PREFACE.

Even in the economically developed countries of the world, small-scale and cottage industries are occupying a prominent place. The importance of such industries in an agricultural country like India, is unquestioned. Their development is necessary both from the point of view of providing employment and also raising the industrial production in the country. Establishment of some large industries is inevitable but at the same time a rapid development of small-scale and cottage industries is essential. Jawaharlal Nehru remarked "I have no doubt that we can not raise the people's level of existence without the development of major industries in this country; in fact, I will go further and say that we cannot even remain a free country without them. Certain things, like adequate defence, are essential to freedom and these can not be had unless we develop industry in a major way. But we must always remember that the development of heavy industry does not itself solve the problem of the millions in the country. We have to develop the village and cottage industry in a big way, at the same time making sure that in trying to develop industry, big and small, we do not forget the human factor.

Indian small and cottage industries had a glorious past. It is necessary to revive these industries through a concerted effort of all concerned. Such revival is, no doubt, necessary and desirable but as has been aptly remarked by Dr. P.J. Thomas, "It is no good their surviving as a relic of a primitive economy, as a symbol of sweating and low living standards. They must survive and grow strong as the corner stone of a healthy, decent, realised modern economy which will maintain in freedom millions of families on a reasonable standard of comfort."
The Second Five Year Plan also emphasised the need for increasing the supply of consumers' goods by utilising the existing skills and equipment. At the same time the Plan laid stress on steadily introducing technical improvements in the village and small industries sector. The Report of the Co-operative Planning Committee as far back as 1946 emphasised the importance of small-scale and cottage industries in India in the following words:

"The introduction and establishment on extensive scale of cottage and small industries are of supreme importance to India. We wish to emphasize here that the problem which we have to solve does not deal only with the provision of gainful occupations for the mass of the rural population which remain unemployed or unprofitably employed, but also, and to an important degree, with the organisation and encouragement of subsidiary occupations for even the larger mass of rural population which is forced for a part of the year to while away its time in idleness for want of avenues of profitable employment."

Thus the need for the promotion of small-scale and cottage industries is quite evident. Such a development has to be carefully planned and enthusiastically supported by the State. The Nacragon Committee in 1915 remarked, "any method by which the cottage industries of the country can be preserved would deserve a prolonged trial."

The remarks of the Committee still hold good and caution against sporadic development of cottage and small industries.

The State must and is playing an important role in assisting the development of small-scale and cottage industries. Both financial and non-financial assistance is provided by the State through its own departments and also
through the specialized agencies set-up for the purpose. The present study has been undertaken with a view to study the nature, forms and the extent of the State aid to the small-scale and cottage industries in the State of Madhya Pradesh. The effectiveness and shortcomings in policies and practices adopted have also been discussed and suitable suggestions have been given wherever necessary.

The study has been based on a vast volume of published literature on industrial development in India and abroad. Various departmental and other publications, pamphlets, etc. have also been studied and much of the factual information about various schemes of development of small and cottage industries has been liberally borrowed from these publications. The author has also interviewed the authorities in the departments and specialised agencies and discussed with them about the problems of small-scale and cottage industries and the assistance provided to them. The author also interviewed some of the small industrialists to assess their requirements of assistance and their evaluation of the existing aid being provided to them. The author gratefully acknowledges the help given to him in the collection of statistical data by the various departments and agencies of the Government.

The data collected by the author and that available from the published literature has been suitably analysed and presented in the various statistical tables in this study. An attempt has been made to study the significance and effectiveness of the various forms of State aid to small-scale and Cottage Industries. Regional disparities and unnecessary duplication of functions have also been pointedly exposed at suitable places. Wherever shortcomings or unsatisfactory trends are noticed suitable suggestions for corrective action have been made. The author hopes that this study will help in a better understanding of the aid requirements of the small-
scale and cottage industries. The analysis and the suggestions made would also help in better planning and execution of the aid programmes of the State.

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