale of production go hand in hand, in the sense that every advancement in technology is accompanied by an increase in the most efficient size. In the course of time, scale and technology, together may produce another trend of vertical disintegration of industrial processes and higher and higher levels of specialization under different establishments. Thus, from the stage of raw materials to the stage of finished products, numerous specialized processes are
involved and are handled by different plants. With this development, the scale advantage has shifted more and more towards basic processing that is, lower order processes. Examples are smelting of metallic ores, cracking of naptha and so on. Thus we have basic processing industries (like basic metal, basic chemicals, fertiliser and petrochemicals) where scale advantage in production is tremendous. In the category of industries with a high degree of scale advantage, we should also include heavy engineering industries and electricity generation.

But in some other cases the highest order process involves mere assembly, as in electronics, and here the scale advantage is insignificant. This has created a new scope for modern technology-based small scale industries. Thus in many cases the modern small industry sector is not just a modernised version of the traditional industries, but has its genesis in the modern technological and industrial development as a whole and as such, has vast potential for expansion. What can be organised on a small scale can of course, also be organised on a large scale, perhaps, with certain advantages in financial and market management. But the point is that at a stage of processing where production technology is neutral to scale, the developmental objective is better served by organising the production at smaller scale, as it has two great advantages: (a) diffusion of ownership — thus involving a larger number of people in entrepreneurial efforts and (b) dispersion in space — thus inducing growth processes over a larger area.
Regarding the traditional handloom sector also, many economists have the common notion that the handlooms are necessarily inefficient and therefore in a modern economy they must die a natural death. But this type of conclusion is based on the notion that what can be made by a traditional inefficient unit, more than double can be made in an organised mechanised unit. Assistance to this sector will be resulted only in the growth of unproductive employment generation as well as underutilisation of capacities and therefore wastage of resources. A clear evidence is given by the data on the production levels of the textile industry during the entire plan period. The data have established that among the 3 sectors, the powerloom sector has occupied the largest share in production. But one should not make such conclusion that the powerloom sector is the most efficient one. Powerloom sector has steadily grown simply at the cost of displacement of handlooms (by enjoying concessional excise duties in an illegal manner and snatching away the assistances and development incentives of the handloom sector). In some states this sector has been aided by state governments and here some large powerful owners of powerloom can enjoy their vested interests in the entire textile industry. According to the High Powered Committee on Handlooms 1974, every new powerloom puts out of action six handlooms in the country. A technical committee of government has shown that "although one handloom provides work for 4 persons, including part-timers, converted into person-year basis, one handloom provides employment to 2.4 persons of whom 0.9 are family labour, mainly women in the pre-
weaving processes. Against the loss of 28.64 lakh jobs during the period 1974-1981 (because of the disruption of 13.86 lakh handlooms by powerlooms), the powerlooms in the post 1974 period compensated the economy to the extent of only 5.58 lakh jobs on the basis of 2.5 persons per powerloom up to the weaving stage. Moreover women's participation in powerloom is marginal. But those who are affected do not convert themselves into person-years. They remain persons - 4 persons per loom. So the really affected persons are more than 28.64 lakh in number.

The handloom sector's survival is justified not only by employment potentiality but also by its speciality in production, particularly where only human skill is required. Which can be produced in handloom sector can not be produced in the mechanised sector and these intricate designed fabrics have demand both within and outside the country. So a large export potentiality is there where India has a comparative advantage. But concessional export incentives are available only to the mill sector in the textile industry by the Planning Commission.

Therefore development of a healthy small scale sector can be achieved only if such kind of product specific advantages could be identified by the Indian planners. The present study has tried to make an analysis of the functioning of both type of industries (traditional as well as modern) on the basis of field surveys within West Bengal. Special emphasis has been given on the co-ordinating factors.
responsible for inefficient functioning of the units (inspite of various government assistance programmes).

5.1.1 Reviewing the Specific Characters of the Units Operating Under Traditional and Modern Small Scale Sector Within the State.

At the time of analysing the performance of the two sectors, some specific characters have been identified on the basis of which a comparison can be made between the two sectors. This kind of comparison may become helpful in identifying the specific problems faced by these two sectors, removal of which would help to run the units efficiently which in turn would lead to greater level of employment generation.

First of all, the two sectors are technologically different in character. The traditional handloom sector is basically a household sector and uses no power in its production activity. On the other hand electronics sector is based on modern technology where power is the essential requirement. But unlike other modern manufacturing industries, units under electronics industry can employ comparatively more labour with a specified amount of consumption of power.

Among all the rural industries handloom sector is the largest employment generating sector. According to the Report of the Subgroup on Handloom for Eighth Plan, on an average 2.7 persons can be employed (considering pre-weaving and weaving activities) per loom.
For the low quality coarser variety fabrics the average per loom employment is 2.2 persons and for finer variety high quality fabrics the average employment is 3 persons per loom. This is the maximum potential level of employment. For the electronics industry under small scale, average per unit employment figure could be found out. The average per unit employment of the units situated in West Bengal varies between 7.15 persons to 7.30 persons. This is the actual figure, instead of potential figure. Almost all the surveyed units have reported that they can utilise on an average 50% of their existing capacities. So if full capacity utilisation is possible, per unit employment figure would be higher.

In the handloom industry per loom requirement of fixed capital is not very high and more or less same for all types of fabric. Since it is a household sector, that is most of the activities are done in the house of the weaver, the loom is also installed within his house. Pitloom fly shuttle is the most commonly used loom and for designing, dobby, jacquard or jala machines are generally used. The price of a loom with a specific design machine is within Rs.4000. On the basis of calculation shown in chapter three the average per loom requirement of fixed capital is Rs.7000. Only for the production of Baluchari saree, the special design machine requires some more amount of fixed capital. For the pre-weaving and post-weaving activities some machines and equipments are required. But almost all the units (except the cases of some ordinary and loomless societies and big master weavers) have to depend on other set of persons or units for such
kind of activities on the basis of wage payment. For electronics industry the requirement of fixed capital depends on the type of product produced. This sector now produces a wide range of products that is, from radio receiver to software or ultrasonic equipments. Sophisticated products require sophisticated machineries. But like other manufacturing industries electronic units operating under small scale do not generally manufacture any product in true sense. Generally assembly works are done in the small scale units. So even if sophisticated products are assembled, the requirement of plant and machinery does not become very large. On an average per unit requirement varies from ₹2000 to ₹60 lakhs. The values of total fixed capital for such units are comparatively large, because of high value of urban land and building (the industry is urban concentrated).

In both the industries the requirement of working capital occupies a substantial portion of total invested capital. For the handloom industry, the requirement of working capital is an important factor because of the non-availability of scarce and main raw material yarn in time and therefore high price for it and also because of the stockpiling of the finished products, the duration of which varies from 2 months to 6 months. The huge amount of sundry debtors as shown in the balance sheets of the primary co-operative societies as well as of the Apex organisations is an indicator of delayed payments of the Apex organisations to the primary societies for the finished products and also of the government departments to the Apex bodies.
This is also an important factor for the huge requirement of working capital of this sector. The peculiar fact is that for the low quality fabrics per loom requirement of working capital is relatively higher and this is because of huge stockpiling of these products. Per loom per year requirement of working capital in this sector varies from Rs.4000 to Rs.35000. The requirement mainly depends on the type of product produced and yarn used. But in many cases for the same type of product interdistrict variation is seen to exist. An important reason behind this fact is the differences in technique of production applied and therefore differences in productivity. In the present study all the calculations for handloom sector are made on the basis of potential requirement. Although the whole process of weaving activity depends on human skill, the percentage share of wage bill in total value of production is not very high in most of the cases. In the case of electronic units, the requirement of working capital depends on the type of products produced. For this industry on an average 50% of the required raw materials and components are imported. The indigenously produced components are also not always available at lower cost within the state. Since the units can not purchase these inputs in bulk, so per unit cost becomes high. In this sector sophisticated products require comparatively more working capital because of the demand for high-priced inputs. Moreover, the percentage of wage bill in total working capital requirement also depends on the type of products. For example in the case of software where human brain and skill is the main raw material, the percentage of wage bill in total working
capital is high. Since almost all the units are operating at the below capacity level, and one unit produces more than one product, it is not possible to find out the potential product specific requirement of working capital. The units which produce the products according to order, in most of the cases suffer from delayed payment and this is also an important factor for high working capital requirement.

In handloom sector the wage rate depends not only on the type of fabric produced or productivities of the weavers, it depends also on the degree of influences of mahajans. Where the co-operatives function well, the degree of influences are less and the wage rate is high. This is the basic reason behind interdistrict as well as intra-district differences in wage rate for the same type of fabric. Average earning of the weaver per month is not at all satisfactory particularly for the coarser variety and low quality fabric. In mahajan's unit although the loom remains active all over the year, in the season of sluggish demand the wage rate also becomes low. Since in one particular area generally the supply of weavers exceeds their demand, so the opportunity cost of them is very low. Because of their very wretched condition they are compelled to work at any wage rate or at the rate that is sufficiently below the subsistence level. In electronics sector wage rate depends on the skill and productivity of the workers. Whatever may be the type of ownership of the unit, for a particular type of job wage rate generally does not vary on a wide range. There is sufficient mobility of labour from one unit to another and so the
skilled labours have a minimum opportunity cost. Generally the small units always employ casual labour to some extent to meet the excess demand, but the skilled labours are always permanent. Even in the period of sluggish demand the wage rates of these workers are not lowered by the employer. This is because it is a new industry and therefore trained labours who are able to do specific jobs are not available always according to demand. So once a particular unit terminates the job of one skilled labour, it has to wait for another. So the employer has to provide the minimum payment even in the period of low demand.

In handloom industry the weaving activity is completely specialised. The weavers who can do work with coarser variety yarn, can not work with finer variety yarn and the converse is also true. The specialisation exists with respect to the use of looms as well as particular design machine. Because of this specialisation sufficient immobility is there among the weavers with respect to the production of one type of product to another. Even if sufficient unemployment or under employment exists among the weavers who are engaged in a particular type of job, no one can move to other type of job. So either they have to starve or have to move to completely different occupation. But in rural sector the scope of moving from one occupation to another is very limited. In electronics industry also specialisation exists with respect to skill. But a specifically skilled labour (for example the labour who can insert various components on a printed
circuit board) can move from one unit to another even if these two
different units are engaged in producing different types of product.
Moreover, a trained labour also can acquire knowledge of other kind
of job within a short period. So if one unit stops production, the
skilled labour always has a chance to move to another unit. In urban
areas there are various kinds of job in the informal sector, so a
labour always has a chance to become absorbed in any kind of activity.
Therefore the condition of labour in this industry may be slightly
better.

In handloom industry the capital-turnover ratio is less than
one for all types of fabrics. The calculation is based on potential
rate of productivity. In electronics industry such type of calculation
could not be made because sufficient data were not furnished by the
running units.

In handloom industry in most of the cases the weavers are
traditional. In very few cases new workers have entered into the pro-
duction activity. Among the mahajans some are completely traders, that
is do not know anything about weaving activity. Since electronics is
a new industry, in most of the cases the entrepreneurs as well as wor-
kers are new comers. Only in the cases of some traditional consumer
electronics product, the entrepreneurs are more or less traditional.
In recent years many new highly skilled and qualified entrepreneurs
are seen to become interested in producing sophisticated products. In
this kind of industry also the trading activities are done by the
traditional businessmen, who have no technical knowledge of their own.

In handloom industry although more than 30 items are produced within the state, even now 40% of total looms are engaged in producing traditional coarser quality fabrics. Therefore improvements in techniques and new designs have been taking place slowly. In electronics industry also even if almost 60 different type of products are produced, large number of units are still engaged in producing old products like radio receiver or ordinary voltage stabilizer. So in this sector also change is taking place very slowly.

Both handloom and small scale electronic units face competition from large and medium scale firms. The handloom units face competition from the powerloom and mill sector. But within handloom sector, concentration of power is seen to exist among few individuals or units in particular regions (examples are Chandrakanta Lalit Mohan Society of Mursidabad or Silk Khadi Setu Mondal of Bishnupur in the case of khadi products and also 2 or 3 large normal handloom co-operatives, mainly supervised by the influential mahajans in Burdwan and Hoogly district). The small scale electronic units generally face competition from those units which have a well known brand name for a particular product (best examples are the T.V. manufacturers with known brand names).

In handloom industry the entrepreneurs as well as the workers do not require any formal education. In electronics industry, the
entrepreneurs or supervisors as well as skilled workers must have some minimum formal education.

From the point of view of all India production of handlooms, the share of West Bengal is 10%. For the electronics production, this share is 3.38% only.

From the above comparison it can be seen that although technologically the two sectors are different in character, similarities exist in some respects.

1. Both sectors are able to employ surplus factor labour with the help of minimum or no requirement of the scarce factor, electric energy.

2. Although handloom is a traditional industry, per loom requirement of working capital is not very low. This fact is true for modern high-tech electronics industry also. In both the industries lack of availability of raw material as well as marketing problem are the basic reasons behind such higher requirement of capital.

3. In both the industries the technical change is occurring at a very slow rate.

4. Although the official production figures of handlooms are not very reliable, in terms of production, the share of West Bengal is not very high with respect to all over India. Similar is the case for electronics.
Handloom is a protected sector from the beginning of plan period. Since it is a traditional industry, various types of assistance programmes have already been undertaken by the government. But the situation of the industry remains almost same as it was in the initial years of planning. As time passes the situation is even deteriorating if we consider the position of the industry with respect to all over India. Most of the assistances provided by the governments are enjoyed by the powerloom sector through illegal channels. Although within West Bengal powerloom sector does not occupy a considerable amount of share, the products of Bengal Handlooms have to face competition from the mill and powerloom sector situated in other states.

The growth of powerlooms in the states like Andhra Pradesh, Tamilnadu, Gujrat, Maharasta are backed by their respective state governments. There is of course, a segment of the market demand which can best be met by the powerloom sector, but there is need at the same time to regulate and monitor the functioning of this sector, and in particular to ensure that the items reserved for the handloom sector are not encroached upon by the powerloom sector. Recognition of the role of the powerloom sector as well as monitoring of its functioning, particularly in regard to the condition of the weavers, are also further aspects of the policy that needs to be followed in regard to powerlooms, for which the co-operation of (and enforcement of the statute by) the state governments is an essential prerequisite.

The electronics industry is completely a modern industry. Although for the country as a whole in the initial stage of growth,
small scale sector occupied a larger share in most of the branches of the industry, in recent years only in the case of consumer electronics sector the small scale units still occupy the larger share. Upto 1980, 25 items were reserved exclusively for small scale sector. But after 1980 protections in many respects have been removed and therefore small scale sector is facing a direct competition from large and medium scale firms. Even for the reserved products where the large scale sector already had a larger share, the small scale sector is not able to show any significant performance. Although in many respects large scale units have to depend on small scale units, the small scale units are exploited by them in various ways. The main fact is that in modern manufacturing industry, the goodwill of the already existing firms plays an important role. There is sufficient entry barrier for the small firms where the firms with specific brand names have already occupied a larger share. In such cases small entrepreneurs should also take care of this fact. The product whose demand is expected to become saturated at least in the near future and where already a substantial portion of market share have been occupied by the large reputed firms, the small firms specifically have no chance. There is only one possibility of survival, that is to sell the products of small firms under a well known brand name (ET&T sale is an example as shown in chapter four). The State Electronics Development Corporations may take some responsibilities in this respect.
5.1.2 Some General Comments

Almost all types of small scale industries be it traditional or modern, protected or nonprotected are seen to be suffering from common problems like supply of finance, raw material and marketing. Therefore official declaration of protection alone does not at all become helpful for the healthy growth of small scale sector. Other assistances must be supplied in a regular manner and also proper monitoring is necessary, whether these assistances are actually enjoyed by the real sufferers, or they are enjoyed by the large or medium entrepreneurs through illegal channels. The experience of the functioning of two industries within the state shows that nonregular availability of raw material and finance to both sectors help to grow concentration of economic power in few hands or units and therefore poor performance of the small units.

Although handloom is the traditional sector and therefore the products produced by this sector is well known to the consumers, the price difference between machine-made and hand-made cloth is the basic cause of lower demand for handloom cloth. One of the government's objectives was to serve the poorer people particularly in the rural sector by providing them cheaper handloom cloth through Janata cloth scheme. During the last decade the growing importance of powerloom products in the rural sector proves that this objective has not been fulfilled and in the same period the demand for handloom products has been rising among the urban consumers (particularly among the
middle and high income groups). The State Apex Co-operatives do not have sufficient arrangement for marketing. Because of this although various new items are now being produced in this sector, the consumers are not well informed. So non-marketing of handloom products still remains as a problem.

For the electronics sector if we exclude the consumer electronic products, many sophisticated products (particularly microprocessed based system) are now produced in small scale sector. But lack of information among the consumers about these new items is a basic reason behind the non-marketing of products. This problem should be tackled by the central as well as state governments.

Thus employment potentiality of the two industries have been well recognised. For the handloom sector both central and state governments have been trying to tap this potentiality with the help of co-operativisation programme. Since handloom industry is a vast rural industry and is well concentrated in particular areas, so co-operativisation is the only solution. But the experience of West Bengal as well as the overall picture for the country as a whole reveals very poor performances. Lack of proper infrastructural facilities and other complementary factors are responsible for such poor performance.

For the electronics sector, employment analysis has been made by the Institute of Applied Manpower Research (IAMR) under the guidance of Prof. P.R. Sengupta. According to this analysis 'growth in
employment generation in electronics has been restricted due to number of factors. In the manufacturing sector structural imbalances and distortions in organisation of production have contributed to the rapid decline of labour absorption capacity of the industry. Very high input/output and import/export ratios have adversely affected the health of the industry, particularly during the recent years.

International market in electronics is expanding very fast. For health and survival of the industry it is necessary to find a sustaining place in it. It is to be remembered that electronics industry in India is much older than in the newly industrialising countries. As early as in 1947 India accounted for about 0.5 per cent of world electronics production when Korea and Taiwan had hardly awakened to electronics. Today India accounts for only 0.25 per cent of the world production while Korean output has outreached the Indian, with about 8 per cent of world production in the consumer electronics sector. As for employment from use of electronics, the penetration of electronic services and consumption of electronics in India today is low even compared to that in some of the South East Asian Countries. The employment generation in this connection has therefore been small.

Telecommunication and mass communication in India are directly under the central government. The performance of public sector in India has been under debate in recent years. The performance of the communication department particularly telecommunication could certainly
be improved for deeper penetration of the services in the society and for the distant places in the rural areas. 100 per cent coverage by All India Radio and nearly 80 per cent coverage by Doordarshan have little meaning if the consumption of radio and T.V. sets are so low. IAMR survey has revealed that the nature of programmes and high prices of the receivers are also partly responsible for low penetration of mass communication services. But more important, mass communication in India has been restricted mainly to entertainment/media purposes, when the facilities could be used in a wide range of socio-economic activities.

So productive employment generation, which is one of the basic objectives of planning can become successful if instead of an overall protectionist policy for the small scale sector, specific policies could be adopted which are suitable for solving the particular problem of a particular industry and also of a particular region.

5.2 Policy Prescriptions

From the general as well as specific nature of the handloom sector it could be observed that for a rural based traditional industry like handloom, co-operativisation can become the only solution for successful functioning of the industry and therefore for greater employment generation. It has been seen from the analysis of the sub-section 3.1.2 that, where co-operatives can function successfully, the influences of mahajans are lower. In this connection one may point
out that successful functioning of the co-operatives depends on other complementary factors like supply of raw material and finance, as well as marketing of finished products. But even within such constraints the co-operatives are functioning well in some places of West Bengal. What is needed, is the awareness among the actual sufferers about their own condition and the role of co-operative formation in eliminating such poor conditions. Here the support from the local bodies at a decentralised level in creating awareness among the potential beneficiaries may be of significant effect. Democratic decentralisation is the first requisite for any meaningful local area planning exercise to be taken up. "Once people's energies are directed to their own self development, there can be no stopping of growth". We need greater egalitarianism which requires democratisation of the body politic and we need to fix our priorities right. Spending more money on development schemes would be tantamount to wastage of resources. What we need is better utilisation of resources and this process must begin with democratic decentralisation, with devolution of both authority and finance, to locally elected panchyats in rural areas (and municipal bodies in the urban areas). This does not imply that a village council can arbitrate on national policies. But equally there are purely local issues wherein the encroachment of the central government is purely unwarranted and is tantamount to wastage of resources. There is an area fit for central intervention, another for state level intervention and there is a very large area where local initiative is required.
In West Bengal, this kind of decentralised planning has already shown success — particularly in agricultural front. The process can be extended to this vast rural industry also. Proper monitoring and evaluation of the functioning of co-operatives can be made by the local bodies. In this manner not only the specific problems could be identified, but also the malpractices done by the influential persons acting as the secretaries of the co-operatives could be stopped.

As it has already been observed that in handloom industry there is a wide range of wage differentials and therefore differences in earning among the weavers. The weavers can be divided into income groups and then suitable policy measures can be undertaken to improve the condition of the low income earners and this can also be done by the local bodies. It has been found that although state government has introduced various training programmes for the weavers of the co-operatives, to improve their knowledge of weaving, in actual practice only few co-operatives in few districts are able to become successful. The example is Hoogly district, where in Dhaniakhali area, the co-operatives are well established and therefore took the initiative to introduce new designs along with the help of state government, but could not become successful enough, because the weaver members are even now unable to acquire such knowledges (weaving non-cotton and blended yarn with semi-automatic loom). So in this case other alternative measures may be undertaken which are suitable for the weavers of this region.
Within West Bengal there are lack of some infrastructural facilities which are preventing the actual development of this sector. One such case is non-installation of twisting machine at the places where they are required (in Mirjapur, Mursidabad where korial or garad sarees require high quality twisted yarn, there is no such plant). Because of this, West Bengal has to depend on other states. Another such case is lack of calendering facilities for the polyester and blended fabrics woven in handloom. The mills generally refuse to provide such facility to the handloom sector because of the small quantity of products. If such facility can be regularly provided, the handlooms can produce such non-cotton fabrics at par with the mills (even at a lower cost) and since these fabrics have a good demand in the market, the earning of the weavers will increase.

Regarding raw material, yarn, the problem will remain because within West Bengal no finer variety yarns are produced. Sufficient supply of finer variety yarn will be possible all over country if modernisation of the existing spinning mills is done.

Besides NABARD loan and working capital loan of the state government, a major portion of finance of the primary co-operatives depends on the sale of fabrics. The major portions of sale are taking place through two organisations - Tantuja and Tantusree. But since these organisations suffer from lack of regular supply of finance, they can not meet the payments of these huge number of co-operatives in time. This in turn creates the problem of working capital finance.
of the affiliated societies. The distribution and marketing process should be decentralised. Some part of marketing should be made at local level. For Janata products the distribution of clothes can be made through rationing system.

Even if handloom is a traditional product, people have little information in many cases regarding the availability of such fabrics. Mills can retain their position throughout the year with the help of advertising. But handloom products are advertised only at the time of festival period. These products can be sold only through rebates (as shown in chapter three that maximum sales occur in the rebate periods). The sales-persons of government emporia or of the Apex organisations are not so efficient in performing selling activities. Since they are government employees, they get fixed remuneration and other financial facilities and therefore they have lack of any personal interest in selling such products (this type of behaviour is generally not seen in private shops). So planners must take into account this fact.

For the improvement of the working of the co-operatives the non-weaver members/office staffs should be provided sufficient remuneration. In West Bengal, the office staffs of the primary co-operatives are ill-paid. They get no other facilities like provident fund, pension (except in few co-operatives). This may be another reason behind low productivity and lack of interest of work of such persons.

For the electronics industry, although it has been observed that many new qualified persons become interested in recent years to
start manufacture in this field, the development programmes in this state are not yet systematic. Even now 70% of the manufacturing units are concentrated in Calcutta and greater Calcutta and the products like radio receivers and voltage stabilizer occupy major share. The units are grown in a haphazard manner and in many cases the actual demand condition for the product is not at all surveyed by the entrepreneur himself. Among 40 surveyed units 8 are closed and mortality rate is higher for the consumer electronic products. The basic reason is severe competition from large scale units for such products. Therefore, at the time of registration sufficient inspection should be made by the government authorities regarding the demand prospect of the product.

In West Bengal, no special incentive measures have been introduced particularly for the electronic products. In recent years a new industrial estate has been constructed at Salt Lake and although some entrepreneurs have started to manufacture various sophisticated items, the progress is very slow.

For marketing the electronic items produced under small scale, BT&T brand for T.V. should be taken as example. Either state organisation or state recommended large scale units can perform the activities like supply of scarce raw materials and R and D facilities to such small units and also marketing of their products.

Even now, the country as a whole suffers from deficiency in
the supply of some key components, particularly the integrated circuits. So in order to make a balanced development of this industry components should be supplied indigenously.

Although it is a high-tech sector, the assembly of simple items and repairing jobs can be done within house. So this industry can be developed as a rural household industry. In West Bengal, in Jalpaiguri Industrial Estate one such programme has been undertaken by the Khadi and Village Industries Commission in collaboration with the Department of Electronics. In Uttar Pradesh, U.P. Council of Women Enterprise has already started rural production centres in electronics industry\textsuperscript{14}. Planning must be done in this respect also.

So care must be taken first to identify the products which are skill-intensive and which have good demand prospect and a balanced development should be planned in such a way that a healthy growth of the small scale sector could take place side by side with the large scale sector.
NOTES:


8. Refer to chapter three of the present study, particularly the section "The Problem of Marketing".

Chapter Five 358


12. Similar idea is expressed in the writings of L.C. Jain, B.V. Krishnamurthy and P.M. Tripathy (1985), Grass Without Roots: Rural Development under Government Auspices. Sage, publication and also refer to Peter Abell and Nicholas Mahoney (1988), Small Scale Industrial Co-operatives in Developing Countries, Oxford University Press.
