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EXTENSION SERVICES FOR PROMOTION^{1/}

OF SMALL INDUSTRY

by

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Introduction

W. Arthur Lewis ^{1/} summarized the need for extension service to small-scale industry as under:

"The large organization can conduct research, buy in bulk, sell in bulk, raise funds easily, produce a standardized article, advertise and hire the best specialist advice and so on. The small organization can succeed just as well if it is surrounded by agencies - private, co-operative or statutory - which will take over all that part of the work which needs to be done on a large scale, so that the small firm can concentrate on those activities which are adequately done on a small scale."

Arthur Lewis, here, evidently has in mind existing small firms. An extension service in under-developed, developing or the third world is concerned more with promotion of new enterprises than assisting existing ones.

Extension in its pure academic sense means communication of ideas or in other words counselling or consultancy. The need for rapid development experienced by various developing countries of the world and a determined effort to involve the people and the existing institutions in accelerating the pace of development added new dimensions to the "modus-operandi" of extension. It is no more a brilliant set of idea suggestions and advices but also involves field services. This is equally the case of a plant laboratory in agriculture as of a common-facility centre for small industry.

Eugene Staley and Richard Morse ^{2/} defined, a small industry advisory service or industrial extension service as one which "will be called on for (1) economic guidance on promising new lines of manufacture, for expansion of existing firms or entry of new ones; (2) technical advice on such problems as selection of machinery, improved processes and better use of machines and materials, (3) production and business management counsel on plant layout, costing, marketing, financing and personnel management, to give just a few examples and (4) assistance in product design and improvement.

^{1/} W. Arthur Lewis, The Theory of Economic Growth, George Allen and Union Ltd., London, 1955, p. 77.

^{2/} Eugene Staley and Richard Morse - Modern Small Industry for Developing Countries - Macgrow Hill Book Co., p. 358.

We have today a wide range of extension services designed for development of small industries. Undoubtedly, the texture of this service differs from country to country. India, has, by far the most comprehensive one. This is because the vastness of the country and the range and depth of problems to be tackled were very complicated and often defied solutions. Nevertheless by trial and error, with failures and successes experienced for a long time, she has **chiselled out many tools of extension work.**

It is possible to cite the various elements of extension service in broad patterns namely:

- | | |
|--------------------------------|---------------------------------|
| (1) Technical services | (2) Economic services |
| (3) Training services | (4) Management services |
| (5) Industrial estate services | (6) Ancillary sub-contractory |
| (7) Marketing services | (8) Publications and publicity. |

It is not wrong to say that many countries have combined these elements in required proportions and given varying emphasis. India itself had borrowed much from Japan and adjusted them to suit her conditions. Absence of know-how is one of the basic deficiencies of many a developing economy and the prime edge of the extension service has been directed to disseminate, demonstrate and follow-up this much needed know-how.

The need for adequate institutional arrangements for evolving and delivering extension work in required degrees cannot be ruled out. In fact a wrong structuring of these arrangements had been an important reason in the slow-p. k of results in a number of countries. A good extension tool can be spoiled in bal kit.

Very briefly the various components of extension services are enumerated as under:

I. TECHNICAL CONSULTANCY:

Technical know-how in required form and degree is made available to both prospective and existing entrepreneurs. These relate to:

- (1) Preparation of projects or schemes which contain among other things, details regarding specifications, processes, designs, machinery, raw materials etc. These schemes contain information on economic, marketing and cost aspects also, so that it could be a working blue print to set up a new unit or expand an existing one.
- (2) Advice on improvements of processes and use of modern machines and equipments.
- (3) Advice on the proper use of raw materials.
- (4) Preparation of drawings, designs and prototypes.
- (5) Demonstration of the use of modern techniques through workshops and mobile workshops mounted on trucks.
- (6) Training in various technical trades for small industrialists and artisans.
- (7) Conducting diagnostic studies for existing units to increase their productivity and to solve technical problems.
- (8) Providing common facility service to small industrialists.
- (9) Provision of testing facilities for quality production in small industry.

These technical services are given in a variety of trades like mechanical, electrical, metallurgical, ceramics, hosiery, chemicals, leather, etc. This service is not provided in isolation but is rendered in coordination with economic, marketing, training and management consultancy. package approach is necessary so as to do a complete job.

The need for institutional arrangements, as was stated earlier, cannot be overlooked. In India this service is given through a chain of 17 small industries service institutes, 55 extension centres, 2 production centres, 2 training centres and 2 major development institutes established under U.N. Assistance. A few testing centres for particular types of industries are being established. An attempt is made to reach out to the entrepreneur.

II. ECONOMIC SERVICES:

Economic services could be broadly categorised into two parts, namely (1) surveys and studies and (2) pure extension services.

A. Surveys and Studies

(1) Industry surveys -

(a) Industry outlook Reports -

These reports discuss the status of the industry and its problems and suggest remedies as well as programmes for development.

(b) Industry Prospect studies -

These studies focus only the prospects for development of a particular industry.

(2) Area Development Surveys -

(a) Area potential surveys - These surveys study the resources in men and material of the selected area and suggest a comprehensive programme for development of the area.

(b) Surveys of growth centres - These surveys are undertaken to identify the growth possibilities of a particular Centre in terms of available infrastructure.

(c) Pre-surveys of industrial estates. These surveys suggest the feasibility of setting up of industrial estates.

(d) Potentiality surveys prior to the conduct of Intensive Campaigns. These surveys assess the potential to conduct campaigns for promotion of entrepreneurship.

(3) Adhoc Studies -

(a) Inquiries are conducted to supply specific economic information.

(b) Studies are conducted on aspects of development relating to raw materials, skill availability etc.

(4) Special Surveys -

Surveys relating to development of ancillary small scale industries.

(5) Evaluation Studies

B. Pure Extension Services

(1) Industry Information Service

This relates to dissemination of information and follow-up.

(2) Market Surveys

Both for prospective and existing entrepreneurs surveys are conducted to give an idea of the markets for specific items.

(3) Feasibility Studies

These studies relate to products, proposals and projects. The clients for this service vary from the individual to the government.

(4) Intensive Development Campaigns

This is an integrated programme by which entrepreneurs are identified, promoted and developed and all inputs required to start an industry is provided at one place and at one time in an intensive manner.

(5) Assessment for Credit Requirements

For obtaining credit from the financial institutions either in kind in the form of machinery on hire-purchase basis etc., or in the form of loans - short, medium or long term - an assessment of the product prospects, the feasibility of the scheme and entrepreneurship is made for the concerned financial institutions.

(6) Group Consultancy

Through workshops, open-house discussions, etc., which will facilitate cross ventilation of ideas, understanding of issues at stake and evolution of viable programmes.

III. TRAINING SERVICES.

(1) Technical Training

- (a) Process-oriented courses
- (b) Product-oriented courses
- (c) Trade-oriented courses like blue print reading etc.

(2) Entrepreneurship Training

- (a) For prospective entrepreneurs
- (b) For existing entrepreneurs

(3) Extension Training

- For industry promotion officers in various types of extension work.

IV. MANAGEMENT SERVICES

- (1) Appreciation courses in financial management, material control, production management, cost analysis, bookkeeping, accountancy, etc.
- (2) Specialised courses - in marketing, work study, cost accounting, project analysis, etc.
- (3) Adhoc intensive courses on such subjects like inspection, quality control, export marketing, etc.
- (4) In-plant studies involving work study, time and motion study, etc., for improving productivity.
- (5) Production-oriented consultancy.
- (6) Open-house discussions and seminars.

The training course should have a theoretical and practical content. The latter is achieved in the form of on-the-job training in the shop

floor itself. The trainees could be given stipend and at the time of their leaving a training kit is given for them to establish a small scale unit.

V. INDUSTRIAL ESTATE SERVICES:

The industrial estates are constructed to provide ready made factory sheds for economic rent. These estates form an effective instrument in dispersing industries to rural areas and to motivate entrepreneurs. They also form the kingpin of industrial activity and accelerate the pace of industrial development. It also works out cost benefits in production.

The industrial estate programme in India has reached a high degree of progress. There are at present well over 800 industrial estates which is the highest in the world for any country. There are estates which house many types of industries and also those which are purely functional. There are ancillary industrial estates as well as estates meant for producing goods to be exported.

An industrial estate service also includes furnishing of layouts, designs, models, etc.

VI. ANCILLARY SUB-CONTRACTING:

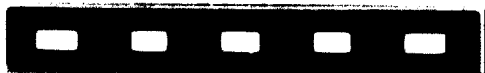
Sub-contracting arrangements are organized by which capacities for supplies to large units by way of components, parts and spares are either identified or established and the production of small units are linked up with the concerned large units. The extension organization brings together the large and small units and looks after the mutual ancillary obligations in fairness to both sides and in the national interest.

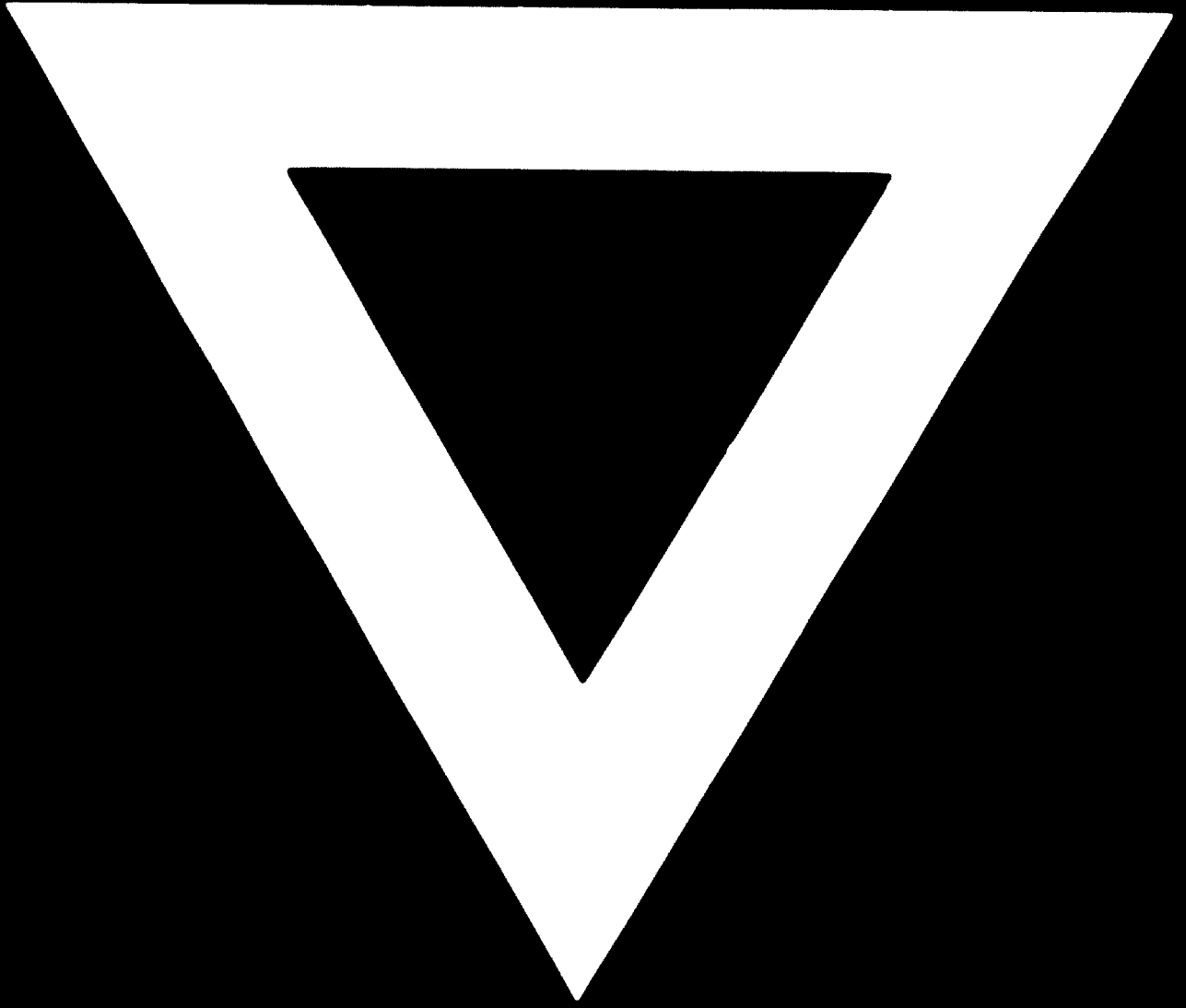
VII. MARKETING SERVICES

- (1) Market research and intelligence service for both prospective and existing entrepreneurs.
- (2) Ensuring participation of units in the purchase programme of governments and other organizations. A series of extension work including registration, obtaining of tenders, issue of competency certificates, settlement of bills etc., are involved in this work.

VIII. INSTITUTIONS AND EXPANSION

- (1) Issue of periodicals - bringing out information on small industry.
- (2) Preparation of directories.
- (3) Technical Digests - containing summaries of useful technical articles and literature.
- (4) Designs and drawings.
- (5) Various types of schemes.
- (6) Various surveys, studies and reports.
- (7) Participation in institutions.
- (8) Setting up of permanent display centres - for existing manufacturers to find out market outlets and prospective entrepreneurs to acquaint with a suitable line of manufacture.
- (9) Documentary films and display of photographs.
- (10) Radio talks.
- (11) Releasing feature articles, write ups, etc.
- (12) Public relations including liaison and coordination with various organizations and individuals concerned with small industry development.





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