The efficiency, productivity and creativity of any industrial organisation greatly depends on its formal and informal structure. A clear perception of the formal and informal structure of an organization can, therefore, be a great asset for improving its performance.

Since independence, small and medium scale industries have been playing an important part in the economic development of our country. With the impact of economic liberalization in the country, particularly from 1991 onwards, even medium scale industries have been trying to redefine their role and adapt effectively to the changing economic environment, where market forces are calling the tune. All over the world large companies have been withdrawing from direct manufacturing activities and are depending largely for finished products or their parts on small and medium scale industries. This is the reason for the emphasis given to these types of industries in the Union Budget 1998-99.

The present study attempts to throw light on formal and informal structures in medium scale industry. The characteristics of medium scale industries are neither like those of the large scale industries nor of the small scale industries. The medium scale industries have distinctive features which are sociologically significant. The present research work is an attempt to bring out these features.
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