

COTTAGE AND SMALL-SCALE INDUSTRIES

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Industrial establishments employing less than 10 persons on an average in a year, are obliged to obtain a licence. But complete and up to date statistical information about them is not available. However, according to such rough data as are available, while the number of industrial units employing more than 10 persons has declined since 1970, the number of those employing less than 10 persons has increased. The smaller units include a large number of garment making and tailoring establishments, motor and other workshops, bakeries and establishments making furniture, leather products, bricks, metal products, etc.

2. It was claimed by the Amin Government that cottage and small-scale industries had been assisted by the Ministries of Culture, Community Development and Labour and the Management Training and Advisory Centre through the establishment of industrial estates and centres for vocational training, printing of cloth, handlooms, handicrafts, assembly of umbrellas, etc. But these institutions and schemes did not function effectively, nor did they form a part of any development programme for providing financial, technical and other assistance to these industries. For instance, the role of the Management Training and Advisory Centre in the administration of an industrial estate was merely to collect subsidised rents, which are also in arrears. It was mainly for the purpose of taking up a promotional programme that a new Ministry of Small-Scale Industries was set up a few years ago. But the Ministry functioned only for a few months.

3. There would be several distinct economic and social advantages in initiating a comprehensive programme for the promotion and development of cottage and small-scale industries, including handicrafts and a variety of service industries. Development of those industries allows the mobilisation of human and other resources for productive and remunerative activities in the urban as well as semi-urban areas, which cannot always be fully absorbed in agriculture and the organised industrial sector. Most of these industries do not require large investment, specialised skills, high managerial talents or long gestation periods. The growth of these industries in most developing as well as developed countries has also helped in reducing regional imbalances and in the promotion of entrepreneurship and techno-managerial talents required for medium and large scale industrial undertakings.

4. A development programme for these industries would have to comprise a number of schemes for providing financial, technical and other assistance. In order to restrict such assistance to suitable and deserving persons, it would be necessary to define a small industry by prescribing a ceiling on its investment in plant and machinery only (as investment on land and buildings vary from place to place). Some of the more important schemes which may be taken up under such a programme are briefly outlined below:

- a) Provision of credit for fixed and working capital at concessional terms and conditions including supply of machines on hire-purchase terms. (The EEC has agreed to a credit line for those industries and Japan and West Germany have provided assistance for instalment credit to some countries).
- b) Provision of techno-managerial assistance to small entrepreneurs by an organisation having technically qualified and experienced staff.
- c) Introduction of a simple system of registration, in lieu of the existing system of licencing.
- d) Supply of a set of tools and appliances on hire-purchase terms of those successfully completing their technical training so as to assist them to start their own production or service units in the trades in which they have been trained.

- e) Establishment of a few common services and facilities centres, and training and production centres, for selected trades and resource-based industries and also small low-cost industrial workshops and industrial estates (UNIDO can be approached for assistance).
- f) Services of master craftsmen for improving the quality and designs of selected traditional handicrafts (CFTC/UNIDO/ILO can be approached for assistance).

5. It would be helpful if the Commonwealth Secretariat/UNIDO is approached also for the services of an Adviser to assist the Government in the formulation and implementation of a development programme for these industries as an integral part of the overall industrial development programme.