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UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria
Tel: (+43-1) 26026-0 · www.unido.org · unido@unido.org

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MEETING OF ENGINEERING INDUSTRY ASSOCIATIONS FROM SELECTED ASIAN COUNTRIES ON CO-OPERATION BETWEEN THEM AND UNIDO IN ASSISTING THE INDUSTRIALIZATION PROCESS IN DEVELOPING COUNTRIES

New Delhi, 12 - 17 February 1979

BACKGROUND PAPER.
ASSOCIATION OF INDIAN ENGINEERING INDUSTRY.

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CONTENTS

A. SUMMARY

1. With Independence, growth of nation states and planned economic development, the role of a modern industry association becomes more important than ever before. Through its wide ranging and specialised services, the industry associations serve as focal points for industry and catalyse their rapid growth and development.

2. The modern industry association is not a union of vested interests or a federation of employers. Rather, it is a growth oriented body serving to bring about closer co-operation between the industry and the Government. Through mutual trust and consensus it helps resolving problems of the industry, creating a milieu for rapid industrial development and charting newer strategies for more effective industrial representation within a national and global framework.

3. The AIEI - UNIDO Meeting is a milestone in the history of industry associations. Never before have so many industry associations from Asia and the Far East come together to discuss issues, resolve common problems, exchange views and create much closer co-operation between similar bodies. This fruitful exchange of ideas and information is a big step towards the success of TCDC programmes, to which every participant is committed.

4. This paper is the story of a modern industry association - the Association of Indian Engineering Industry (AIEI) - modern in the sense that it has moved away from being a union of employers to a dynamic, semi-independent " think tank " committed, first and foremost, to the growth and developmental needs of the country in general and the Indian engineering industry in particular. It outlines the activities of the AIEI within the context of a planned economy and sheds light on the ways in which an industry association can play an active role in the economic development of a nation.

PART I : THE EARLY YEARS

1. The years 1840 to 1915 witnessed an unprecedented increase in both volume and value of world trade. Batween 1846 - when the Corn Law was repealed - and the eve of World War I, the value of world trade increased at a phenomenal rate of 46% per decade. This spurt in trade was accompanied by:

(a) large scale global movement of capital and machinery - originating in Europe, particularly Britain (the "workshop of the world"), and moving outwards to the "Regions of Recent Settlement" as well as the tropical colonies of the industrial mother countries.

(b) an unprecedented spurt of colonial annexation in Asia and Africa, either for the search of raw materials and new markets or to protect valuable colonies from other foreign powers. This was the era of trade and imperialism.

2. The central feature of this period was the development of the so called "Centre-Periphery" relationship between the industrialised countries - "the Centre" - and her less developed trading partners - "the Periphery". The former supplied industrial products - finished products and capital goods - to the periphery in exchange for the latter's raw materials and semi-processed primary goods. To be assured of a cheap and steady supply of primary inputs - without which the Industrial Revolution would have rolled to a halt - the Centre invested in large scale capital equipments in the export processing sector of the Periphery as well as in railways linking primary producing areas to the processing zones and ports.

3. Inspite of this massive growth in trade and capital transfers, the vast majority of the world economy remained woefully underdeveloped upto the 1960's. The gains from trade arising out

of product specialisation along "comparative cost advantages" accrued only to the highly developed industrial centres while the peripheries remained under-developed-riddled with poverty and exploited to the core. A 1958 United Nations survey illustrates a telling story : 53% of the world population had per capita income of $ 100 or less and accounted for less then 10% of the world's Gross National Product (GNP), while 14% of the population enjoyed per capita income greater than $ 1000 and accounted for more than 58% of the global GNP ;

4. Almost all Asiatic and African peripheral countries, particularly those under Colonial domination, developed lop-sided dual economies, where islands of insulated, relatively modern primary export processing enclaves and ports co-existed within vast oceans of under-development.

5. To make matters much worse, the post 1935 period saw severe upheavals in the traditional "Centre-Periphery" pattern of trade.

6. The time-honoured relationship of the centre supplying manufactures and capital goods for the periphary's primary products was now subject to the "law of diminishing return" - at least as far as the peripheries were concerned, whose declining terms of trade for traditional items, inability to find buyers, sluggish and stagnant export markets bear testimony to this fact.

7. What happened was essentially this : the changing state of technology in the industrialised centre militated against the traditional trading interests of the peripheral countries. There was a continous shift in favour of engineering, chemicals and heavy industries - all having smaller per unit content of primary products; substantial economies of scale in the use of raw materials resulting in smaller per unit use of primary

product; displacement of natural raw materials by synthetic products of local origin - the single most important factor behind the decline and fall of Indian jute exports; and low income elesticity of demand for agricultural products through the operation of Engels' law.

8. During the hey day of traditional trade, the peripheral nations had depended almost exclusively on the primary export sectors, e.g. jute, rubber, tin, etc., to the complete neglect of all other areas of economic activity - either by design or through lack of foresight.

9. Thus, when the squeeze came in the post 1935 period, these peripheral nations found themselves saddled with highly inflexible, heavily invested, obsolescent plant and machinery in the traditional export processing enclaves - for which the markets were drying up - while alternative non-traditional production and export possibilities were yet untapped.

10. With the spate of independence that took place during the late 1940's and through the 1950's, the newly emerging Asian nation states were quick to realise the degree of their economic backwardness and the urgent need to bridge the immense "North-South" technological and industrial gap as early as possible in order to bring about rapid economic development. The emphasis swung to self-reliance.

11. It became fairly clear that eradication of poverty and removal of under-development required very rapid growth of output and a progressively equitable distribution of income. It was also clear that one of the ways of bringing about continuous economic growth was through rapid industrialization, with emphasis on infrastructural industries such as transport, energy, steel etc. coupled with increase in agricultural yield and output.

12. On 30th April, 1956, the Industrial Policy Resolution of the Government of India echoed similar sentiments. It says:

"..... it is essential to accelerate the rate of economic growth and to speed up industrialisation, in particular, to develop heavy industries and machine making industries, and to expand the public sector, and to build a large and growing cooperative sector. These provide the economic foundations for increasing opportunities of gainful employment and improving standards of living and working conditions for mass of the people. Equally it is urgent to reduce the disparties in income and wealth which exist today ...."

13. In the early years of independence the Government of India opted for planned economic development. This was inevitable and even desirable. With vast areas of under-development, poverty and massive product & capital market imperfections, centralised planning was viewed as the only viable method of ensuring optimum allocation of scarce investments and securing the highest possible growth rate in the shortest period of time.

14. Along with centralised planning came Government intervention and controls - again inevitable in country trying to optimally utilise scarce foreign exchange and domestic resources. At the same time Indian industry had made substantial progress. By 1960's three massive steel plants had been commissioned; the country was being interlinked with more and more roadways; power transmission lines spread all over the country-side and the infrastructural facilities for rapid economic development were being swiftly created.

15. With greater industrialisation, centralised planning and Government controls, the need for modern Industry Associations became greater than ever. There was an urgent need for wider exchange of views between allied industries in the public as well as the private sector, providing valuable industrial

information to the Government and the Planning Commission, monitoring the effects of Government policy on industrial development and appraising all concerned bodies on the status of the industry. These functions could not be expected to the discharged by individual firms and, thus, the modern Industry Association were consituted or revitalised to fill in the gaps.

16. It is redundant to say that, in the context of balanced economic development with progressive self reliance, the modern Industry Association plays an extremely important and vital role. It acts as a central point of reference for local industry and gives valuable information, advisory and consultative services to both industry and the Government in line with the pre-specified national objectives. Most importantly, a modern industry association helps to bring about a much closer co-operation and mutual trust between the industry and the Government - an interaction which is vital to the economic health of the nation. By serving as a growth oriented via-media, it evolves a "consensus method" whereby the Government and the industry resolve common problems through joint consultation and jointly chart out new and more efficient strategies of national economic development.

PART II : AIEI ACTIVITIES

1. Though the Association of Indian Engineering Industry (AIEI), as it is now, started in 1974, the history of the Association goes well back into the 19th century, when industrialization had yet to touch the hemlines of Indian economic development.

2. In 1895, five engineering firms of Calcutta organized themselves into the Engineering and Iron Traders Association (EITA) and by 1911 they had 21 members in its fold. As early as 1910, we see the EITA - a body comprising wholly of British nationals and foreign companies - protesting vehemently against the "buy British" railway purchase policy of the Imperial Government of India and asking for orders to be placed on Indian firms in the interest of the local engineering and fabricating industry.

3. In 1912, the EITA merged into a new organization, the Indian Engineering Association (IEA), consisting of 21 members.

4. The membership of IEA (as well as other Chamber of Commerce and Industry Association) reflects a slowly emerging awareness of the need for a central engineering industry association - an awareness that develops with industrialization. Membership was very slow in the pre-Independence period thanks to a highly under-developed industrial landscape. The post 1960 period, particularly the 1970's has seen rapid spurts of membership, hand in hand with increasing industrialization.

TABLE: IEA/AIEI MEMBERSHIP

YEARS	MEMBERS	YEARS	MEMBERS
1895	5	1966	411
1912	21	1969	516
1923	43	1974	1100
1945	100	1977	1250
1955	125	1978	1303
1964	289		

5. By the 1970's, the urgent need for a single representative body became fairly obvious. Two or more associations dealing with the same industry often led to retrogressive, inter se rivalries which diluted the effectiveness of most of the representations and created unnecessary, even self-defeating contradictions within the industry.

6. In order to bring about singularity, the two large engineering industry associations in India - the IEA and the Engineering Association of India (EAI), the other major engineering association in India - merged in April, 1974 to form the Association of Indian Engineering Industry (AIEI) - the single point of reference for the Indian engineering Industry.

7. With a membership of over 1300 companies in the public, private and the small scale sector, 36 Affiliated Associations and 22 Industrial Divisions, AIEI is the apex body for engineering industry in India. Its members represent more than 75% of the total investment in the organised sector, 75% of the value added and over 60% of the employment.

8. From its very inception, AIEI has viewed itself not as a union of employers, but rather as a dynamic, growth oriented body - structured to assist the Government and the engineering industry in realising the common objectives of rapid economic development, faster industrialisation, increasing self-reliance and higher standards of living.

9. By virtue of its not being a union of employers, AIEI has often faced criticism for not representing each and every point of view forwarded by its members. But AIEI has adopted a simple principle in matters relating to industrial representation : any suggestion that may benefit one or two units to the detriment of other sectors or the country or the wider long-term interests of the Indian engineering industry would have to be dispensed with.

10. To avoid such intra-Association conflicts, AIEI has :

(a) Excluded all exclusively trading bodies from the membership roster.

(b) Included members from both the private sector and the Government owned public sector.

11. The former decision eliminates the possibility of conflicts between productive, growth oriented manufacturing sectors and purely "re-distributive", private profit oriented trading companies. As a rule, traders and industrialists (i.e. growth oriented manufacturing bodies) may have opposite reference points, which are difficult to resolve through bilateral consensus methods without almost completely excluding one sector's points of view. Resolving "trader-industrialist" issues to the benefit of both sectors, and, at the same time, presenting a policy package acceptable to the Government is very difficult in actual practice.

12. Including large public sector units in AIEI ensures a degree of "fairness" and "balance" in representations made by the Association to the various Government bodies. Today, the public sector accounts for almost 60% of the total investment in Indian industry, and occupies "the commanding heights" of the economy. In fact, the health of Indian engineering industry, particularly of the private sector, is critically dependent on the performance of the large public sector units. For the apex industry association in India to exclude the public sector from its membership would be unthinkable. It would then immediately cease to be a truly representative body.

13. Besides this the representatives from the public sector units have made valuable contributions to the various activities of AIEI. Today, the trust and position that AIEI enjoys with the Government, particularly the Ministers of Industry, Commerce, External Affairs and Steel & Mines, the position

of an equal partner in the path of industrial development, is largely due to the active involvement of the public sector in the Association.

14. As a "thumb-rule" approximation, AIEI performs three different types of services for its members:

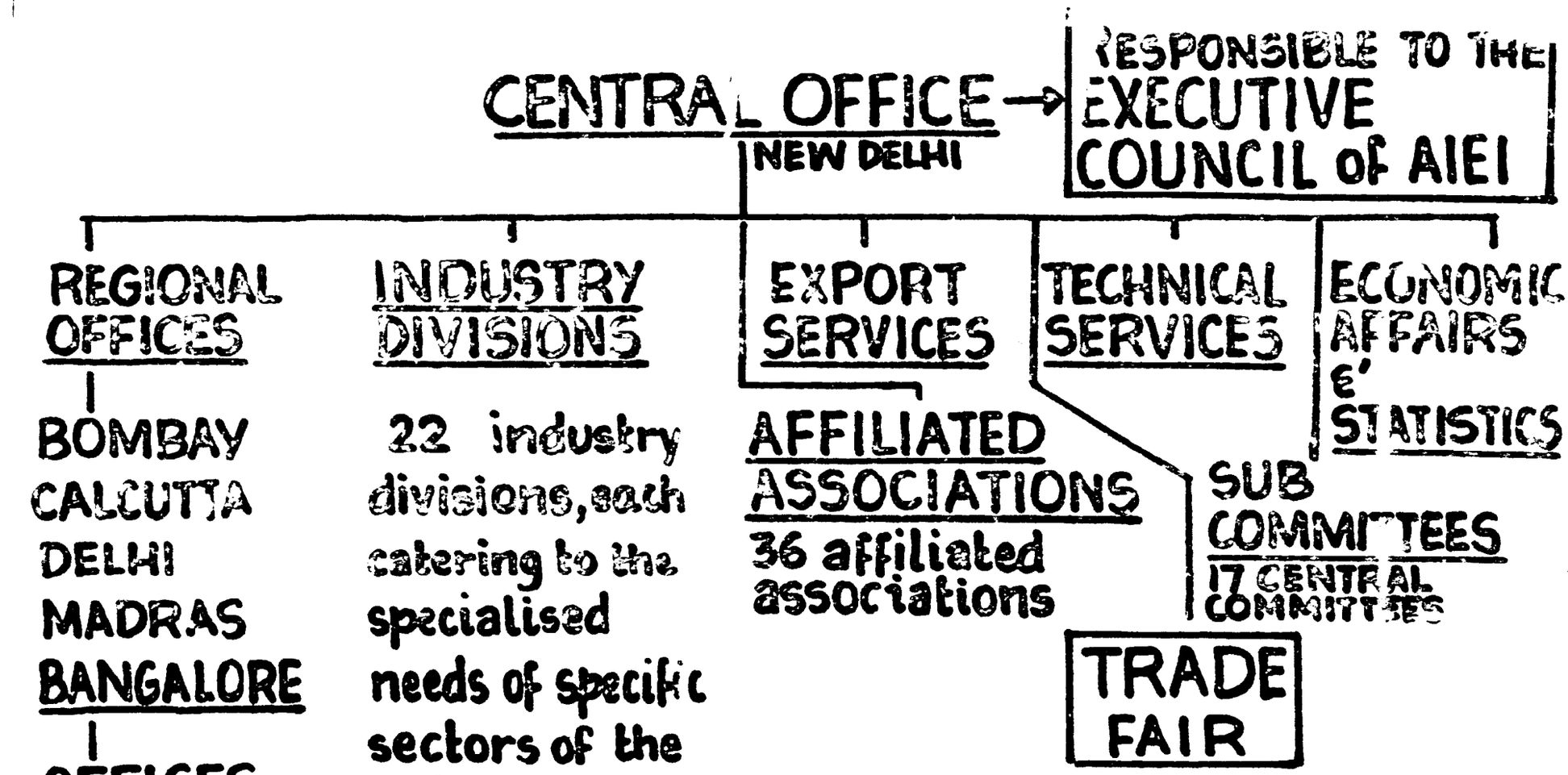
(a) Services vis-a-vis the Indian engineering industry
(b) Services vis-a-vis the industry and the Government
(c) Services vis-a-vis the industry and rest of the world.

Such a compartmentalisation runs the risk of over-simplification; it may even be quite misleading. The accent on all AIEI activities is interdependence and continous interaction between the industry, the Government, third countries and international development agencies in search of "consensus" solutions to the problems of engineering industry in India and elsewhere.

15. The Flow Chart on Page 10 gives the Executive Structure of AIEI. The Association has 1303 member companies, 5 Regional Offices, 17 Central Committees, 22 Industrial Divisions and 36 Affiliated Associations. Recently AIEI has opened offices in Saudi Arabia and London to promote product and project exports of the Indian engineering industry in third countries.

16. SERVICES VIS-A-VIS THE INDIAN ENGINEERING INDUSTRY : An engineering industry association is firstly responsible to its members. They are, after all, the life blood of the association not only in terms of finance but also in terms of participation. AIEI performs the following services to the members of the Indian engineering industry. This is the Association's "bread and butter" work.

(a) Divisional Services : AIEI has 22 industrial divisions, each catering to the specialised needs of specialised sub-sectors of the engineering industry. The Divisional Secretariat


CENTRAL OFFICE
NEW DELHI
RESPONSIBLE TO THE EXECUTIVE COUNCIL of AIEI
REGIONAL OFFICES
BOMBAY
CALCUTTA
DELHI
MADRAS
BANGALORE
OFFICES ABROAD
LONDON
DAMMAM
INDUSTRY DIVISIONS
22 industry divisions, each catering to the specialised needs of specific sectors of the Indian engineering industry.
EXPORT SERVICES
AFFILIATED ASSOCIATIONS
36 affiliated associations
TECHNICAL SERVICES
SUB COMMITTEES
17 CENTRAL COMMITTEES
TRADE FAIR
ECONOMIC AFFAIRS & STATISTICS

of the Association - through constant interaction between the members of the Divisions and the various Government Departments - help in formulating and disseminating Government policies for the concerned sector, appraise the Government of the problems faced by this sector and suggest remedial measures. The Divisions also conduct Workshops and Seminars on different aspects of the concerned sector, where representatives from the Government are invited to participate. The objectives behind creating such Divisions are :

i. To provide a national point of reference for firms engaged in the manufacture of similar products.

ii. To liaise with the Government for better organisation and development of the Division.

iii. To collect and disseminate information on costs, prices, incidence of tax on products and inputs of the specific sub-sector as well as raw on the latest technical developments and Research & Development (R&D) efforts of allied industries abroad.

iv. To promote higher standards of production and efficiency and to encourage indigenous R&D efforts, cost reduction, product standardisation, materials conservation and quality control.

v. To resolve the problems of the industrial divisions and to assist in assuring member firms of adequate raw materials, equipment and components.

vi. To promote exports of both products as well as process know-how of the division to fellow developing countries of the Third World.

vii. To direct efforts of the industry in line with the aims and objectives of national planning.

(b) Affiliated Associations : There are 36 Industry Associations affiliated to AIEI, each covering a particular industry. AIEI offers specialised services to these Associations, as

and when required, and also assists them in forwarding industrial representations to concerned Government agencies.

Case Study 1 gives a list of the Divisions and Affiliated Associations of AIEI.

(c) Committees : AIEI has 17 Central Committees to deal with important subjects of concern to the Indian engineering industry. AIEI offers specialised services to all these committees, combining the resources of the members and the Secretarial staff - in a manner similar to Divisional work.

17. In recent years the Association has moved away from being merely a "post office" Secretariat (collating information without in-depth analysis and forwarding memorandums submitted by its members without detailed scrutiny of the "pros and the cons") to a dynamic, semi-independent "think-tank" throwing up fresh ideas, conducting detailed and specialised economic, statistical and industrial analyses and charting out newer and more successful patterns of industrial representation at home and abroad.

18. In order to fit into this new role of a progressive, dynamic "brains trust", AIEI has recruited a large and increasing, body of specialists : engineers, economists, experts on taxation, fiscal policy, industrial relations and business management and advisers on matters relating to iron and steel, labour laws, international trade, industrial statistics etc. This team of experts is supervised by a body of expert co-ordinators and backed up by a highly efficient servicing staff. In fact, one of the major problems in AIEI - a problem that plagues any rapidly growing organisation - is that of efficient manpower planning. In AIEI, specialised employment increases at a staggering rate of 5% per month while specialised, professional commitments increase at double the rate! This is,

perhaps, the price that has to be paid for extra energetic growth. The moot point, however, is that there must be a growing pool of technical and professional experts in the Secretariat of any industry association if it has to chart out new approaches to industrial representation.

19. At the same time, this "brains trust" must have a strong practical bias to ensure that (i) the new ideas are not merely theoretical abstractions devoid of reality and (ii) the representations made to the Government Departments actually fructify in real life. In other words, there must be a very efficient "implementation" staff which would, through discussions and continuous interaction, carry every representation to its logical conclusion. Attending a meeting on behalf of the engineering industry or submitting a detailed memorandum to the Government is not enough. It is only the beginning of a process which comes to an end when the ideas of the engineering industry are firmly meshed into the cornerstones of industrial policy. And this is where interaction and follow up action plays a vital role.

20. The major services vis-a-vis the members of the Indian Engineering Industry may be listed below:

ECONOMICS & STATISTICS

a. Handbook of Statistics : Published annually. It contains detailed statistical analysis of the current state of affairs of the Indian engineering industry, covering industrial programmes of the Plan, relative share of the engineering industry both productwise and areawise, engineering industry in the small scale sector, capacity utilisation, output and value added, demand

projections for the different subsectors, iron and steel, non ferrous and rail transport industry, imports, exports and balance of trade, wholesale prices indices, industrial labour data, growth of the corporate sector, industrial finance trends, foreign collaboration data, performance of Indian engineering units in the public sector, analysis of R&D efforts, industrial licensing trends, power, merchant shipping, foreign aid, national income data and a host of other information.

b. Engineering Trends Survey (ETS) : a bi-annual publication. Appraises members and outside agencies, both National & International, including Government of the current short term position of the Indian engineering industry, the problems and a six month forecast of the different sectors of the industry.

c. Quarterly Data Sheet : Covers different subjects concerning the Indian engineering industry, e.g. data on industrial licences, industrial disputes etc.

d. DGTD Analysis : Published every month. Analyses the Industry Ministry's production statistics i.e. industrial production figures, growth rates of different outputs, capacity utilisation etc.

e. Balance Sheet Analysis of the Top 100 AIEI Companies. : their profit ratios, sales turnovers, sources of finance, growth rates etc.

f. Analysis of Costs of Production & Price Indices

g. AIEI Policy Papers : Outlines for the benefit of the members and the Government AIEI's stand on different aspects of industrial, financial, fiscal and monetary policy.

h. Handbook of Price Variation Clauses

R&D TRANSFER OF TECHNOLOGY, AND TECHNOLOGY POLICY

a. Research and Development and the Engineering Industry :

b. Guidelines for In-house Research and Development.

c. Guidelines to Transfer of Technology

d. AIEI Workshop on Research and Development, 1977.

e. Sources of Metal Transforming Technology

f. Quality Control System for Defence Stores

g. Guidelines on Energy Conservation

RAW MATERIALS & STEEL

a. Workshop on Raw Materials Supply and Distribution

b. Workshop on Import Policy, 1977-78

c. Workshop on Import Policy, 1978-79

d. Workshop on the Supply & Distribution of Iron and Steel, 1978

e. Workshop on Supply and Distribution of Non-ferrous Metals.

f. Handboo.. on Steel Distribution.

g. Steel Distribution - an integrated Approach.

h. How to buy Steel without Tears.

MONTHLY AND WEEKLY PUBLICATIONS

a. Engineering and Metals Review (Monthly)

b. Engineering and Metals Review (Weekly)

CAPITAL GOODS

Workshop on the Status of Capital Goods

INFORMATION OF SMALL INDUSTRIES

a. Workshop on Small Industry, 1977.

b. Sample Survey of Ancillary Industries, conducted on behalf of the DCSSI.

AIEI is firmly committed to the development of the small scale sector in the country, and, in this context, has a special Small Industry Committee to look into the problems of this sector and represent their views at the highest levels. The Association offers technical, legal and labour advisory services to members of this sector, services which they cannot otherwise afford, at low costs or free of charge. Currently, AIEI is conducting an independent survey on the present structure and the future prospects of the small scale and ancillary units in India with a view to suggesting remedial policies to the Ministry of Industry.

INFORMATION ON THE INDIAN ENGINEERING INDUSTRY

a. Workshop on the Role of the Indian Engineering Industry in the Development of Oil Resources, 1977.

b. Programme of Management of Light Engineering Industry during Recession, 1976.

c. Review of the Indian Engineering Industry, to be conducted in April, 1979.

21. SERVICES VIS-A-VIS THE INDUSTRY & THE GOVERNMENT : One of the major objectives, and, perhaps, the raison d'etre of AIEI's existence is conducting successful representations to the Government on behalf of the Indian Engineering Industry.

22. These representations cover various subjects and may be informational, consultative or advisory. Usually, the Ministries of Industry, Commerce, Finance, and Steels & Mines ask AIEI for its views of different matters directly or indirectly related to the Indian engineering industry before finalising Plan targets, industrial policies or Government procedures. The more important AIEI representations are listed below.

23. INDUSTRIAL POLICY

a. Memorandum on Industrial Controls Submitted to Government's Inquiry Committee on Controls & Subsidies, 1978

b. Note on Industrial Licensing Policy & Procedures submitted to the Government Appointed Committee of Industrialists 1978.

c. AIEI Policy Paper, submitted to the Minister of Industry, and the Prime Minister.

FISCAL POLICY

a. AIEI's Note to the Jha Committee on Indirect Taxation, 1976

b. Pre-Budget Memorandum for the year 1978-79

c. Post-Budget Note, 1978

d. Pre-Budget Memorandum for the year 1979-80

e. Memorandum on Central Excise, submitted to the Parliamentary Estimates Committee on Excise along with Supplementary Note

f. Memorandum on Customs Duties, submitted to the Parliamentary Estimates Committee.

FIVE YEAR PLANS

a. AIEI Note on the Sixth Plan Supply and Demand Projections for Iron and Steel, 1978-1983, submitted to the Working Group on Iron and Steel (Planning Commission). AIEI's production targets were incorporated in the final Report.

b. Report on Mining Machinery for the Sixth Plan, 1978-83.

c. Official Representation in the Sixth Plan Working Groups on :
- Transport Equipment
- Industrial Machinery
- Electrical Equipment
- Power
- Research & Development, Science & Technology.

In addition to official representations, AIEI frequently forwards in-depth information on various sectors of the Indian Engineering Industry to the Ministry of Industry or the Planning Commission. Besides this, AIEI actively participates in

monitoring the performance of the different sectors of the engineering industry and continuously appraises the Government of short term problems faced by these sectors. For instance, immediately after the floods in West Bengal, which devastated a very large area and brought industrial production to a stand-still, AIEI appraised an emergency "Task Force" of the import requirements of different raw materials, particularly steel, to meet the short-term shortages and also on the position of different engineering units after the floods.

24. With the formulation of the Rolling Plan, based on annual review of targets and achievements, the Association plays an even wider role as an informant and an advisor. Being the apex body for engineering industry, it is in a unique position to supply detailed information on the working of different sectors of the industry - supply position, current production, capacity utilisation, binding constraints, demand projections - information which is vital in framing realistic targets.

25. RURAL DEVELOPMENT SURVEYS : Though AIEI is primarily an engineering industry association, it has also actively participated in rural development projects on behalf of different State Governments. This is inevitable and highly desirable in a country which is still predominantly agricultural and where the success of the Five Year Plans critically depend on the development of agriculture, small scale agro-based industries and agrarian reform. On behalf of the Government of West Bengal,

the AIEI conducted an exhaustive Rural Development Project for a block in the district of Birbhum. The survey Report is presented as a separate case study. AIEI, through its Rural Development Committee, will conduct similar surveys in the near future.

26. SERVICES VIS-A-VIS THE INDUSTRY AND THE REST OF THE WORLD: Hand in hand with the objectives of self-sufficiency is the urgent need for promoting non-traditional, Indian engineering exports to the developing countries and to break out of our excessive dependence on traditional primary exports. Today, increasing Indian engineering exports is one of the principal objectives of AIEI.

27. EXPORT SERVICES DIVISION: AIEI's activities on the export front are administered through its Export Services Division. The Division's approach is unconventional and aimed to achieve "specific" targets. Briefly, the Export Services Division activities are :

a. Dissemination of country-wise commercial and market information in the form of Intelligence Reports; publication of booklets on export intelligence i.e. foreign investment laws, tariffs, customs regulations etc. Such information is available in AIEI's WANA DIGEST, covering West Asia and North America.

b. WANA DIGEST also covers the latest on overseas projects, foreign inputs required, tender closing dates etc. One of AIEI's goals is to increase project exports as much as possible in the WANA region. India has the technical expertise for most of these projects, and export of technology is more profitable to both donor and recipient than export of products.

c. Select circulation of overseas tenders.

d. Promotion of R&D within the engineering industry, to fit specifications and standards of international buyers, and to maintain quality standards in close liaison with the Government, as well as private inspection and quality control agencies.

e. Formulation of policies for the growth of engineering exports, i.e. strengthening of the export infrastructure, export promotion measures, export assistance schemes, inputs availability, export credit guarantee schemes etc.

f. To guard the Indian engineering industry against excessive dumping of the developed countries.

g. Assessing local industrial and manufacturing capacity for export.

h. Developing new export markets through conducting result-oriented, multi-disciplinary trading missions. In the last four years, AIEI has conducted trade missions to

- East Africa, Libya and Egypt
- Iraq, Iran, Kuwait
- Indonesia and Australia
- Philippines, Singapore, Thailand and Malaysia
- Saudi Arabia, Bahrain, Qatar and the UAE
- Foundry Trade Mission to the USA
- Two trade missions to China
- High level mission on trade and joint-cooperation to South Korea.

SAUDI ARABIA OFFICE - Group Marketing Venture: In order to tap the buoyant project exports market in the oil rich Saudi Arabia, the AIEI has opened a permanent office in Dammam to coordinate and channelise tenders for members of the Indian engineering industry. It serves as a reference point for Indian engineering industry in Saudi Arabia and represents a group of AIEI member companies. This is an attempt to promote the consortium approach.

INDO-BRITISH TRADE DIVISION: The ASEI Indo-British Trade Division which is being opened in London would aim at promoting Indo-British trade and industrial cooperation in general.

The principal objective of the Indo-British Trade Division is to establish inter-company contacts between U.K. and India for trade, collaboration and joint ventures in third countries. It would collect and disseminate information on all matters covering export-import, subcontracting, joint tendering, products and services available in U.K. etc., to the interested Indian companies.

The Division would work in close co-operation with Confederation of British Industry and India Pakistan and Bangladesh Association, London.

i. Representing members problems to Government and other concerned bodies.

j. Inviting overseas buyers to India and appraising them of the Indian engineering industries' capacities and capabilities.

k. Organising Seminars and Workshops on different aspects of Indian engineering exports.

28. In the past few years the Export Services Division has conducted Workshops on the following subjects:

a. Workshop on Exports, 1975
b. Workshop on Engineering Exports, 1976
c. Seminar on Engineering Exports to West Asia and North Africa, 1977
d. Workshop on Export and Import Policy, 1977-78
e. Seminar on Problems in Engineering Exports, 1978

Export Services Division also publishes:

a. The WANA Digest, monthly.
b. Overseas Opportunities.
c. Information on World Bank, IDA and ADB Projects

d. Third Country Projects.

e. Information of UNDP Projects

29. INDIAN ENGINEERING TRADE FAIR:

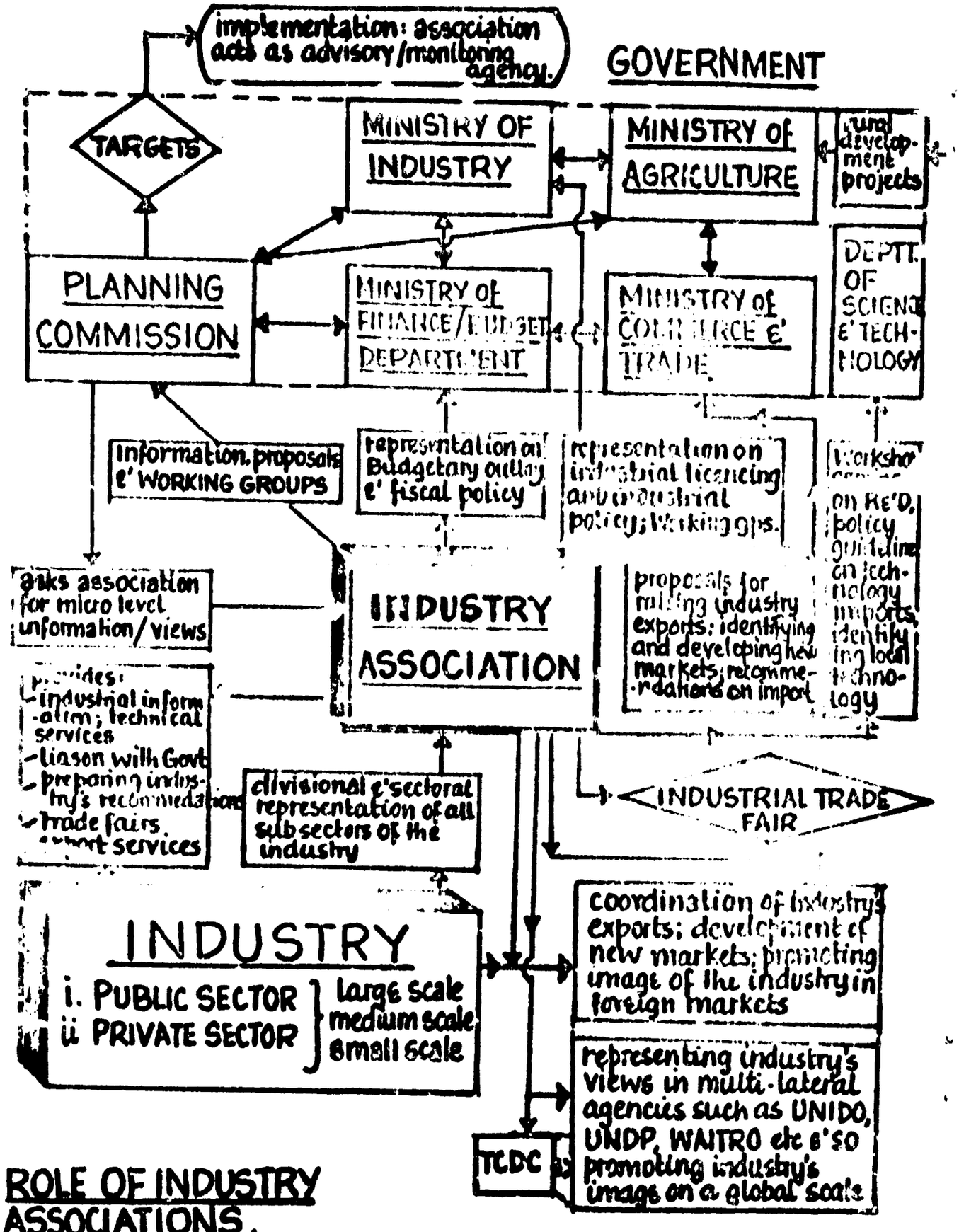
In order to promote Indian engineering exports, AIEI organizes the Indian Engineering Trade Fair (IETF) in Delhi during the month of February. This is now an annual event. In the last IETF, held in February, 1978, there were nearly 300 participants from the public, private and the small-scale sector; over 200 overseas delegates from 49 countries attended the Fair and seven International Agencies sent their technical teams. Business worth US$ 92 million were generated. A case study gives detailed reports of the Indian Engineering Trade Fair.

30. AIEI AND INTERNATIONAL DEVELOPMENT AGENCIES:

Since the Lima Declaration, the AIEI is committed to Technical Co-operation amongst Developing Countries (TCDC) and to enlarging the role of industry associations in bringing about a new economic order. AIEI is an active participant in UNIDO programmes - and the present seminar speaks for itself - and is also a member of the World Association of International Technological Research Organizations (WAITRO), and has participated in the WAITRO meeting in Amsterdam.

31. However, AIEI has been too actively involved in promoting Indian engineering industry to devote its full energies to the international sphere. Much more needs to be done and AIEI is committed to devote more of its resources in actively promoting TCDC.

32. TCDC, however, is a real concept, where too much has been said, but very little has been done. In the following section, AIEI proposes to outline some of the possible ventures which may help TCDC and free the developing countries from their seemingly eternal dependence on the developed nations.



ROLE OF INDUSTRY ASSOCIATIONS.

PART III : LIST OF ISSUES FOR DISCUSSION

1. This paper has attempted to briefly outline the organisation, services and the role of the Association of Indian Engineering Industry (AIEI) in relation to the Indian Engineering industry and the Government. Being committed to technical/economic cooperation it is suggested that this meeting of Engineering Industry Associations consider and discuss specific issues aimed at improving our understanding of the role of Industry Associations - and the organisational structure required - in fulfilling their pre-defined developmental role in both the national and global context. These issues are outlined below:

   (a) Firstly, there is need to clearly define the role of an Engineering Industry Association with respect to its members, the Government and the rest of the world. (It is, of course, clearly recognised that there can be no static role since industrial development is a rapidly changing situation and Industry Associations would have to constantly review, re-define and develop newer concepts and roles.)

   (b) Secondly, there is need to discuss the coverage of the Industry Associations in terms of (i) their membership and (ii) co-existence of public as well as private sector firms and large, medium and small industries within the Associations. Such heterogeneity would have to prepare Industry Associations to face special situations, challenges and problems.

   (c) Thirdly, the need for developing a rationalised structure for industrial representations and for avoiding multiplicity of organisations, duplication of efforts, and waste of resources. The Indian experience of two leading Engineering Associations merging into one apex body is an outstanding example of the benefits of such a rationalisation. Following from this, there is a need for outlining criteria for the recognition of Engineering Industry Associations both by Industry and the Government. Such criteria could cover factors such as staff strength and infrastructural facilities, administrative structure, management arrangements, membership strength, industry coverage etc.

   (d) Connected to the question of recognition criteria is the need to consider whether Industry Associations have a part to play in monitoring Government controls, implementing Government policies etc., in other words, taking on the responsibilities vis-a-vis industrial production and development. To this is linked the question of whether such organisations should be recognised by the law, and

thus enjoy special legal status hand in hand with consequent responsibilities.

(e) Financing and funding of Industry Associations and the problems connected with raising resources to match increased responsibilities. Should Industry Associations be totally reliant on membership support and funding or should they rely on Government financial assistance as well? The normal pattern for Industry Associations is to be self-reliant, but this need not be sacrosanct.

(f) The organisational structure of Secretarial manpower. Discussion on staff requirements, representation of different disciplines, need for staff training and development to equip the Secretarial staff to meet changing conditions and newer and more dynamic commitments.

(g) The structure and means of interaction between international agencies, particularly the UNIDO, and the Industry Associations. There is an urgent need to formalise and give concrete shape to these co-operation agreements.

(h) There is an equally urgent need to specify the form and structure of co-operation between the Engineering Industry Associations of different countries through exchange of information, personnel, delegations, statistics, etc. TCDC would be incomplete without closer interaction and co-operation between non governmental development agencies such as the Engineering Industry Associations. There is also need to consider whether a formal structure of co-operation should be established, and if so, what would be the coverage of such an organisation/ federation in terms of countries and continent participation, institutional arrangements, funding, scope of work, etc.

(i) Participants may also discuss the logistics of handling special projects, such as the Indian Engineering Trade Fair, which are of interest to an entire nationand which projects national industrial capabilities, technologies and bridges large information gaps internationally as well as within the country. Other such projects which meritattention and implementation by Industry Associations may also be considered.

AIEI Industry Divisions

1 Boilers & Unfired Pressure Vessels Division
2 Cold Rolled Steel Strips Division
3 Compressed Air Division
4 Electrical Installation Division
5 Erection and Construction Division
6 Farm Equipment Division
7 Foundry Division
8 Foundry Equipment Division
9 Industrial Furnaces Division
10 Industrial Gases Division
11 Industrial Valves Division
12 Instrumentation & Electronics Division
13 Metal Packaging Division
14 Mining and Construction Equipment Division
15 Railway Wagons & Components Division
16 Rubber Machinery Division
17 Shipbuilding, Repairing & Ancillaries Di ision
18 Steel Tubes Division
19 Sugar Machinery Division
20 Technical & Engineering Services Division
21 Transmission Line Division
22 Welding Consumables & Equipment Division
23. Industrial Knives Divn.

Affiliated Associations and Organisations

There are 36 Industry Associations affiliated to AIEI, each covering a particular industry :

1 All India Air Conditioning & Refrigeration Association
2 All India Automobile & Ancillary Industries Association
3 All India Electrical Motor Manufacturers Association
4 Association of Indian Automobile Manufacturers
5 Association of Merchants & Manufacturers of Textile Stores & Machinery (India)
6 Association of Small Tool Manufacturers
7 Bright Steel Manufacturers Association
8 Bucket Manufacturers Association of India
9 Cast Iron Spun Pipe Manufacturers Association
10 Cement Machinery Manufacturers Association
11 Central Mechanical Engineering Research Institute
12 Conveyor Equipment Manufacturers Association of India
13 Electronic Component Industries Association
14 Engineering Research & Development Association
15 Fan Makers Association of India
16 Indian Copper Information Centre
17 Indian Diesel Engine Manufacturers Association
18 Indian Electrical Manufacturers Association
19 Indian Lead-Zinc Information Centre
20 Indian Machine Tool Manufacturers Association
21 Indian Non-Ferrous Metal Manufacturers Association
22 Indian Pump Manufacturers Association
23 Indian Refractory Makers Association
24 Indian Wire Rope Manufacturers Association
25 Industrial Fasteners Association of India
26 Institute of Indian Foundrymen
27 Lloyds Register of Shipping
28 Machine Tool Traders Association of India
29 National Association of Consulting Engineers
30 Paper Machinery Manufacturers Association
31 Purchasing Officers Association of India
32 Steel Wire Manufacturers Association of India
33 Structural Engineering Research Centre
34 Tinplate Fabricators Association
35 Textile Machinery Manufacturers Association
36 Tractors, Earthmoving & Construction Equipment Distributors Association Ltd.

We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche

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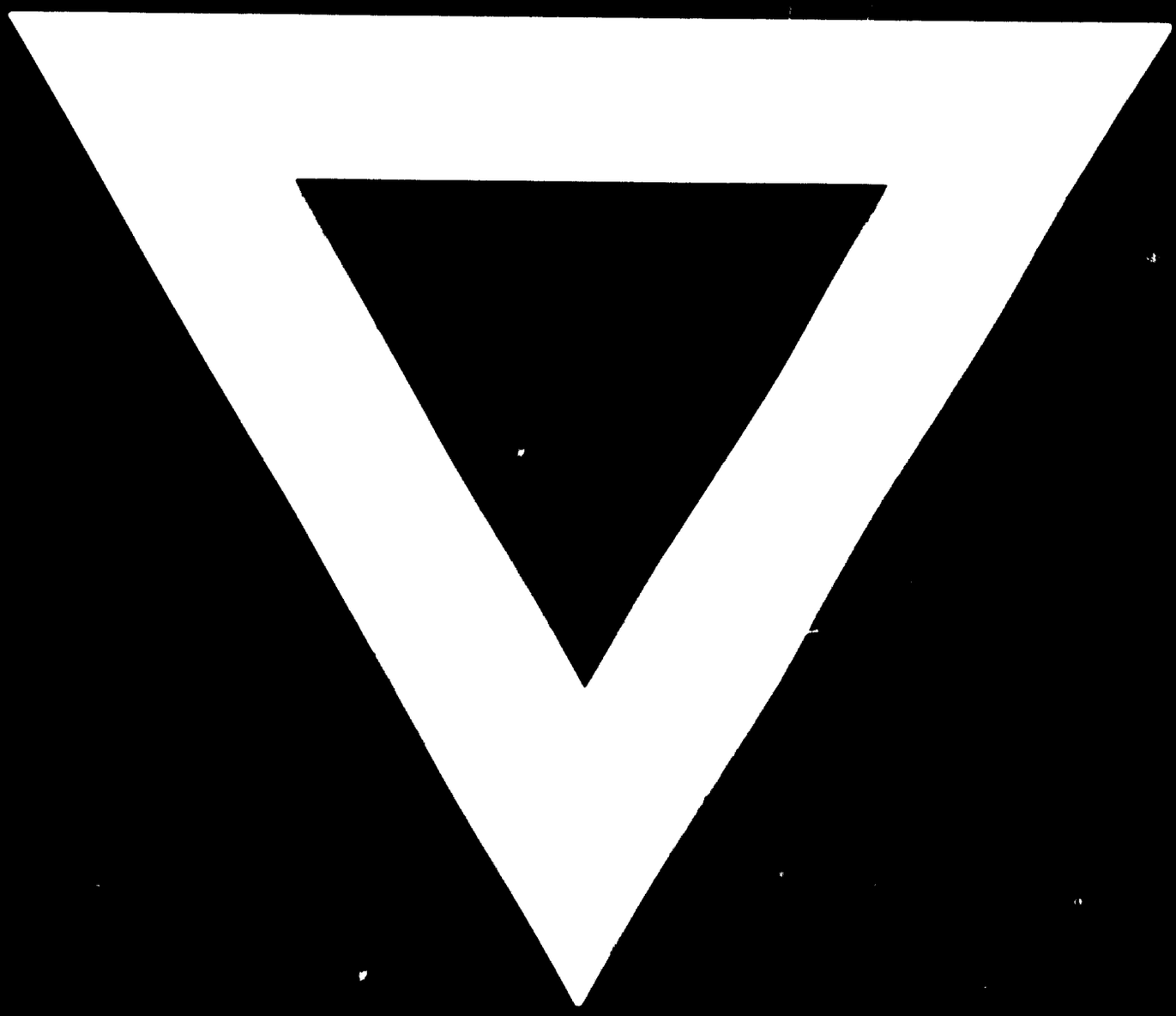

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