



**REPORT ON  
VILLAGE AND COTTAGE INDUSTRIES**

**NATIONAL COMMITTEE  
ON  
THE DEVELOPMENT OF BACKWARD AREAS**

**PLANNING COMMISSION  
GOVERNMENT OF INDIA  
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## SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

### 1. INTRODUCTION

1. For providing gainful and productive avenues of employment to the growing labour force and relieve unemployment and under-employment in rural backward areas, a massive programme of industrialisation in the shape of village and cottage industries would have to be launched. This assumes added significance in the face of limited opportunities in the agricultural pursuits and for putting a check to the large scale migration to urban areas. The dispersed character of the village and cottage industries facilitate the utilisation of scattered resources, of the rural backward area.

(Para 1.3)

### 2. PRESENT STATUS AND PROBLEMS

2. In the context of backward areas development, because of the various inherent limitations to the growth of the organised industries sector in these areas and because of the insufficient potentialities of agricultural development and the migration to urban areas where opportunities are already limited, the importance of the unorganised sector is significant. In addition, on account of the predominantly rural character of the backward areas, the promotion of village and cottage industries assume a very significant role.

(Para 2.4)

3. In our economic situation, with scarcity of capital and abundance of labour, our choice naturally has to be biased towards techniques making use of capital-saving or labour-intensive techniques. The techniques chosen need to take full cognisance of spread effect, need to protect employment, enhance productivity, develop skills and meet the needs of local consumption. However, in any such adoption, economic viability needs to be in the forefront.

(Para 2.13)

4. Efforts should be directed towards upgradation of technology so that the artisans move out of their poverty trap at the earliest and their dependents enjoy ever increasing living standards.

(Para 2.14)

5. The criterion of economic viability does not mean that subsidies can be dispensed with. Subsidies will be necessary to expand village and cottage industries particularly in the earlier stages.

(Para 2.15)

6. In the existing set up for the unorganised sector the available technology is not fully utilised, productivity is quite low and much of the value added is syphoned off by exploitative middlemen.

(Para 2.27)

7. The practical course is to introduce modernisation of techniques and improve the skills and make the worker capable of enhancing his productivity and his earnings so as to enable him to meet at least the basic necessities of life and come out of the clutches of poverty within reasonable time.

(Para 2.27)

8. The artisan himself finds against odds at each level of his operations, be it the purchase of raw materials, the marketing of the products, the arrangement of credit, access to institution cover, etc. His weak sustaining and bargaining power is exploited by all and sundry, naturally to his utter disadvantage.

(Para 2.27)

9. It is not enough that the value added is improved, but that, a larger portion of it reaches the worker.

(Para 2.27)

10. There is a pattern of regional concentration in various household industries because of the historical growth process.

(Para 2.28)

11. The statistical picture of employment in household industries shows an alarming decline even after allowing for definitional changes. Backward areas will be the natural victims of this decline where their ability to attract modern industry, which replaces many of these declining activities, is limited. Hence protection and promotion of village and cottage industries becomes an important element in any strategy for backward area development.

(Para 2.38)

12. Public policy must take into account the low level of earnings and the exploitation in this sector. Hence policy must be directed not merely at preserving these industries but at upgrading them in terms of technology so that earnings of artisans can be pushed above the poverty line.

(Para 2.38)

### 3. ORGANISATIONS OPERATING IN THE FIELD OF VILLAGE AND COTTAGE INDUSTRIES

13. Khadi and Village Industries Commission (KVIC) is the premier organisation charged with the responsibility of developing and promoting cottage and village industries. The other important organisations concerned are All India Handloom Board, Central Silk Board, All India Handicrafts Board and Coir Board.

(Para 3.1)

(ii)

14. The organisation structure of KVIC suffers from certain deficiencies. The prime among these are lack of proper coordination between the KVIC and the State Board, lack of involvement of the State Government in the programmes of the Khadi and Village industries, the fact that the majority of the field level agencies are not appropriately equipped and KVIC has been able to cover through its programmes only a small number of artisans.

(Para 3.10)

15. Organisations like National Small Industries Corporation, Forest Corporations and the like have also been contributing towards the meaningful development of village and cottage industries.

(Para 3.36)

#### 4. THE STRATEGY OF DEVELOPMENT OF VILLAGE AND COTTAGE INDUSTRIES.

16. The basic expectation in the Plans is to develop the Village and Cottage Industries so as to provide greater and more remunerative employment to the increasing number of labour participants that the population increases is throwing up. The stated objective has not been achieved. The reason is not far to seek. The problem has not been studied in any depth and remedies have not been sought.

(Para 4.1)

17. Village and Cottage Industries, except handlooms, sericulture, handicrafts, coir, minor forest produce, etc. have been treated as, more or less, the preserve of the Khadi and Village Industries Commission. Having given them the franchise, nobody else appears to have taken any significant steps to enable the Commission to fulfil its role or complement its work by their own efforts to develop the sector.

(Para 4.2)

18. The Khadi and Village Industries Commission has been suffering for long years by a running controversy on the limits of mechanisation. The arguments continue. Meanwhile the number of those seeking a living in this sector is obviously dwindling.

(Para 4.2)

19. In the running controversy over how much labour intensity is to be maintained and how much mechanisation is to be allowed, the artisan is being forced to continue the traditional labour intensive approach which involves drudgery, sometimes of the entire family, with a small return in value added for the time employed.

(Para 4.3)

20. On the question of flight of artisans from their traditional pursuits one can venture a good guess that the processes involving drudgery without adequate returns, act as the basic retarding force. If this tendency is to be reversed, such processes will have to be suitably mechanised.

(Para 4.4)

21. The Committee has no hesitation in recommending that the primary approach in the strategy should be to evolve a suitable mix of the manual and the mechanical for each of the traditional industries so that those parts of the operation which involve heavy drudgery and expenditure of time, without adequate value added for the time spent, are suitably mechanised. Thereby, the artisan and his family can use their time better in those parts of the process where their skill comes into operation and the return in value for time spent is reasonable and at least a living wage is assured. It is this intermediate technology, wherein skill is retained and upgraded, which has got to be developed consciously and quickly. The Committee recommends that this should be the key strategy for reversing the diminishing returns in employment from this sector.

(Para 4.4)

22. It is the fashion for any body supporting village and cottage industry to add almost invariably as a rider that the approach should be labour intensive and mechanisation should be frowned upon. The Committee wish to point out that the justification for village and cottage industries is not only the employment generation but the resultant improvement in quality of the consumer goods thereby produced. This is the most significant factor which distinguishes the artisan production from the machine made uniformity and gives the greater justification for this sector to survive.

(Para 4.5)

23. The present position is that the artisan spends a lot of his time in drudgery and repetitive operations which can well be performed by machines thereby making time for putting in the skill in the finishing of the goods and enhancing the quality aspects. If this can be achieved without putting people off the industry, it will be the right strategy.

(Para 4.5)

24. The Committee wants to emphasise that those talking of labour intensity do create an impression in the field workers that mechanisation of any sort is a taboo. There has to be greater precision in what we mean.

(Para 4.5)

25. Because of the drudgery and the low return for the time spent, village and cottage industries are fast losing their attraction for not only the present generation of artisans but preventing the new generation from seeking a livelihood in this sector.

(Para 4.6)

26. In case drudgery and fatigue are suitably reduced and the production becomes available in larger quantities, the absorption of the products would depend on the viable growth impulses generated in the economy. The perspective indicates hope on that front.

(Para 4.7)

(iii)

27. If the quality of the finished goods is improved and the necessary policy supports for the village and cottage industries are introduced, there is no reason to fear that this sector cannot find its due share in the commodity markets.

(Para 4.8)

28. Intermediate technology of a suitable mix will have to be introduced immediately if we are to reverse the present tendency of deterioration in the sector. The approach is not only economically justifiable from the employment angle but also imperative for survival of the sector.

(Para 4.8)

29. Within the framework of the growing economy, the increasing demand for consumer goods would involve many new articles of consumption. This segment of the demand can safely be syphoned off to the sectors of production using intermediate technology. These new lines of production opportunities will certainly attract the younger generation who may not like to pursue the traditional line but accept greater mechanisation which gives them better earnings.

(Para 4.9)

30. The broad support required is as follows:—

- (a) Continuous updating of the technology and moving towards higher productivity per unit by supporting research and development of intermediate technology which has low capital/output and capital/labour ratios;
- (b) Providing the training, design and market intelligence organisations so as to change the production lines from those for the purely local market to those can develop larger markets;
- (c) Developing the necessary markets organisations to collect and market the produce on a fair commission basis;
- (d) Raw material supply for the industry at a fair price in small lots so that the enterprise need not have to invest large sums in inventories;
- (e) Improvement of the tools of the trade so that the artisan is able to get the best tools that the latest technology can provide;
- (f) Finding the necessary credit for the individual and the area to make the entire organisation work.

(Para 4.12)

31. The KVIC has grown over more than twenty years and developed its own inertia. In the judgement of the Committee any drastic changes in the working of this organisation will take a long time to be effective. As time is an important factor in the problem, the Committee is certain that beyond enabling the KVIC to play a more effective part, the main responsibility for rapid development of this sector has to be squarely placed with the State Gov-

ernment. The role of the All India Boards can only be complementary as they lack field approach.

(Para 4.14)

32. The question of satisfying the preferences of the ultimate buyer of the products needs specific focus and attention through the development of designs, patterns, input supply, standardisation and marketing.

(Para 4.15)

33. Steps have to be taken to evolve urgently the structure for carrying out the intermediate technology on a crash basis. There has to be a clear division of the research responsibility and a coordination structure for bringing the scientists and technologists and the users together for development reporting, monitoring of performance and extension to the field for effective solutions.

(Para 4.16)

34. A rapid change of equipment, technology and training of the millions of artisans in the field to enable them to utilise the technology requires a vast hierarchy of field level experts supported by a pyramid of higher expertise and a large number of training units and organisations.

(Para 4.17)

35. The Committee suggests that in the Sixth Plan we may concentrate on the following industries:

Food and tobacco products; edible and non-edible oils; beverages; textiles (khadi, cotton handlooms and manufacture of garments); leather, footwear and repair of footwear; major carpentry sectors; ferrous; non-ferrous metals; major items of production in non-metallic mineral products; sericulture and tassar culture; carpet making and woollen garments.

(Para 4.17)

36. Even within the selected industries, there is a need for selectivity in groups for development. The production units in village and cottage industries are generally family units with the following basic requirements:—

- (a) Getting raw material in small quantities at a fair price in small lots through out the year so that the investment in inventories is minimal.
- (b) Getting technical guidance in new technology and maintenance of this equipment at fair rates and promptly.
- (c) Prompt marketing of his goods so that he can rotate his funds for raw material purchase and also meet his consumption needs by the value added.
- (d) Getting the necessary credit at fair rates of interest for all these operations.

(Para 4.18)

(iv)

37. What is wanted is a covering organisation which can perform these functions for the individual family and replace the money-lender-trader by a helpful and effective organisation. Such a covering organisation must also be economical.

(Para 4.18)

38. The strategy should concentrate on a group approach for each of the selected industries.

(Para 4.18)

39. The service unit for the group will have to be located at a convenient centre within the area.

(Para 4.19)

40. The basic strategy suggested by the Committee involves three crucial elements: first upgradation of technologies to ensure using standard and quality production, second a covering organisation to provide the required support for raw material supply, marketing, credit and technology and third a group approach to ensure viability.

(Para 4.20)

41. The Committee would like to focus attention on the utter lack of a machinery to transform policies into effective action. The need for an effective thinking and acting centre analysing the parts for action and for further policy decisions is very desirable. This body should not involve itself in the execution but be a Brains Trust.

(Para 4.20)

## 5. RAW MATERIALS

42. Whatever be the covering organisation assigned with the functions of buying and holding the stocks for dispersal, it is necessary to make suitable institutional arrangements for finding the needed funds on a priority basis at favourable rates of interest.

(Para 5.5)

43. The policy and operational framework for provision of raw materials to the whole lot of artisans, dispersed over wide areas, is not in tune with the requirements. As at present, hardly any regulation exists whereby the raw materials trade is obliged to make available to the artisan, even the locally available raw materials, at reasonable prices. Price to the artisan is most important and it has to be viable. The Committee would like to stress this aspect of the problem.

(Para 5.15)

44. The wide dispersal of artisans and their weak financial position necessitates that their small requirements of raw materials need to be made available at the needed time and at their doorsteps.

(Para 5.16)

45. At the grass root level, it is desirable for a start to provide raw materials to the artisan through the proposed Group Centre Approach.

(Para 5.17)

46. The Group Centre would help the proposed IDPA (Integrated Development Project Authority) in assessing the detailed requirements of various raw materials and in also subsequently checking on the proper use of the raw materials.

(5.17)

47. The Group Centre would be the effective delivery point for the supply of raw materials to the individual artisans. The supply of raw materials to the Group Centres would be from the district level agencies.

(Para 5.17)

48. At the district level, the Committee recommends the formation of a DSMS (District Supply and Marketing Society) which would be given the responsibility for the procurement of the raw materials.

(Para 5.18)

49. DSMS is to be run on a commercially viable basis.

(Para 5.18)

50. The credit requirements of DSMS can be met through commercial and cooperative banks. State Governments can help by providing appropriate margin money and treat the same as a development expenditure.

(Para 5.18)

51. DSMS should keep a proper rapport with DIC for optimal use of facilities.

(Para 5.18)

52. The Committee recommends the utilisation of the services of LAMPS by DSMS.

(Para 5.19)

53. The activities of DSMS would be hampered without a suitable link up agency at the state level. The Committee recommends that this state level agency be called SRIDC (State Rural Industries Development Corporation) and be responsible for handling all the raw materials problems of the village and cottage industries.

(Para 5.20)

54. Village and Cottage Industries and also the small scale industries suffer from the shortage of raw materials supply at reasonable prices. As such the Committee recommends that a common organisation should handle the raw materials problems at the district and state levels.

(Para 5.21)

(v)

55. The Committee recommends that requirements of village and cottage industries get the priority treatment and should become the first charge in that no cut be made in the amounts needed by these industries.

(Para 5.22)

56. The district and state level organisations would take sometime to develop. Meanwhile in some industries like Khadi, Handloom etc. some system of raw material supply already exists. The Committee would recommend that these systems should be continued and streamlined till the effective coming into being of the proposed organisations.

(Para 5.23)

57. The Committee recommends that in case of forest based raw materials, the forest department should be responsible for delivering the materials at royalties plus transport to the DSMS from the nearest departmental depot, at the needed points.

(Para 5.24)

58. The Committee recommends the continuous monitoring of the process of availability of raw materials at the field level and its proper utilisation in production.

(Para 5.25)

## 6. MARKETING

59. The essential element of mass marketing is that items demanded by the consumer should be available where the consumer demand exists. This necessitates having a wide network of retail outlets. Such networks as are available through the outlets of KVIC, handicrafts and handloom boards, super bazars etc. are very limited and are hardly in tune with the requirements.

(Para 6.8)

60. There are many reasons for poor efficiency in the existing marketing arrangements, more important being the inadaptability of the production to the needs in terms of attitudes, tastes and preferences of known markets; lack of quality control and non-standardisation of the product, limited size of local exploitable market; competition from the organised sector or substitute products; lack of market intelligence and lack of constructive advertising.

(Para 5.10)

61. The artisans are, by tradition and circumstances, production-oriented and not market-oriented.

(Para 6.10)

62. The marketing of village and cottage industry products has to reflect modern trends. The marketing system for village and cottage industries must be as equally organised and sophisticated as that in the organised sector.

(Para 6.13)

63. The village and cottage sector must produce a product which in designs, quality and price can compete with organised sector output.

(Para 6.14)

64. The product must be available where and when the consumer normally purchases it.

(Para 6.15)

65. For each product a strong brand image should be built up and projected through advertising in mass media and other promotional measures.

(Para 6.16)

66. To give a boost to marketing, a link up between the supply of raw materials and marketing should be maintained.

(Para 6.20)

67. Broadly, it may be assumed that an assurance of lifting 50% of the product from the artisan would give him great relief. The balance of the 50% may be left to him to meet his own personal needs and for marketing to the demand of his clients in the local markets at hand.

(Para 6.20)

68. Identification of markets, other than the local, would obviously have to be entrusted to some agency. At the district level the function can be rightly undertaken by the DSMS.

(Para 6.21)

69. The proposed agency at the State level viz. State Rural Industries Development Corporation would be the right agency to undertake the functions at that level.

(Para 6.21)

70. The Committee has elsewhere recommended a separate raw material and marketing organisation to cover village and cottage industries. For technical support and training, other organisations of a hierarchical nature starting from the group unit have also been recommended. If these recommendations are accepted, the role of the rural marketing centre will be purely one of maintaining a suitable display and marketing centres at the urban level for all types of village industries. The Committee would recommend that the operation of the RMC may be limited to this particularised service for the village and cottage industry.

(Para 6.22)

71. The Committee would recommend that all existing structures should become multi-disciplinary centres and sell such other products which can be profitably handled. But for the products of other organisations and other group units covered by the marketing chain, the rural marketing centres should preferably act as agents for sale.

(Para 6.23)



72. The responsibility for maintaining quality of goods, studying the consumer market and putting in the right type of goods at the urban centres should be the responsibility of the DSMS where intensive development is contemplated.

(Para 6.23)

73. Where new rural marketing centres have to be developed, it is desirable that from the beginning they are developed as multi-commodity display and sales centres. They should be placed squarely under the DSMS.

(Para 6.24)

74. The Committee wants to make it clear that one sale centre in an urban market may not be enough for pushing the entire production of village industries to market. Existing private retail shops should in any case be fully brought in the chain of distribution.

(Para 6.24)

75. The artisan at present not being able to hold back the goods has to go to the middleman trader who does the effective distribution for the festival seasons. The marketing organisation will have to take over this important role.

(Para 6.25)

76. Strategy of marketing cover must have facilities for storage to keep goods in condition till the festival season and push the wares in the ready markets.

(Para 6.25)

77. A suitable linkage with Government purchases can yield an assured market for the produce of the village and cottage industries.

(Para 6.26)

78. The artisans wares will be accepted by the marketing organisation only if it fulfils the basic standards laid down for the goods by the organisation. There should be no compromise in this matter.

(Para 6.27)

79. The Committee suggests that a neutral body for resolving disputes about quality may be set up, by DIC for each district comprising of technical experts who will be relevant to the problem. The decisions of these technical groups will be binding on both parties.

(Para 6.27)

80. To push the goods and clear the goods quickly from stocks and enthruse the artisan to produce more, the strategy should be for a lower price during the off-season.

(Para 6.28)

81. There has to be some organisation which studies the market patterns and changing tastes and then prepares the specifications for new types of goods that have to be produced. This responsibility can be spread between the Central Government and the State Governments. The district marketing organisation and the state marketing organisation can draw the standards for purchase of goods from the artisans on their assessment of the market.

(Para 6.29)

82. The whole focus to the development of village and cottage industries need to be market-oriented and commercial and not sheer production-oriented, and should ensure fair wage to the artisan.

(Para 6.30)

83. The Committee recommends that in the initial stages marketing through advertisement will have to be a service to be rendered by the State organisations for the development of village and cottage industries. A subsidised service for this purpose will be fully justified. This of course will have to be linked up with the capacity of the chain of organisations to produce the quality and quantity required in the market.

(Para 6.31)

84. If a proper marketing strategy is evolved, it should be possible to sell the products of village and cottage industries in new and distant markets in the country. The States will have to take the initial lead in developing such covering organisations for the industries most prevalent in the State. The Centre's contribution will be provision of marketing intelligence, training institutions, design development and suitable guidance to the States in improving their marketing strategies.

(Para 6.32)

85. Many products of the village and cottage industries are finding special markets in foreign countries and Committee recommends full tapping of such potential markets.

(Para 6.32)

## 7. TECHNOLOGICAL DEVELOPMENT

86. The Technological Development in the Village and Cottage Industries need to be geared to

- (i) enable the artisan in every village industry to avail of the technological developments already made and the improved equipment that is available;
- (ii) improve technology in order to mechanise such portion of the production chain in each industry which involves substantial drudgery and in return gives very little recompense in money for time spent; and
- (iii) find out intermediate technology with greater mechanisation of certain common services in

(vii)

the production chain so that the production unit of the artisan adopting the system and supported by the necessary cover can improve his productivity. The minimum aim in productivity increase per unit is suggested as a quadruplicate increase before the end of the century and the maximum that can be absorbed in the economy has been shown to be as much as 16 times.

(Para 7.6)

87. A close look at any village industry with a view to developing the technology will show that the problem is a multi-disciplinary one. There are very few technological research centres in the country which can handle a multi-disciplinary problem. The national laboratories mainly are unidisciplinary bodies though a few of them have got the capacity in particular sectors to look at more than one discipline. It is necessary first of all to identify the various national institutes and research and technology bodies which can support the intermediate technology development for village and cottage industries. This can only be done at the national level. This postulates a national organisation which can study the basic problem and identify the necessary institutes. Having done this, the problems and suggestions that come up from the field from the various technical groups will have to be analysed and direction given to the research and development programme in each of the village industries.

(Para 7.12)

88. The experience in the field of KVIC and others shows that even though the equipment has already been designed which improves productivity of the artisan and the artisan is prepared to accept the equipment and there are provisions for training, there is no structure for producing the new equipment and supplying them in large quantities. A suitable organisation will, therefore, have to be developed for assessing the demand and farming out the work.

(Para 7.13)

89. The equipment needed by the artisans can be produced at different levels. In some cases the production at the level of individual artisan or a group of artisans may be possible. In others, the production may have to be assigned to small scale and medium scale sector of the industry. Yet in some other sectors, like leather technology, the desirability of producing the machines in the large scale sector may be necessary.

(Para 7.14)

90. For each of the three stages of the development of technology indicated, the artisan has to be trained for adopting the improved technology.

(Para 7.15)

91. Most of the technicians are not fully aware of the technology improvements that are going on in their sectors. There has to be an organisation for suitable inservice training for such technicians and technologists.

(Para 7.16)

## 8. TRAINING

92. Under TRYSEM, each district in the country should have at least one composite training centre.

(Para 8.18)

93. New training centres of the composite type need to be set up in remote and inaccessible areas, hilly and tribal areas on a priority basis.

(Para 8.19)

94. Financing of training infrastructure, whether old or new, should be done on 100% basis by the Central Government. This is the only way we can build up at least one well-equipped composite training centre in each district of the country to meet the very large demand that the recommendations would entail for centres to be located in remote and inaccessible areas, hilly and tribal areas, and areas predominantly inhabited by members of the scheduled castes.

(Para 8.20)

95. For course of less than one month's duration the stipend should be fixed at Rs. 5 per day.

(Para 8.21)

96. For all training programmes, the cost of travel to and from the training institution should be allowed to be funded from the scheme.

(Para 8.22)

97. Training patterns under different Ministries should be treated as patterns approved under TRYSEM also. Expenditure on such trades should be allowed to be incurred according to such pattern.

(Para 8.23)

98. Provision of an improved tool kit is one of the important factors in raising the productivity of a rural artisan. TRYSEM has no such provision. It is recommended that this crucial element should be built in as integral part of the scheme.

99. Provision of subsidy needs to be made for TRYSEM projects to be launched on a cooperative or community basis.

(Para 8.25)

100. There is a need to include training of trainers or for strengthening the infrastructure relating to trainers' training institutions.

(Para 8.26)

101. It is necessary to subsidise the interest rate, so that the effective rate charged from the rural artisans does not exceed the DRI interest rates.

(Para 8.27)

(viii)

102. There should be appropriate schemes for share capital participation in rural industries marketing, setting up of rural marketing and service centres and improvement of village mandies and haats.

(Para 8.28)

103. The introduction of existing technology and the best equipment available has to be made to lakhs and lakhs of artisans in the country. Obviously, our usual methods of training centres will not answer the situation. The Committee, therefore, recommends that the approach should be to select master artisans in the industry who are acquainted with the equipment and the technology to be located in each group under the group approach for training the artisans in the group over a period of time by peripatetic handling. The Committee would suggest that the approach may be for the master artisan to first of all demonstrate the available technology with the best equipment possible at the growth centres of the group.

(Para 8.39)

104. Each of the apex organisation responsible for selected village industries should pay attention to first of all identify the technology and the equipment that is now available and pursue pilot project of master artisan training of groups of artisans and establish the necessary norms.

(Para 8.39)

105. The introduction of mechanisation to avoid drudgery will have to be on a common basis for those parts of the operation preferably at the group centre or in a number of suitably located centres within the group. The artisans to handle these machines will have to be trained at common training centres.

(Para 8.40)

106. The master artisans selected on the basis of the existing technology are to be first trained in the new equipment and then used as the guide on a peripatetic basis in the groups selected for the introduction of the new technology. In the initial stages, this will have to be done on a pilot basis and then the future master artisans for training can be identified within these pilot groups and sent for training to other areas.

(Para 8.41)

107. All the group technicians should be suitably trained in the existing technology and further trained in the intermediate technology which may be developed from time to time.

(Para 8.42)

108. Higher levels of technicians and administrative staff will have to be given management and familiarised with marketing practices etc. All this will have to be in various training centres which will have to be identified by the DICs with the help of the State authorities.

(Para 8.43)

109. If backward areas have to be developed, artisans may have to be developed in new areas wherever the need exists or the raw materials exist. For this, the Committee would suggest that the group approach would be the right approach for this training. Wherever the new skill is to be introduced, a group of artisans should be selected and their training should be undertaken at a common training-cum-production centre.

(Para 8.44)

110. The training centres and the use of training-cum-production centres should be ultimately adapted to the requirements of the particular situation.

(Para 8.44)

111. The TRYSEM scheme for training unemployed rural educated youth is suitable for adoption to the training programmes for village industries.

(Para 8.45)

112. The various facilities given in TRYSEM scheme for training centres, trainers, subsidies for artisans, supply of equipment and allowance for wastage should be suitably adapted to each of the village industries and the scales suitably fixed in detailed consultation between the apex organisation for the industry and the Ministry running the TRYSEM programmes. The Committee would suggest that once this is done, the TRYSEM scheme should be automatically extended to such groups under the village industries training programme.

(Para 8.45)

113. The Committee would point out that once the training and the equipment is passed on to the artisan, he becomes a self-employed unit with much higher level of productivity and is, generally, able to go above the poverty line. The nation's expenditure on the training of one such artisan is a very small amount considering that we are achieving the national objective of putting the family above the poverty line.

(Para 8.46)

114. The Committee recommends that it may be desirable to bring into the training system the whole family in the house through peripatetic master artisan approach.

(Para 8.47)

## 9. ORGANISATIONAL STRUCTURE

115. For each of the selected industries, the State will have to establish a Technical Hierarchy whose task will be to:—

- (i) Provide technical support to the artisans in the Group Centre for the known technology and also organise the change over of the artisans to the equipment and accessories, established and already introduced in the known technology, on a time phase so as to cover all the artisans in the Group Centre within a decade;

- (ii) organise the upgradation of the training of the artisans in the Group Centre to enable them to qualify and adopt the innovations established for his benefit and to organise the training of the artisans in such established and new technologies, wherever necessary;
- (iii) ensure the quality of the production in the Group Centre in accordance with the standards and specifications laid down for the marketing through the field technicians and supervision of higher staff;
- (vi) draw up standards and specifications to ensure the above concept and also introduce quality certifying arrangements through the District Industries Centre or such other alternative organisations as might be set up;
- (v) advise on product and design development and provision of adequate support towards this;
- (vi) establish pilot schemes and provide technical supervision for the introduction of intermediate technology, already established and tested;
- (vii) advise the research and development organisation at the Centre on the various operations in the industry in the present technology which entail drudgery and call for suitable mechanisation of the operations; and
- (viii) wherever a new technology has been established for the mechanisation of the drudgery part or other improvements, introduce the same through a common service organisation at the Group Centre.

(Para 9.4)

116. Except in Handlooms, and to some extent in Sericulture, such a hierarchy does not exist now. Each state will have to organise their own hierarchies. The State level group will have to be highly trained so that the technical and training aspects can be covered adequately. Depending on the number of group centres, identified and covered in a selected industry, and its spread thereof, intermediate level or levels of technical support to the field level expert will have to be spelt out. In the initial stages, when the number of group centres in selected industries is not large, the State may make use of the common hierarchy for these industries.

(Para 9.5)

117. The Committee would strongly recommend that there should be a Directorate of Rural Industries in each State which should have a technical hierarchy, and also provide market intelligence and support for marketing in the state as well as outside the state. Whether there should be only one Directorate of Rural Industries covering all cottage, village and small industries relevant to the rural industries is a matter which is left to the state to decide keeping in view the requirements of the workload.

(Para 9.6)

118. Whatever be the set up, it would be essential to ensure that the proposed Directorate of Rural Industries or such other Directorates as States may like to continue should have necessary linkages established with the existing national organisations, wherever available.

(Para 9.6)

119. It would also be necessary to have some sort of technical support at the District level as it would not be possible to reach the Group Centres and provide the necessary technical cover in the field directly from the Headquarters. How it should be done is best left to each State to decide. The Committee would only suggest that the existing organisation of District Industries Centre or any other organisation which may be set up in lieu thereof or in a modified form should perhaps provide the nucleus at the District level to provide the support in the field which should trickle down from the State level technical hierarchy.

(Para 9.6)

120. The National Committee in its report on "Organisation of Administrative and Financial Structures in Backward Area Development" has recommended a comprehensive area development approach in backward area with emphasis on improvement of productivity and earning capacity of each family, promotion of new activities to absorb the surplus labour power of the poor households, training of traditional workers in improved technology and training of younger household members to undertake new activities. The proposed integrated development project authority would be responsible, among other things, for planning, direction and monitoring of all programmes in the project and blocks within its jurisdiction. All officers in the project which should include an Industries Extension Officer in the Block and an Industries Development Officer in the Project Team, would be directly under the day to day administrative control of the Chief Executive Officer of the Integrated Development Project Authority. The Group Centre approach for the development of village and cottage industries as well as a 'focal point' concept for services which would be an integral part of rural development, will be directly under the overall planning, coordination and supervision of the Integrated Development Project Authority. Actual implementation of programmes will be vested with the technical hierarchies for the various industries.

(Para 9.7, 9.8, 9.11)

121. The proposed Group Centre would be an integral part of the Integrated Development Project Authority for planning, administration and monitoring. It would, of course, have the group technician incharge of each Group but the same would function under the overall control and direction of the IDP authority. The technical control of the Group Technician will be with the relevant technical hierarchy in that State.

122. The relation between the IDP Authority and the technical hierarchies will have to be closer than that between a Department and the Authority.

123. The Committee would strongly recommend that the availability of an Industries Extension Officer at the Block level is integral part of the entire approach and that this post, wherever it does not exist at present, must be provided immediately.

(Para 9.12)

124. The Committee suggests that whereas in the fundamentally backward areas their recommendation for an integrated project approach is necessary, in the other areas the project support can be organised conveniently for each industry at a suitable area level which may be different for different industries. This project level organisation will be fed by the Block Industries Extension Officer who is now a necessity in each Block. The District organisation is anyhow common to both fundamentally backward blocks and other blocks.

(Para 9.14)

125. The Committee suggests that where the KVIC has already got a group centre in operation, they should take the responsibility for expanding the group sufficiently to make it viable and absorb more and more artisans in their group. The KVIC approach is multi-industrial and we should not lose this good point in our approach to rural industrialisation.

(Para 9.15)

126. The Committee expects that the KVIC will be enabled to start a number of group projects in new areas through suitable voluntary groups and cover them with their organisation. Such groups will naturally be multi-industrial with khadi as an essential element.

(Para 9.15)

127. The Committee feels that the marketing cover of the KVIC for village and cottage industries at present is very modest and if they seek to organise this structure for raw material and marketing cover for all the old and new groups they will handle, it will be a long time process. The Committee will, therefore, recommend that the KVIC should accept the raw material and marketing cover being developed by the State in its operations. Only khadi will be their special privilege as nobody else has the expertise.

(Para 9.15)

128. The Committee recommends that the officer(s) dealing with village and cottage industries in the District set up should be member of Executive Committee of the District Supply and Marketing Organisation. Further, it may be judicious to keep the DSMS as a society registered under the Societies Registration Act and to keep the Board of such a society as a managerial expert group with a General Manager and a Group of Experts including the Officer dealing with village and cottage industries of the District Industries Centre, the Chief Executive Officer, or his nominee, of the IDPA, in the District, representatives of the credit institutions, preferably the Lead Bank and the Cooperative Banks. The Collector should be the Chairman of the Society. He can then bring in the co-ordination at the integration level.

(Para 9.22)

129. Till the DSMS and SSMS are organised and start working in all the districts smoothly, it is obviously not desirable to immediately transfer the raw material supply responsibility of the KVIC, Handicrafts Board and the handloom organisation to the DSMS or the SSMS. Ultimately, one organisation handling raw material supply at the decentralised level of the district and group will be the most economic and it is desirable to work for this objective. The transition from the existing organisations to the common organisation will have to be worked out in each State according to the competence developed in the DSMS and SSMS. The Committee is, however, clear in its mind that khadi being a specialised item will continue to be handled by the KVIC.

(Para 9.23)

130. The technical hierarchy for each industry has to assess the requirement of equipment and accessories for their time phased programme of improving the quality and quantitative productivity in their industry. The Committee recommends that this hierarchy should be responsible for assessing the demand and placing the demand with firm orders on a time delivery basis with the District Supply and Marketing Society. This Society with the help of District technical hierarchy should organise the industries in the district which can manufacture the requirements.

(Para 9.37)

131. The Committee recommends strongly that the TRYSEM scheme should cover artisans and technicians even if the trainees are drawn from existing artisan groups.

(Para 9.45)

132. On the organisation side, the Committee recommends the following types of training:

- (i) the group technicians to be trained in management practices.
- (ii) the Block Industries Officer to be trained in the general problems of Village and Cottage Industries and Organisation.
- (iii) The staff of the DSMS at various levels to be trained in the intricacies and art of marketing and managing raw-material inventories.
- (iv) The higher level experts in technology and administration in District Technological Hierarchies, IRD, State level planners and managers, to be trained in group education like the one followed for Command Area Development so that each understands his role in the common task.

Items (i) and (ii) above can and should be organised by the District Organisations. Item (iii) will have to be organised by the State in Marketing Management institutions. Item (iv) will also have to be organised by the State in Management Institutes and the like. The Sixth Plan at present does not contain the necessary provisions for this large scale training programme either at the Centre or at the State. The Committee recommends that the dimensions of a workable programme should be assessed and the problem settled

(xi)

between the States and Centre by suitable allocations every year in their plans.

(Para 9.46)

133. The Committee suggests that there should be a National Board of Research and Technology for the Development of Rural Industries which should be set up as an autonomous organisation on the same lines as NCERT, etc. The functions of this Board should be:—

- (i) identify the lines of research to be followed for the various Village and Cottage Industries in avoiding drudgery and bringing in a suitable intermediate technology to improve quality and more than quadruple the output per artisan.
- (ii) Farm out the items of research so identified on a priority basis to the Research Institute who can be expected to give results.
- (iii) Check progress in the research programmes and take corrective action to pull up laggards and change horses, if necessary.
- (iv) Provide funds for the research scheme out of the Block grant given to them by the Department of Science and Technology.

This Board should be given a "Block Grant" every year for funding the research programmes.

(Para 9.47)

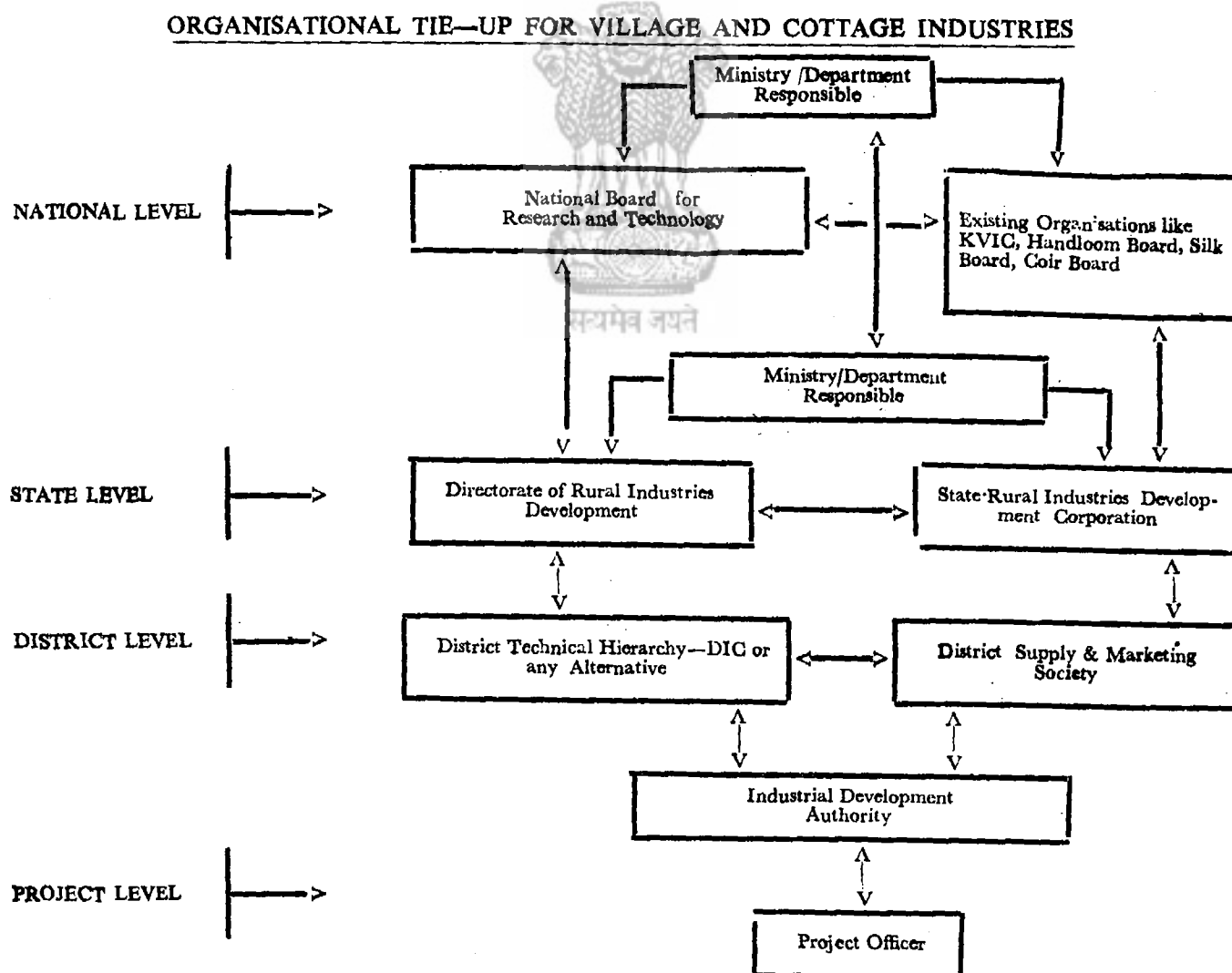
134. The State Government, would have to play a leading role in directing, monitoring and coordinating various aspects relating to the development of rural industries in the State as a whole. The Committee would strongly recommend that as, coordination with a large number of departments like Power, Excise, Finance, Planning etc. would be necessary, one Department, whether a separate or an existing one, must be entrusted with the responsibility for the development of rural industries in each State.

(Para 9.49)

135. The Committee recommend that all matters relating to khadi, village and cottage industries should be handled by one Ministry/Department at the Centre. The proposed National Board, on Research and Technology for the development of rural industries should also be located under this Ministry/Department.

(Para 9.51)

136. The Committee recommends the following Organisational tie-up





सत्यमेव जयते

## 1. INTRODUCTION

1.1 The terms of reference of the National Committee on the Development of Backward Areas include, among other things, the review of the working of 'existing schemes for stimulating industrial development in backward areas and general measures for tackling the problems of poverty and unemployment with a view to find out their efficacy in the removal of backwardness' and to recommend 'an appropriate strategy or strategies for effectively tackling the problem of backward areas'.

1.2 The Committee is viewing the whole question of backwardness in terms of fundamental causes leading to backwardness. Industrial backwardness does not get covered in this type of criteria, as has been clarified in the Report on Industrial Dispersal already submitted by the Committee to the Planning Commission. The scope of that report on industrial dispersal is confined to small, medium and large scale industrial units only. Besides these units there are a large number of lower level industrial pursuits in the unorganised sector which happen to be the mainstay for a large number of the population and primarily so in the rural areas.

1.3 The present report is confined to suggesting measures for promotion of such industries normally termed as village and cottage industries. The need for a separate report for these industries stems from a variety of reasons. In the case of the organised sector of industries a policy of dispersal has been advocated and specially so in the case of large and medium sized industries. The employment potential of these industries is naturally, not very great. For providing gainful and productive avenues of employment to a growing labour force and relieve unemployment and under employment in backward areas, a massive programme of support for village and cottage industries would have to be launched. This assumes added significance in the light of limited opportunities in the comprehensive agricultural pursuits in these areas and the need to check the large scale migration to urban areas. The dispersed character of the village and cottage industries facilitates the utilisation of scattered resources of the rural parts of backward areas.

1.4 The Committee set up a Working Group to deliberate on various aspects of village and cottage industries. The membership of this Group was quite broad based in that it included representatives of Khadi and Village Industries Commission, the relevant Ministries, State Governments, Public Sector agencies and others concerned. The membership and terms of reference of this working group are given in Annexure I. Besides members a large number of other concerned persons were specially invited for the meetings. The Working Group met 17 times between May 1979 and March 1981. Annexure II gives the dates of the meetings of the working group.

1.5 In order to get the benefit of experience and expertise of a large cross-section of people linked with

the development of village and cottage industries, the National Committee, sponsored a Seminar on 'Role of the Decentralised Industries in the Development of Backward Areas'. The Seminar was held from 14th to 16th of July 1980 at Coimbatore under the joint aegis of the Khadi and Village Industries Commission, All India Handicrafts Board, Coir Board, All India Handloom Board and National Small Industries Corporation. Annexure III brings out the highlights of the Seminar. The papers discussed at the Seminar have been drawn upon and utilised in the present report.

61. The Committee had the benefit of visits to and discussions with a number of concerned agencies in the field. Special mention can be made of the Khadi and Village Industries Commission with which three extensive meetings were held in Bombay. Visits to Gandhigram in Madurai, Bannwasi Seva Ashram in Mirzapur and Gandhi Peace Foundation in New Delhi and discussions there proved rewarding.

1.7 The Committee would like to place on record its gratitude to the members of the Working Group on Rural Development to the Chairman, Resident Representative in New Delhi and other officers of the KVIC, All India Commodity Boards, Chairman National Small Industries Corporation, Ministries of Rural Reconstruction and Industrial Development; the Village and Small Industries Division of the Planning Commission for their valuable contribution. The Committee wishes to record its appreciation for the effective handling of work by the Secretariat of the National Committee on the Development of Backward Areas.

## 2. PRESENT STATUS AND PROBLEMS

### Policy Perspective

2.1 Village and Cottage Industries form an integral part of the structure of India's economy. In a country like ours, with chronic mass poverty, widely prevalent unemployment and under employment, subsistence production, narrow markets and absence of large scale application of scientific and technological advancement, the scope for optimum exploitation of traditional industry assumes great importance. In our setting, with an over-crowded agriculture sector and plenty of manpower, the development of an effective decentralised sector in village and cottage industries, with a close relationship to agriculture and large scale industry, is absolutely essential. The importance of this sector lies in the fact that it provides large scale employment with immediate effect and brings about a more equitable income distribution, and thereby effectively helps in combating the twin problems of poverty and unemployment.

2.2 Official estimates put the number of those living below the poverty line at 316 million in 1977-78. This constitutes 48.71 per cent of the population—the



percentage being 50.29 in rural areas and 42.88 in urban areas. As nearly four fifths of the population resides in rural areas, the bulk of the people below the poverty line is naturally in rural areas.

2.3 The latest information on the subject of employment is from the Sixth Five Year Plan (1980-85). In this document the estimated backlog of unemployment in 1980, on the usual status basis, has been worked out to vary from 11.31 million corresponding to ages 15-59 to 12.02 million (corresponding to ages 5 and over). The corresponding net additions to the labour force, during the period 1980-85, have been estimated to vary from 31.27 million to 34.24 million respectively.<sup>1</sup> Commenting upon the backlog of un-employment, the document indicates "The backlog here takes note of only the long term unemployment; in addition there would be seasonal unemployment and part-time under-employment prevalent largely in labour households".<sup>2</sup> On the question of absorption of the labour force in the organised sector of the economy, the Plan observes: "At the present rate of growth, the organised sector can provide only four to five million regular additional jobs in the course of the Sixth Plan period".<sup>3</sup>

Earlier the National Commission on Agriculture, in the light of its exercise on the supply and demand of labour in the rural areas by the turn of the century, had observed 'Despite best efforts to create additional employment in the tertiary sector, a large backlog of unemployment in the rural areas will still remain and development of rural industries and decentralisation of the appropriate manufacturing units to the rural sector are necessary in order to remove this backlog'.

2.4 The foregoing observations coupled with the stark reality of mass poverty, unemployment and under-employment highlights the important role which the unorganised industrial sector is expected to play in India's economic development. In the context of backward areas development, because of the various inherent limitations to the growth of the organised industries sector in these areas and because of the insufficient potentialities of agricultural development and the migration to urban areas where opportunities are already limited, the importance of the unorganised sector is significant. In addition, on account of the predominantly rural character of backward areas, the promotion of village and cottage industries assumes a very significant role.

2.5 Village and cottage industries have not been defined anywhere according to any definite criteria. The National Committee is not in a position to fix any criteria for inclusion of industries, under village and cottage industries. The Committee has focussed its attention on the major household industries which cover the majority of units in this category. There are also some units which are larger than household enterprises in the non-organised sector that need to be included in the frame. This report is selective in its approach. A comprehensive definition would have

to be adopted and the National Committee would recommend that the Ministry of Industrial Development and Rural Reconstruction should address itself to this task.

2.6 During the freedom movement efforts were made to organise the cottage and village industries through voluntary agencies. Promotional activities for khadi started in 1922, under the guidance of Mahatma Gandhi, and became a part and parcel of the freedom struggle. However, in 1925 the All India Spinners Association (AISA) for hand spinning and hand weaving, was established to provide a separate forum for the development of Khadi. A decade later another organisation called the All India Village Industries Association (AIVA) was set up to look after other village industries like ghani oil, palm gur, hand pounding of paddy, bee keeping, hand made paper etc.

2.7 The start of planning era lead to a reassessment of the role of khadi and village industries in the light of the Constitutional guarantee of right to work and the provision under the Directive Principles of State Policy.

2.8 The Industrial Policy Resolution of 1956 gave the needed stress on the development of village and cottage industries within the overall industrial development. It stated: "They (Village & Small Scale Industries) provide immediate large scale employment; they offer a method of ensuring a more equitable distribution of the national income and they facilitate an effective mobilisation of resources of capital and skill which might otherwise remain unutilised. Some of the problems that un-planned urbanisation tends to create, will be avoided by the establishment of small centres of industrial production all over the country."

2.9 The Karve Committee (1955-56) referred to the dynamism and growth potential of village industries, which could facilitate the transition of traditional to modern industries in the small scale sector. According to this Committee "... Whatever the villagers can undertake by way of improved industry in their own village should be organised on a village basis. This would, of course, be subject to physical factors such as location of minerals, availability of transport facility etc. In the process of change towards a better technique and larger and more diversified demand a stage would no doubt be reached when even for the pursuit of village based industry some specialisation in production and centralised common services would become necessary."

2.10 The Second Five Year Plan incorporated all these policy measures and propounded a very elaborate and detailed scheme for the development of village and cottage industries. The basic position was reiterated in latter Plans and the Draft Fifth Five Year Plan stated that the Village and Small Industries have "an important role to play for the removal of poverty

1. Government of India, Planning Commission, Sixth Five Year Plan (1980-85)—page 373 table 13.4 (mimeographed)

2. *Ibid*, page 374 (para 3.16)

3. *Ibid*, page 374 (para 3.17)

and disparities in income and wealth and the regional imbalances. The sector has a definite potential for providing increasingly larger employment opportunities with a relatively smaller capital investment. Establishment of these industries also involve a comparatively shorter gestation period. The products of these industries are capable of meeting a substantial part of the essential and other requirements of the masses". However, the dilution of this policy and shortfalls in its implementation belied all hopes of viable development.

2.11 The emphasis on harnessing the employment potential of the decentralised sector appears to have increased with each successive Plan. However, the relative allocations to the sector between the second and the fifth Plan declined steadily as shown in the table that follows. This table also gives the percentage share in Plan outlays of the organised industry which show that the latter did not suffer a corresponding decline.

TABLE 2.1 : *Percentage share of Village & Small Industries in Total Plan Outlays : First to Sixth Plan*

Plan	Village & Small Industries	Organised Industry	Total Plan
1	2	3	4
First	2.1	2.8	100
Second	4.0	20.1	100
Third	2.8	20.1	100
Annual Plans (1966-69)	1.9	22.8	100
Fourth	1.5	18.2	100
Fifth	1.3	24.6	100
Sixth	1.9	20.9	100

2.12 The development of modern organised sector industries needs a large scale investment not only in the plant and machinery itself but in the provision of different types of infrastructural facilities so basic to the development of such industries. The present pattern of location of large and medium scale industries reflects the concentration of such industries where infrastructural facilities are available. The requirement of modern industries in terms of capital, entrepreneurial and other skills are practically non-existent in backward areas. Moreover the influx of modern industry can create problems of culture clash. In the report on large and medium industries steps towards their dispersal and development have been suggested but nevertheless there will be a basic gap in employment opportunities.

2.13 In our economic situation, with scarcity of capital and abundance of labour, our choice naturally has to be biased towards techniques making use of capital-saving or labour-intensive techniques. The techniques chosen need to take full cognisance of spread effect, need to protect employment, enhance productivity, develop skills and meet the needs of local

consumption. However, in any such adoption, economic viability needs to be in the forefront.

2.14 The development of cottage and village industries needs constant endeavour to enhance the quality of the product and the productivity per unit of production. Economic viability of the industries should be the guiding principle and any consideration of social security should be kept aside and dealt with separately. Any effort to boost village and cottage industries on grounds of pity would be self defeating. Efforts should be directed towards up-gradation of technology so that the artisans move out of their poverty trap at the earliest and their dependants enjoy increasing living standards.

2.15 The criterion of economic viability does not mean that subsidies can be dispensed with. Subsidies will be necessary to expand village and cottage industries particularly in the earlier stages; but this approach would still be better in comparison to the development of sick units of the organised sector, at considerable cost, for the prime consideration of maintenance of employment.

### Historical Perspective

2.16 The number of workers in the household industries shows a decreasing trend in the data thrown up by the two latest population censuses of 1961 and 1971. The figures show a decline but the definitions adopted are not strictly comparable. The definitional differences are indicated in the relevant census extract which reads—

"In 1971 census the reference period was one week in the case of regular work and last working season for seasonal work. For regular work, an individual would be classified as a worker if he had put in gainful work on anyone day of the previous week. For seasonal work, an individual was proposed to be classified as worker if he put in regularly at least half normal day's work during the major part of the last working season. At the 1961 census the reference period for regular work was a fortnight and for seasonal work a person was deemed a worker if he put in at least one hour work a day during the major part of the working season".

2.17 The 1961 definition of work was, according to experts, on the liberal side. In this census, a person was categorised basically as an economically active worker even if such a person's contribution to work was extremely marginal like that of housewives, students etc. For instance, if a woman who is basically engaged in attending to household duties, attended to her husband's pursuit for about an hour or so, she was straightaway treated as engaged in that pursuit. This should not be taken to imply that the 1971 census definition was very realistic either. In the case of regular work the 1971 census definition, though somewhat more stringent, may not make difference relative to 1961 definition. However, with regard to seasonal work, which is important in the case of the village industry sector, the difference in definition is quite significant.

2.18 A closer scrutiny of the census data reveals that whereas the number of male workers went up from about 129 million in 1961 to nearly 149 million in 1971, the number of female workers went down from about 59 million to nearly 31 million. The corresponding figures for rural areas were 107 and 120 million respectively for males and 55 and 23 million respectively for females. The steep fall in the case of female workers coupled with the definitional differences make it rather difficult to any worthwhile study of the behaviour of female workers. Furthermore, the conceptual differences substantially affect the part time workers who are primarily female workers. As such it has been thought fit to confine the analysis to male workers only. In the population census, the workers under manufacturing sector are divided into two categories viz household industries and other than household industries. The household industries represent the unorganised segment and village and cottage industries are within its fold. Some idea of the number of workers in the organised segment of manufacturing activities can be obtained from the data thrown up by the Annual Survey of Industries. Between the two extremes of workers in unorganised and organised manufacturing sectors, we get a segment covering workers in pursuits pertaining to an intermediate level of organisation and possibly technology. The number of male workers in the three categories of manufacturing industries for the 1961 and 1971 censuses is given in the table that follows. The details about the derivation of data are given in Annexure IV.

TABLE 2.2 : *Distribution of male workers in various components of manufacturing sectors during 1961 and 1971 censuses.*

Category	1961 Census (in thousand)	1971 Census
	2	3
1. Household industries	5864	5021
2. Other than household and organised manufacturing industries	3985	4918
3. Organised manufacturing industries	3200	4934
4. All manufacturing Industries	13049	14873

2.19 The above table indicates some significant trends. Even though an overall increase in male workers is observed there is a decline of 14.3 per cent in the number of those employed in household industries. In spite of the conceptual difference in the definition of workers, as already explained earlier, we can take it that there has been a fall in this sector. On the other hand there is an increase in the other two categories. Further, the increase in the organised manufacturing industries is more pronounced. Such changes may indicate a favourable shift of workers from low level of technologies to the higher levels.

2.20 The industry-wise distribution of male workers in the household sector is given, in respect of the 1961 and 1971 censuses, in the table that follows. The data provides a better insight into the movement (over time) in various industrial pursuits in the household sector. The table highlights that some of the industrial pursuits of the household sector had experienced a more pronounced decline in male workers than that indicated by the average.

TABLE 2.3 : *Industrial distribution of male workers in house-hold industries: 1971 census*

Industry Code			Male workers (in 000)	
As per 1961 Census	As per 1971 Census	Description	1961 Census	1971 Census
1	2	3	4	5
20	20-21	Foodstuffs	528.3	324.8
200	204	Production of rice, atta, flour etc.	115.6	81.4
202	207	Production of indigenous sugar	70.3	32.8
206	201	Production of butter, ghee, cheese	32.4	12.8
207	211	Production of edible fats and oils	138.8	60.0
21	22	Beverages	28.3	335.2
212	223	Production of indigenous liquor	14.4	42.0
220	226	Manufacturing of Bidi	282.9	278.1
23	23	Textile Cotton	1256.0	878.6
230	230	Cotton, ginning, cleaning, processing	15.8	9.9
231	233	Cotton, spinning (other than mills)	50.8	37.8
234	236	Cotton weaving in powerlooms	17.7	21.3
236	234	Manufacturing of Khadi textile handlooms	41.7	30.7

Industry			Male workers (in '000)	
Code		Description	1961 Census	1971 Census
As per 1961 Census	As per 1971 Census			
1	2	3	4	5
24	25	Textile-Jute]	65.1	19.0
25	240 to 244	Textile-wool	46.2	33.8
26	245,246	Textile-Silk	80.7	55.5
27	26	Textile-Miscellaneous	555.4	680.7
273	264,265	Making of Textile Garments	420.3	545.5
277	268	Manufacturing of coir and coir products	44.9	23.4
28	27	Manufacturing of wood and wood products	1037.3	911.8
288	277	Manufacturing of materials from cork, bamboo	422.4	35.3
29	28	Paper and paper products	7.1	15.1
30	284 to 289	Printing and Publishing	5.9	8.1
31	29	Leather and leather products	518.6	300.8
310	290	Currying, tanning and finishing	71.4	34.1
311	291 to 293	Manufacturing of shoes and other leather products	381.0	257.4
32	30	Rubber, Petroleum and coal products	1.9	6.2
33	31	Chemical and chemical products	24.9	12.2
335	313, 314	Manufacturing of medicines, pharmaceutical	8.8	6.9
34,35	34	Non-metallic mineral products]	556.3	507.6
340	320	Manufacturing of structural clay products	54.7	45.5
341	324	Manufacture of cement and cement products	1.5	9.2
350	322	Manufacturing of earthen wares, earthen pottery]	442.8	411.6
360	330	Manufacturing of iron and steel including smelting, rolling, conversion.	29.9	3.1
37	35	Machinery, (all kinds other than transport)	4.9	59.7
38	37	Transport equipment	47.4	11.4
39	38	Manufacturing industries Misc.	388.8	391.6
393	383	Manufacturing of jewellery, silver wares	325.1	243.9
394	386	Manufacturing and tuning of musical instruments]	6.8	4.8
396	385	Manufacturing of sports goods ]	1.1	1.9
2-3	2-3	Total	5864.2	5021.3

Source : For 1961 Census: Vol. 1 Pt. II B (i) General Econ. Tables

For 1971 Census: Series I, Pt. II B (iii) General Econ. Tables (Tables B. IV Pt. A, B, C and D).

2.21 The above table highlights that though there is an overall decline, there are significant increases in certain industries. The industries showing increases are cotton weaving in powerlooms, making of garments, manufacturing of paper and paper products including printing and publishing, rubber products, cement products, machinery of different kinds and beverages. The major industrial groups showing decline are foodstuffs, textiles of different types, manufacture of wood and products, leather and leather products, chemicals and chemical products, non-metallic mineral products and transport equipment. All industries showing decline are not

necessarily of the decaying type. As such an indepth analysis is needed to ascertain the causes in each individual case of decline. Such analysis is likely to throw light on the weak spots and enable remedial measures to be spelt out.

2.22 The above data on the number of male workers in the household industries have been presented from the occupational aspects in the table that follows. Such a presentation helps in focussing attention on the vulnerable occupations so that, remedial measures can be chalked out. The detailed treatment of the industrial and occupational pursuits would be attempted in subsequent chapters.

TABLE 2.4 : Occupational distribution of male workers in household industries 1961 and 1971 Censuses

Occupational			Male workers (in '000)	
Code		Description	1961 Census	1971 Census
As per 1961 Census	As per 1971 Cens			
1	2	3	4	5
0	0-1	Professional technical and related workers	7.7	4.5
1	2	Admn., executive and managerial workers	6.4	10.9
2	3	Clerical and related works	5.4	3.6
3	4	Sales workers	7.2	17.9
4	6	Farmers, fishermen, hunters etc.	40.8	50.4
413	641	Tappers	33.6	40.7
7-8	7-8-9	Craftsmen, production process workers and labourers	5822.4	4892.3
70	75	Spinners, weavers, knitters, dyers etc.	1537.2	1078.9
700	751	Fibre preparaters, ginners etc.	38.7	34.1
702	752	Spinners, piecers and winders	119.2	88.1
704	755	Drawers and weavers	1110.5	813.6
706	758	Bleachers, Dyers and Finishers	44.6	22.4
707	757	Knitters and lace makers	12.6	12.7
708	756	Carpet makers and finisher	45.0	36.3
709	759	Spinners, weavers, knitters etc.	153.4	35.3
71	79	Tailors, cutters furries etc.	468.2	573.1
710	791	Tailors and dress makers	426.6	534.0
715	795	Sewers, Embroiders and darners	21.1	18.9
719	799	Tailors, cutters, furriers, etc.	11.6	10.9
72	80	Leather, cutters, lasters, sewers etc.	474.8	322.0
720	802	Shoe makers and shoe repairs	424.6	295.9
721	809	Cutters, lasters, sewers, footwear etc.	11.3	14.7
73	83	Furnacemen, rollers, drawers, moulders	355.1	343.5
733	831	Blacksmiths, hammersmiths and forger	334.2	282.0
741	88	Jewellers, goldsmiths and silver-smiths	323.0	260.5
75	833 841 887	Tools makers, machinist, plumbers, welders }	100.7	104.8
753	845	Mechanics, repairmen (except electrical)	28.7	40.1
754	873	Sheet metal workers	43.9	22.6
77	81	Carpenters, Joiners, Cabinet makers	613.4	601.9
770	811	Carpenters, Joiners pattern makers (wood)	523.1	509.2
774	813	Cart builders and wheel wrights	34.9	16.1
775	814	Cabinet makers	10.9	21.2
779	812	Carpenters, joiners, cabinet makers	28.3	48.9
79	95	Bricklayers, plasters, construction workers	22.5	25.3
790	82	Stonecutters, stone carvers	21.4	15.5
804	92	Printers	7.3	7.1
81	89	Potters, kilnmen, glass & clay formers	525.7	465.8

Occupation			Male Workers (in '000)	
Code		Description	1961 Census	1971 Census
As per 1961 Census	As per 1971 Census			
1	2	3	4	5
810	891	Furnacemen, Kilnmen and Ovenmen	16.6	13.6
811	892	Potters and related clay workers	489.7	425.6
819	899	Potters, kilnmen, glass and clay workers	13.6	19.4
819	899	Potters, kilnmen, glass & clay farmers	13.6	19.4
82	77	Millers, bakers, brewmasters and related workers	539.1	312.8
820	771	Millers, pounders, huskers & parchers	142.9	112.6
821	772	Crushers and pressers oil seeds	136.8	56.0
822	776	Dairy workers (Non-farm)	36.6	10.4
823	773	Khandsari, sugar and gur makers	65.1	26.1
824	777	Bakers, confectioners, candy and sweets	120.5	72.2
825	779	Makers of aerated water and brewers	8.9	12.9
826	775	Food, canners, preservers and related	5.1	10.0
83	74	Chemical and related process workers	12.9	7.5
84	78	Tabacco preparers, product makers	285.0	284.8
842	784	Cherpot, cigar and bidi makers	277.6	270.7
850	942	Basketry, weavers & related workers	399.8	309.2
853	76	Tanners, fell-managers	49.4	17.0
855	941	Makers of musical instruments	5.1	6.1
856	911	Paper product makers	5.4	6.4
Total			5864.2	5021.3

Source: 1961 Census : General Eco-Tables, Vol. I Pt. II-B (ii) Table BV  
1971 Census : General Eco. Tables—Tables B-V (Un-published)

2.23 The above table helps in identifying the growing and declining pursuits. Excluding the first four broad general categories, the major occupational groups showing growth are tappers, tailors, tool makers, carpenters, makers of aerated water and paper and paper products. As against this the major pursuits indicating decline are spinners, leather and shoe makers, jewellers, sheet metal workers, cart builders, stone cutters, potters, millers etc. chemical and related process workers and tanners. An indepth analysis to identify the basic causes underlying these changes is necessary so as to plan viable supporting cover for promising pursuits.

2.24 The productivity and value added per enterprise in the village and cottage industries is generally believed to be quite low. However, the data base to substantiate this is woefully weak. Some idea in this regard can be had from the data available through the 29th round of the National Sample Survey pertaining to the year 1974-75. This survey is confined to the study of self employed households in non-agricultural

enterprises. The enquiry was restricted to the non-agricultural industries, the unorganised sector being defined as the enterprises under own account workers and those employers who did not usually employ more than five hired workers. While the employment size of five hired workers was adopted for all non-agricultural enterprises, in the case of manufacture and repair services a modification was made so as to cover the whole of the non-registered sector. It may be worth pointing out here that the data for this non registered sector is not strictly comparable with the household industries data presented earlier. Non-registered manufacturing industries include, beside household industries, those industries which are non-household and non-organised. As such while interpreting the data this aspect should be kept in mind.

2.25 The survey provides some insight into the spread of village and cottage industries in the country. The data thrown up by the survey yield the number, value of assets and the value added in 30 cate-

gories in the manufacturing and repair services industries in the rural areas. A dozen of the pursuits

cover the major chunk of the enterprises. Data in respect of these is given in the table that follows:—

TABLE 2.5 : Estimated number of enterprises, value of assets per unit and value added per unit in manufacturing and repair services industries in rural areas : 1974-75

Industrial Group	Nomenclature	Estimated Number of units	Value of assets per unit	Value added per unit
1.1	Food products	683470	1957	1930
1.2	Edible oil, tea processing, Coffee culling etc.	412360	613	2668
1.3	Beverages and tobacco products	552151	38	1338
1.4	Cotton Textiles	579318	395	1646
1.7	Textile products	969629	283	1117
1.8	Footwear	184101	87	1119
1.10	Wood, cork and products	819193	163	1311
1.11	Wood, bamboo and cane furniture	424256	157	1158
1.17	Non-metallic mineral products	544153	79	1314
1.19	Metal products and parts	140223	288	1595
1.23	Other manufacturing industries	273131	319	1503
1.24	Repair of footwear and other goods	160307	55	768
	Total for the 12 categories	5742292		
	Total for all categories	6497078		

Source : National Sample Survey Organisation, Draft Report (Number 280/6 for 29th round PP 71, 74 & 94.)

2.26 The above table shows clearly that the average assets and value added per unit is very small. A substantial number of the estimated 6.5 million units can be expected to have 2 or more workers and may be a casual labourer as well. In these circumstances it is amply clear that practically all those engaged in these units would be categorised as those living below the poverty line and deserve full sympathy for demanding and earning a living wage at the minimum.

#### Reasons for Decline and Desired Up-gradation

2.27 In the context of our economic situation, with (widely prevalent) widespread unemployment and under employment, any wholesale shift to the most modern sector can practically be ruled out in the foreseeable future. In the existing set up for the unorganised sector, however, the available technology is not fully utilised, productivity is quite low and much of the value added is siphoned off by exploitative middlemen. The practical course, therefore, is to introduce modernisation of techniques and improve the skills and make the worker capable of enhancing his productivity and his earnings so as to enable him to meet at least the basic necessities of life and come out of the clutches of poverty within a reasonable time. The artisan finds himself against odds at each level of his operations, be it the purchase of raw materials, the marketing of the products, the arrangement of credit, access to institutional cover etc. His weak sustaining and bargaining power is exploited by all and sundry, naturally to his utter disadvantage. From the value of assets now used it is clear that the units are not using even the equipment that the present technology provides. The Handloom Committee in 1974 pointed this out for the handloom sector and

the steps taken since then in this sector have fully justified this observation. Even if the value added reaches the workers, present remuneration is low. In fact this value added is siphoned off by the money lender and the trader in the supply of raw material and in marketing the production. Hence, it is not enough that the value added is improved, but that a larger portion of it reaches the worker.

2.28 There is a pattern of regional concentration in various household industries because of the historical growth process. This continues at present as is brought out in the imbalance in the growth of the Khadi and Village Industries programmes (Annexure V and VI respectively bring out the position in respect of 1971 census data and the 1978-79 KVIC data). No one industry seems to be equally well established in all states of the nation, in spite of many common factors involved. There is hardly any relationship between the poverty levels of the people and the locations of these industries. The traditional house-hold industry areas are not necessarily in backward regions. The historical factors in the development of village and cottage industries can be traced to rather isolated development undertaken by the voluntary agencies which sprang up in some areas mainly during the independence struggle and later.

2.29 Village and cottage industries are of special importance in the development of the backward areas. Most of these industries manufacture consumer goods and their marketing network may be far spread out. Such industries have been operated in the villages by artisans to meet the daily needs of the community like carpentry, blacksmithy and masonry. Others have been plied by artisan groups who have gathered over the years in areas where the raw materials were easy

to get and the nucleus of skill was available. The backward areas contained many of such groups because raw materials were often found in backward areas and the availability of raw materials is quite an important consideration, attracting workers.

2.30 At present some sort of supporting framework for village and cottage industries, however, loose and inadequate does exist. The Khadi and Village Industries Commission at present supports planning and organising programmes for development of various village industries in the rural sector. KVIC does not cover the entire field of village and cottage industries and within their franchise a part of the system is covered.

2.31 It may be pointed out that the KVIC and other Boards do not cover certain village and cottage industries which therefore remain outside the purview of any developmental efforts. In the purview of the whole lot of village and cottage industries this fact should not be lost sight of.

2.32 A lot of thinking has already gone into the problem by some pioneering foci. In Gandhigram in Madurai, the Khadi chain has been greatly improved. The cotton is carded mechanically. The carded cotton is made into silvers and spun into yarn in the new model charkha of 4 and 8 or 12 spindles run by a pedal system. The purely manual method of carding of cotton is time consuming and the end product is not good enough for a sustained quality control of the yarn. There is heavy drudgery in this part of the chain. Preparation of beams by a purely manual method is another point where the drudgery is heavy and the value added for the time spent very little. Weaving by ordinary looms where the material is of average quality, needs little skill and return to the weaver for the time employed slow. By using a semi-automatic pedal loom for this operation, labour use is not seriously reduced and the output per hour increased. The net result of all this is that the method fulfil the aim of tripling or quadrupling the output per unit of production.

2.33 From time to time, refinement of the tools and equipment used by the artisan has been brought about

with a view to increasing his productivity, but generally no steps have been taken to mechanise any part of the chain of processing and production on the plea of need for maintaining labour intensity. As a result we do notice two basic difficulties in increasing the earnings of the worker beyond a certain point. The traditional production chain consists of several operations where drudgery is severe and the net earning per hour of time spent is pitiful. The other difficulty is in preparation of the raw material to a standard which will make the final product sufficiently attractive for the purchaser. As consumer taste is becoming more and more exacting, the artisan fails to meet the sophisticated demand. If these two parts of the production chain can be mechanised, the artisan can devote the time so saved to the parts of the chain where his skill is used and the return per unit of time spent is worthwhile. With better raw materials he gets a better value for the time spent, in the quality of the final product.

2.34 In another sector, leather, traditional tanning which is highly manual, stops at the stage of semi-tanning. The cobbler has to get his leather from the open market and prepare it for the production. The splitting and buffing of the leather and shaping for the stitching are all manual in the traditional methods. It is well known that the cobbler spends a lot of time in the splitting, buffing etc. and the return in value added for time spent is poor. His cutting, however skilled, will not give that uniform quality in his final product which a large consumer market demands. Dr. Nayudamma, a well known leather technologist has suggested that if the final tanning of the leather is done through the modern mechanised process so that the final product is of high uniform quality, and the splitting, buffing etc. are done with modern machines, the cobbler will get a high quality leather for his final shaping. If he is also given select designs and the leather is cut uniformly with a machine, the cobbler can use his time on the manual stitching or finishing and return for time spent will be high. The final product will also be of high quality and will be well received in a sophisticated market. Productivity per artisan will increase.

2.35 The coir Committee had examined the return for time spent in the coir industry and in that connection the table below is instructive.

TABLE 2-6 : Distribution of districts by employment and value in production at actual and maximum production in household in the coir industry in Kerala

	Last year					
	Value of actual production (Rs. lakhs)	Employment (No.)	Value of actual production/employment	Value of max. production (Rs. lakhs)	Maximum employment (No.)	Maximum production per employment
1	2	3	4	5	6	7
			Rs.			Rs.
1. Trivandrum	251.18	26410	951	424.70	28738	1478
2. Quilon	285.77	27480	1040	505.71	30797	1642
3. Alleppey	397.70	54863	725	662.60	63345	1046



1	2	3	4	5	6	7
4. Kottayam	53.45	6977	766	101.73	7016	1450
5. Ernakulam	186.57	11872	1572	279.16	11926	2341
6. Trichur	195.58	6677	2929	284.12	7419	3839
7. Malapuram	1.43	159	900	6.79	154	4409
8. Kozhikode	137.23	6034	2274	142.69	6148	2321
9. Cannanore	4.23	427	990	4.90	499	981
Total	15131.58	140899	1074	2412.39	156042	1546

2.36 The average production per person employed in the sample is Rs. 1074.00 as against a possible production of Rs. 1,546 on full time employment with the equipment available. This shows that contrary to an impression that possibly much of the employment is part-time, the present employment which the coir industry gives in Kerala is of the order of 2/3rd of the available time with the workers. It has, therefore, to be noted that this is not a marginal subsidiary occupation which can be easily replaced in an expanding economy by alternative employment opportunities. Further when we notice that 75% of the workers are really women and children getting on the average 2/3rd of the full employment hours, it shows that this is almost full time employment for women engaged in this occupation. They are expected to have household chores which would take away some part of their time available for labour.

2.37 The other important aspect that the study team noticed is that the actual component in the production is really not very high for an occupation which takes 2/3rd of the full time available for labour. The material and labour component in producing yarn from husk is 127:100 so that labour costs form 44% of the value of production; therefore, 44% of Rs. 1074 which

is equal to Rs. 474 is the average earning for a labourer. For work which occupies 2/3rd of available labour time, this is certainly a very low remuneration. Yet all those whom the Study Team met in Kerala are unanimous that alternate employment and better wages are not apparent in the present economy of Kerala.

2.38 This chapter has outlined the role that village and cottage industries are expected to play in the general process of economic development and in the development of backward areas in particular. The statistical picture of employment in household industries presented earlier shows an alarming decline even after allowing for definitional changes. Backward areas will be the natural victims of this decline where their ability to attract modern industry, which replaces many of these declining activities, is limited. Hence protection and promotion of village and cottage industries becomes an important element in any strategy for backward area development. At the same time public policy must take into account the low level of earnings and the exploitation in this sector. Hence policy must be directed not merely at preserving these industries but at upgrading them in terms of technology so that earnings of artisans can be pushed above the poverty line. Subsequent chapters deal with the specific policy measures required to attain these objectives

### 3. ORGANISATIONS OPERATING IN THE FIELD OF VILLAGE AND COTTAGE INDUSTRIES

3.1 Khadi and Village Industries Commission (KVIC) is the premier organisation charged with the responsibility of developing and promoting cottage and village industries. Annexure VII lists the KVIC and the industries under the purview of KVIC. The other important organisations concerned are All India Handloom Board, Central Silk Board, All India Handicrafts Board and Coir Board. A review of the working of these organisations has been attempted in the present chapter.

3.2 The focus on the development of khadi and village industries started much before 1947. The ushering in of the planning era and the continued increase in rural unemployment and under-employment added another dimension to it. Further, the programmes and organisation of the village and cottage industries got a new orientation through the Akhil Bharat Sarva Sangh (Subsequently Sarve Seva Sangh) which took over the work of AISA and AIVA around 1951. Under this institution, the whole programme was organised as an integral part of overall rural industrialisation in a comprehensive fashion.

3.3. In February 1953, the Planning Commission recommended the formation of a body called All India Khadi and Village Industries Board. The responsibility to organise the development of khadi and village industries was entrusted to this Board. This was an advisory body but was vested with development functions. However, it was soon realised that certain procedural and financial difficulties stood in the way of speedy implementation of the programmes and, therefore, the Government of India constituted a statutory body, in April 1957, and called it the Khadi and Village Industries Commission. Efforts were directed by the Government to evolve a general policy framework for the development of village and cottage industries. In the First Plan, the major step taken was to establish All India Boards to advise and assist the Government in the formulation of programmes of development for the handloom, handicrafts, khadi and village industries, agriculture, sericulture, and coir. The Khadi and Village Industries Board not only drew up development programmes for the industries with which it was concerned but also had them implemented through registered institutions and co-operative societies. In the case of other industries responsibility for the implementation of programmes mostly rested with the State Governments, although for a few programmes the boards functioned on behalf of the Central Government for purposes of the implementation.

3.4 There are at present 24 village industries (excluding Khadi) within the purview of the KVIC as indicated in Annexure VII. The Central Government provides funds to the KVIC for covering its statutory functions which include planning, organising and implementing the programmes for the development of khadi and village industries. This Commission is assisted by an Advisory Board called the All India Khadi and Village Industries Board. The Act provides for the Commission to consult the Board in discharge of its

functions. The Commission has its offices in almost every State serving as links between the Commission and the institutions. At the State level khadi and village industries boards which are statutory organisations, have been set up in all the States and two Union Territories, (Delhi and Chandigarh). The actual implementation of the development work in respect of khadi and village industries is carried out through State KVI Boards and by registered institutions, co-operative societies and individuals in various States. There are at present 26 State KVI Boards including two union territories, 854 registered institutions and 28928 co-operatives within the purview of the KVIC. From its inception to 1979-80, the number of industries under KVIC have doubled, number of implementing agencies and value of production have gone up by 20 times, per capita earnings have gone up by seven times and the employment opportunities by three times.

3.5 The organisational structure of KVIC depends on State KVI Boards, besides other institutions, for supervision and control over implementation of its programmes. KVIC is statutorily obliged under the Act of 1956, to submit returns in time to the Central Government and Parliament. In the absence of any similar provision in the State Boards to submit returns in the State Board Acts, KVIC is not able to exercise the same degree of authority on the State Boards to obtain the necessary information and data. This makes it difficult for the KVIC to account for its expenditure. While the funds for the programmes of the State Boards are provided by the KVIC, the State Boards are accountable to their respective State Governments. State Governments generally do not provide for any outlay for independent schemes of village and cottage industries. Some State Governments like Tamil Nadu and Maharashtra give outlays for KVIC programmes. In some cases State Governments extend some outlay to meet the rebate on khadi, a substantial part of administrative cost of State Board and for schemes which are non-conformable in nature with KVIC's pattern of assistance and industries not covered by KVIC Act. They also make provision for meeting their share of the rebate not conforming to the KVIC pattern except in case of Tamil Nadu. Another exception has been noticed in the case of Maharashtra wherein the scheme of employment guarantee scheme is operated with the assistance of KVIC, KVIB, RBI and State Co-operative Bank. The KVIC is handicapped in dealing with the State Boards as it has been given no statutory authority in the legislations creating the State Boards.

3.6 The inability of KVIC to exercise authority on the State Boards has been brought out very vividly in the report on 'Village Industry Profile Organisation Study' prepared by the Administrative Staff College of India, Hyderabad in 1974-75. The report states "while KVIC had developed the capability for extending assistance to formulate plans for developmental infrastructure, such capability has not been created in the State Boards. The result is the scarcity of resources for playing an enabling role in the development pro-

cess. That is why, institutions directly administered by the Commission are better managed than those under the supervision of the State Boards. The lack of development is mainly due to over emphasis on allocation of funds, based on aggregate planning which is not amenable to measurement of performance. The roles and linkages are based on a concept of autonomy far beyond what is required for performance. This low-sided emphasis on autonomy has left loose vertical linkages. The accountability at the different stages of the total organisation is not strong enough to motivate organisation development for performance. The process of planning and development of infrastructure has been given sufficient emphasis, but at the aggregate level without appropriate assessment of the needs of the artisans.

The dominant posture of the total organisation is of a lending agency rather than of developmental, leading to loss of relevance of programmes and schemes at the grass root level. Even lending is not managed effectively".

3.7 The marketing outlets of KVIC consists of 6 departmental emporia, 4000 khadi bhandars and bhavans and about 11,000 sales points and gramodaya sales depots. The activities of KVIC are spread over thousands of villages. In terms of production the major contributors are khadi, cenegur and khandsari, ghani oil, village leather, processing of cereals and pulses, palmgur and village pottery. As far as employment is concerned, the major contributing industries are khadi, palm gur, non-edible oil and soap, bee-keeping, village pottery, fibres, cenegur and khandsari.

3.8 KVIC schemes for weaker sections are implemented through its departmental programmes, recognised agencies like Tribal Development Corporation, institutions and co-operatives on its direct list and through State KVI Boards and institutions aided by them. KVI also extends the benefit of liberalised pattern of assistance to selected hill, border areas, tribal blocks scheduled castes and tribes population, nomadic tribes, denotified tribes, refugees from East Bengal to leprosy patients etc. In many of these areas, the activities of KVIC were initiated through the operation of stores. The network of these stores made available the goods of KVIC at various consumer points. This was followed by the provision of improved tools and equipment along with training programmes, by service activities such as procurement of raw materials, repairs of tools and equipment, collection of finished goods and supplying them to various consumer points, and by a production programme for certain selected areas. KVIC undertook the supply of raw wool to remote areas and thus helped in reviving spinning and weaving activities in the border areas which had declined on account of the stoppage of raw wool from Tibet. Compared to other areas the patterns of KVIC assistance have been more liberal in backward areas.

3.9 Capital assistance is provided by KVIC for improved tools, implements, equipments and machinery. KVIC also provides assistance for share capital loans to artisans. Management grant is provided for meeting the salary and other incidental expenses of organised workers for a period of 5 years. The training facilities

have also been made available. KVIC also has certain special schemes like Khadi Gramodyog Bhandars, resettlement of weavers and promotion of hand-spinning, mobile shows and agency sales.

3.10 The organisation structure of KVIC suffers from certain deficiencies. The prime among these are lack of proper coordination between the KVIC and the State Board, lack of involvement of the State Government in the programmes of the khadi and village industries, the fact that the majority of the field level agencies are not appropriately equipped and KVIC has been able to cover through its programmes only small number of artisans. The magnitude of production per worker in khadi and village industries is on the low side. The high absolute figures of production and employment do not have much relevance because the contribution of the sector to family improvement is minimal. For instance, the data for 1978-79 reveals that the gross value of production of khadi amounted to Rs. 76.54 crores and that of village industries at Rs. 242.97 crores. The employment reported under khadi and village industries were respectively 10.34 and 11.96 lakhs. As such the gross output per worker comes to Rs. 740 and Rs. 1624 for the khadi and village industries respectively. In terms of net output, the per capita figures work out to Rs. 444 and 645 respectively. The per capita earnings of KVIC artisans in 1953-54 amounted to Rs. 34.7 per year which increased to Rs. 381 in 1978-79. It showed an increase of over 10 times but the per days earnings still worked out to little over a rupee.

3.11 Even though the KVIC is the biggest organisation dealing with the village and cottage industries, its coverage of industries within its purview is too small to make any significant effect on their growth. As amongst states, the pace of development hardly reflects any uniformity. The major share of production and employment is accounted for by a few States like Andhra Pradesh, Tamil Nadu, Karnataka, Maharashtra, U.P., Rajasthan and Bihar.

3.12 While Khadi activities are well organised, the position of village industries is not that good as the implementation has been left to industrial co-operatives which are rather ineffective.

## HANDLOOM BOARD

3.13. To advise the Government on the development of the handloom industry, the All India Handloom Board was set up in October 1952 under the Chairmanship of the Textile Commissioner. The Board helped in devising a variety of measures for rehabilitating and developing the handloom industry. Because of severe and often unequal competition with the mill sector this sector has periodically undergone difficulties; a number of handlooms have been forced out of production in view of meagre wages, or lack of markets. As such, the prime thrust of handloom programmes has been towards ensuring sustained employment to existing looms and weavers all over the country.

3.14 The first ever comprehensive national study on the status and problems of the handloom industry was conducted by a High Powered Study Team headed

by Shri B. Sivaraman, then Member, Planning Commission. The terms of reference of this Group were wide ranging and included, besides reporting on the existing conditions of the industry, scope for suggestions for concrete programmes for the development of the handloom industry. In the course of its enquiry, the Group was asked to make suitable recommendations for building infrastructure providing adequate inputs to the industry, maximising production, increasing exports and ensuring protection for the industry by making suitable reservations. The Government accepted the major recommendations which provide the basis for the present programmes of handloom development made in the report submitted in July 1974.

3.15 An important recommendation of the Group was that a model agency at the centre should be created exclusively for the development of the handloom industry. Government accepted this recommendation and, as a result, the office of the Development Commissioner for Handlooms was created. The Committee report envisaged that this office should be a cell attached to the main Ministry. It is now an attached office of the Ministry of Commerce and is entrusted with the overall development of the handloom sector.

3.16 In addition to the model agency described above, non-official participation in the development of the handloom sector has always been considered to be a vital input. With this end in view, the All India Handloom Board which is the highest advisory body to the Government of India in handloom matters, was reconstituted in December 1978 with an eminent non official as Chairman. The Board consists of a large number of experts in handlooms, textiles, marketing, co-operation, etc. Its advice is carefully considered by the Government before any policy decision in the handloom sector is taken. The Board has also constituted sub-committees from among its own members to make in-depth studies on specific problems like marketing, inputs, co-operation, technology, etc. The reports of these groups are considered by the Board before advice is tendered to Government.

3.17 Development of handlooms is essentially a state subject. In fact, in States with a large handloom presence there are already special Directorates to look after the development of handlooms, as in States like Andhra Pradesh, Kerala, Tamil Nadu, U.P., West Bengal, Bihar etc. In States like Gujarat, handlooms are looked after by the Director of Cottage Industries. In States like Meghalaya and Assam where sericulture is also an important subject, the posts of Director of sericulture and weaving are combined. One Director looks after handlooms, powerlooms and co-operative textiles in Maharashtra. In most other States, the development of the handloom industry is looked after by the Director of Industries. In order to facilitate development, most states which have set up Directorates of Handlooms have also invested the Director of Handlooms with the powers of Registrar of Co-operative Societies as far as handloom weaving societies are concerned.

3.18 As the principal operational instruments of the Directorate of Handlooms, most States have set up Apex Co-operative Marketing Unions to take care of

co-operativised handlooms. As the coverage of co-operatives is still inadequate, several States have set up State Handloom Development Corporations to look into the needs and problems of weavers outside the co-operative fold. At the end of March 1979, there was a net work of Apex (including regional apex) Unions and 18 State Handloom Development Corporations.

3.19 Consistent with the responsibility assigned to the Development Commissioner (Handlooms), a number of schemes have been launched by the Central Government to tackle the different problems of the handloom industry. The first major task was to stabilise and increase the production of handloom cloth. This responsibility has in fact been reiterated by the integrated textile policy announced in Parliament in August 1978, laying down that the capacity of the Powerloom sector and the organised mill sector would be frozen at existing levels and expansion would be allowed only in the handloom and khadi sector implying that the clothing needs of the masses will be increasingly met by handlooms.

3.20 To achieve these objectives the Development Commissioner for Handlooms has launched a number of schemes aimed at the all round development of the handloom sector, including the following:—

- (i) Intensive Development Projects in 25 selected areas.
- (ii) Export Production Projects in 21 selected areas.
- (iii) Schemes for increasing co-operative coverage by giving loans to weavers for purchase of shares in primary societies.
- (iv) Schemes for improving marketing in the co-operative sector by strengthening share capital base of the apex societies.
- (v) Schemes for strengthening the corporate sector by giving contributions to the equity base of Handloom Corporations.
- (vi) Schemes for establishment of processing facilities for the handloom sector all over the country.
- (vii) Arrangement for supply of yarn to handloom weavers at reasonable prices through some kind of public distribution system.
- (viii) Schemes for continued employment by production of controlled cloth in the handloom sector.
- (ix) Arrangements for Government initiative in the purchase of handloom cloth for its own use.
- (x) Schemes for publicity of handloom fabrics by way of trade fairs and exhibitions; and
- (xi) Schemes for supply of Research and Development inputs to the handloom industry.

#### SILK BOARD

3.21 The Central Silk Board was constituted in May 1949 by an Act of Parliament. The Board is constituted triennially and has 36 members including the Chairman, the Vice-Chairman, representatives of the Lok

Sabha, Rajya Sabha and nominees of the Central and State Governments. The functions assigned to the Board as per Section 8 of the Act are quite comprehensive and cover all aspects of the industry for ensuring coordinated development of sericulture and silk industry under its control. Among other things, the Board is responsible for undertaking, assisting or encouraging scientific, technological and economic research, devising means for introduction of improved methods in sericultural operations and its products, improving the quality and productivity of raw silk, if necessary, by making it compulsory for silk to be marketed only after it has been tested and graded, promotion of rational marketing of sericultural products, collection of statistics; advising Central Government on all matters of policies concerning development of the silk industry including import and export of raw silk etc.

3.22 Initially, the Board functioned primarily as an Advisory Body and also as an Agency for distributing grants and loans to the State Governments for approved schemes. It did not take up any direct activity to sericulture. In the year 1958, pursuant to a decision taken by the Government of India, the Board was made responsible for organising sericultural research, advanced training of personnel and basic seed production under its direct control. During the same year (1958), the Board was also made responsible for pre-shipment inspection of silk goods exported from the country. The Board was also entrusted with the im-

port and distribution of new silk under the canalisation policy as early as in 1955 which function it carried out upto 1964 and after a gap of 6 years in April 1970 the Board was again entrusted with the import and distribution of raw silk as a canalising agency under the import policy. The board has organised a Publicity wing of its own and releases two periodicals 'Indian Silk' a monthly industrial magazine, and 'Indian Journal of Sericulture', a scientific annual. The Board has also been undertaking various measures to promote export of silk goods. The Board has also taken up directly several developmental projects (Central Projects) to supplement the sericulture developmental activities of the State Governments and to ensure achievement of the Plan targets.

3.23 As a result of the extended activities as detailed above, the Board has set up 3 Regional offices at New Delhi, Bangalore and Calcutta, 4 Research Stations 2 for Mulberry, one for Eri and Muga and one for Tasar, 8 Regional Research Stations, and sub-stations, one Silk conditioning and Testing House, 2 Basic Seed Stations, 29 Extension Centres, 2 Pilot Project Centres, 8 Certification Centres, One Raw Material Bank and 11 Industrial Bivoltine Grainages. Thus, the Board's organisation has grown enormously since its inception in 1949.

3.24 The following table shows the progress of the industry and the Board's organisation since its inception in 1949:

Year	Budget provision (lakh Rs.) (Plan & Non-Plan)	Staff Strength			Physical Progress	
		Gazetted	Non-gazetted	Total	Production of silk (Rs. lakh) Mulberry and non-mulberry	Export of silk goods including silk waste (value lakh Rs.)
1949-50	Less than Rs. 4 lakhs	1	28	29	12.42	41.26
1959-60	9.11	6	165	171	15.30	119.21
1969-70	26.08	36	453	489	24.01	1795.49
1977-78	453.76	81	1153	1234	37.11	3305.56
1978-79	594.90	122	1529	1651	37.64	4366.68

3.25 The Research Institutes under the Central Silk Board carry out research studies for evolving high yielding strains of food plants and races of silk worms, control of diseases, package of practices to increase productivity at different levels, improving reliability, etc. and have achieved some results. However, the industry has yet to find solutions to the following problems:

- (i) As compared to other major sericulture countries the level of productivity is very low in India;
- (ii) Cocoon crops are unstable because the major area under mulberry is dependant on rainfall and non-mulberry rearing is carried on in the open on nature grown food plants;

- (iii) Indian raw silk does not come upto international standards;
- (iv) Most of the reeling is done on charkhas which need improvement;
- (v) Though two oak-tasar cocoon crops are harvested, the autumn crop yield is generally poor on account of irregular moth emergence. The viability of oak tasar programme depends on three rearings per year which does not seem to be feasible under the existing technology.
- (vi) The ratio between oak tasar cocoons and one laying needs improvement;
- (vii) Oak tasar cocoons have low reliability;

- (viii) Area under oak plantations needs to be cleared of shrubs and planted intensively; and
- (ix) The production of eri and muga silks have been showing a declining trend of late.

### HANDICRAFTS BOARD

3.26 The All India Handicrafts Board was set up in 1952 to advise the Central Government on problems of handicrafts and suggest measures for their improvement and development. The functions of the Board cover aspects like technical development, marketing, organisational development, and assisting State Governments in preparing developmental schemes. The Board is headed by a Development Commissioner and is under the Ministry of Commerce.

3.27 A number of functional organisations have been set up to implement Central schemes and assist State Governments in the programmes. These include Head-quarters of the Board and a Craft Museum in New Delhi, five Regional Offices, four Regional Design and Technical Development Centres, 34 Handicrafts Marketing and Technical Development Centres. Two commercial organisation viz., the Central Cottage Industries Emporium and the Handlooms and Handicrafts Export Corporation have been sponsored by the Central Government to provide internal and external marketing assistance. For training of craftsman and artisans the Board runs 30 centres for hand printed textiles and 35 centres for cane and bamboo. A proposal has been prepared to set up 20 new centres for art metal ware, 30 centres for hand printed textiles and 30 centres for cane and bamboo. A massive training programme in carpet weaving was undertaken during 1976-77 to expand exports of woollen carpets. By the end of March 1979, about 47,000 persons were trained in carpet weaving and another 60,000 were expected to be trained during 1979-80.

3.28 A new scheme of Rural Marketing and Service Centres (RMC) has been undertaken by the Handicrafts Board. By the end of 1978-79 sanction for 129 RMCs was given but only 20-25 of them became functional. The concept and functions of the block level RMCs for village and small industries are:—

- (1) The individual rural artisans scattered over a number of villages require some focal point within a reasonable distance, which is:—
  - (a) Aware of their existence and is an constant touch with their activities products, skills and problems and
  - (b) Which is multi-functional and can render them a variety of over-head services such as:
    - (i) Bulk procurement stocking and supply of raw materials when they need it at reasonable prices.
    - (ii) Processing of raw materials before distribution to individual artisans, if that is required.

- (iii) Exploring markets for them and bring them the knowledge of the markets and under-take marketing of finished products.
- (iv) Where necessary, act as a procurement centre for finished products for agencies interested in the local products but not having their own procurement organisations to reach the remote village artisans.
- (v) Organise delivery of technical improvement services for village artisans such as training programmes for employment in skills, introduction of improved tools and techniques, products development adoption of quality standards.
- (vi) Serve as a base centre for a nation-wide market information and market intelligence service.
- (vii) Arrange for flow of credit to the rural artisans directly or through its own services such as supply of raw materials on credit basis.
- (2) The rural marketing centre will be multi-product centre be it khadi, village industries, handlooms, handicrafts, sericulture, coir, or tiny sector.
- (3) Where the economic boundaries of a particular village industry are too large for the Block level Rural Marketing and Service centres, the problems will have to be handled by a larger unit of specialised agency.

3.29 At the State level, development of handicrafts is looked after by the Directorate of Industries. Exclusive Handicrafts Development Corporation have been set up in 3 States and 1 Union Territory. In some of the States, Handloom and Handicrafts Corporation look after promotion of handicrafts including marketing. The latest available figures for 1978-79 show that the production of handicrafts was of the order of Rs. 600 crores and wares worth Rs. 500 crores were exported. The employment coverage both full and part-time, was 18 lakhs. Gems and Jewellery accounted for the bulk of the exports (70%), followed by carpets, rugs, druggets including namdahs (15%). Other major handicrafts exported were art metal wares, wood wares, hand-printed textiles, ivory products, embroidered goods etc.

### COIR BOARD

3.30 The Coir Industry in India is a cottage industry dispersed mainly over the Western coast of Kerala, where natural retting facilities of coconut husks exists. In recent years the industry has been developed in other coconut growing states like Tamil Nadu, Karnataka, Andhra Pradesh, Orissa etc. In these States the industry is mostly confined to the extraction of fibre from coconut husk by mechanical decorticator and further processing of fibre like curling, rubberisation etc. The developmental programmes on coir are mainly implemented by the State Governments with the help of State Plan budgets.

3.31 The Coir Board, a statutory organisation set up by the Central Government under the coir Industry Act, 1953 continues to promote the development of coir industry in several ways. These include steps for promotion of exports of coir and coir products, research for product betterment and product development by modernisation of manufacturing techniques, diversification of products, fixing grade standards and arranging inspection of goods meant for exports and promotion of cooperative organisation. The following units function under the Board in furtherance of its activities:

1. Central Coir Research Institute, Kalavoor.
2. National Coir Training and Design Centre, Alleppey.
3. Office of the Purchase Price (enforcement) Scheme, Alleppey.
4. Office of Purchase Price (enforcement) Scheme, Shertallai.
5. Office of the Coir Mark Scheme, Alleppey.
6. Office of the Coir Mark Scheme, Shertallai.
7. Hindustan Coir, Kalavoor.
8. Regional Office, Bangalore.
9. Showrooms and Sales Depots at New Delhi, Bombay, Calcutta, Madras, Bangalore, Ernakulam, Madurai, Bhubaneshwar, Chandigarh, Patna, Jammu, Hyderabad and Ahmedabad.

3.32 The Board consists of a Chairman and 23 Members appointed by the Government of India. The members of the Board represent different categories such as growers and producers of husks and coir yarn, persons engaged in manufacture of coir products, dealers in coir, coir yarn and coir products, Members of Parliament, Governments of principal coconut growing States etc.

3.33 The Coir Board is taking several steps to develop the coir industry. Under the central sector promotional measures, it has undertaken research and development training programme, product improvement, market promotion etc. In order to improve the competitive position of coir products in the international market, the Board operates a Floor Price Scheme so as to avoid cut throat competition and to

ensure stable prices of coir and coir products. To ensure reasonable prices to manufacturers of export products, it operates the Purchase Price (Enforcement) Scheme. The Coir Board participants in international Fairs and Exhibitions apart from organising National Exhibitions to promote internal market. Field extension services are carried out to improve quality of coir products. Training centres are operated in Andhra Pradesh, Karnataka, Orissa, Tamil Nadu and Lakshadweep Islands. Existing training centres in Tamil Nadu, Karnataka, Andhra Pradesh and Orissa are proposed to be strengthened with a view to covering new areas in the production techniques and thus expand the scope of the training.

3.34 The Government constituted a High level Study Team under the Chairmanship of Shri B. Sivaraman, Member, Planning Commission to suggest suitable measures for overcoming the problems and for a rapid and healthy development of the industry, the programmes to be undertaken by the State Governments and Centre, including the Coir Board and the role of the Financial Institutions for ensuring fuller utilisation of husks and yarn and increasing internal sales etc. The Study Team has since submitted its report. The recommendations of the Study Team have been examined in consultation with the major coir producing states. Governments' decisions on the recommendations of the Study Team are expected to be taken shortly.

3.35 The production of coir and coir goods during the year 1978-79 is estimated to be 1,65,000 tonnes. Coir exports from India during the year 1978-79 were of the order of 43,066 tonnes valued at Rs. 25.79 crore as against 42,443 tonnes valued at Rs. 23.82 crores during the year 1977-78. During the year 1979-80 the exports increased to 47,224 tonnes valued at Rs. 37.21 crores.

#### Other Organisations

3.36 In addition to the above major organisations, there are other organisations like National Small Industries Corporation, Forest Corporations and the like which have been contributing towards the meaningful development of village and cottage industries. It is understood that a State Rural Industries Marketing Corporation has come into being in the State of Gujarat.



#### 4. THE STRATEGY OF DEVELOPMENT OF VILLAGE AND COTTAGE INDUSTRIES.

4.1 The basic expectation in the plans is to develop the Village and Cottage Industries so as to provide greater and more remunerative employment to the increasing number of labour participants that the population increases is throwing up. Even though this has been the stated objective, the comparative analysis of the employment by industrial distribution and by occupational distribution in Table 2.3 and 2.4 shows that the number of those employed in this sector has definitely shrunk during the decade 1961-71. Despite the conceptual problems for comparing the two figures in the Census one can safely conclude that contrary to our desire, the sector has certainly not provided greater employment over a whole decade. The stated objective has not been achieved. The reason is not far to seek. The problem has not been studied in any depth and remedies have not been sought.

4.2 Village and Cottage Industries, except handlooms, sericulture, handicrafts, coir, minor forest produce etc. have been treated as, more or less, the preserve of the Khadi and Village Industries Commission. Having given them the franchise, nobody else appears to have taken any significant steps to enable the commission to fulfil its role or complement its work by their own efforts to develop the sector. Except in Handlooms and to some extent in sericulture there has been no systematic work by the states or other organisations in this direction. The Khadi and Village Industries Commission has been suffering for long years by a running controversy on the limits of mechanisation. The arguments continue. Meanwhile the number of those seeking a living in this sector is obviously dwindling.

4.3 The statistics in Table 2.3 and 2.4 (Chapter 2) show that whereas the absolute numbers of those employed in this sector has fallen over the decade, the employment has certainly increased in some fields, involving further provision of primary products and basic materials e.g. garment making. On the other hand employment in the primary production sectors like handlooms, knitting, leather etc. has fallen. There are obviously new lines of employment developing in this important sector. Why then are those already plying the primary trades giving up the trade? Why do not the young find a future in the occupation? If we go into the details of the production process in some of the primary industries one thing stands out clearly. In the running controversy over how much labour intensity is to be maintained and how much mechanisation is to be allowed, the artisan is being forced to continue the traditional labour intensive approach which involves drudgery sometimes of the entire family, with a small return in value added for the time employed. If we examine the Handloom sector or the Leather sector we shall understand this basic problem. The setting up of beams for weaving in Handlooms and the buffing and slicing of leather to prepare the material for production are two extreme cases of drudgery where long hours are spent

and the value added for time employed is very small. In case of blacksmithy long hours are spent and many man-days lost in striking iron while it is red-hot with heavy hammers for forging. If these operations can be mechanised, and they can be, the artisan and his family can better employ their time in the actual production where value added for time spent is reasonable. The Coir Committee had examined the return for time spent in the Coir Industry and the same has been dealt with in the introductory chapter. The phenomenon observed in the case of coir industry about the drudgery element and low returns is present in other pursuits to varying degrees.

4.4 On the question of flight of artisans from their traditional pursuits one can venture a good guess that the processes involving drudgery without adequate returns, act as the basic retarding force. If this tendency is to be reversed, such processes will have to be suitably mechanised. Because of the historical background of the Khadi and Village Industries Commission almost having a monopoly in this field, this aspect has not received the attention it should have. The Committee has no hesitation in recommending that the primary approach in the strategy should be to evolve a suitable mix of the manual and the mechanical for each of the traditional industries so that those parts of the operation which involve heavy drudgery and expenditure of time, without adequate value added for the time spent, are suitably mechanised. Thereby the artisan and his family can use their time better in those parts of the process where their skill comes into operation and the return in value for time spent is reasonable and at least a living wage is assured. It is this intermediate technology, wherein skill is retained and upgraded, which has now to be developed consciously and quickly. The Committee recommends that this should be the key strategy for reversing the diminishing returns in employment from this sector.

4.5 The KVIC with its historical background has some justification for the conceptual difficulties in introduction of mechanisation, but the Committee wish to emphasise that those in favour of Village and Cottage Industries appear to be equally guilty of this conceptual confusion. It is the fashion for any body supporting Village and Cottage Industry to add almost invariably as a rider that the approach should be labour intensive and mechanisation should be frowned upon. The Committee wish to point out that the justification for Village and Cottage Industries is not only the employment generated but the resultant improvement in quality of the consumer goods thereby produced. This is the most significant factor which distinguishes the artisan production from the machine made uniformity and gives the greater justification for this sector to survive. The present position as explained in the key strategy approach is, that the artisan spends a lot of time in drudgery and repetitive operations which can well be performed by machines thereby making time for putting in the skill in the finishing



of the goods and enhancing the quality aspects. If this can be achieved without putting people off the industry, it will be the right strategy. The Committee also emphasises that those talking of labour intensity to create an impression in the field workers that mechanisation of any sort is taboo. There has to be greater precision in what we mean.

4.6 Can we reduce drudgery by proper mechanisation and at the same time not impinge on the employment opportunities in a significant way. Let us face the obvious fact that today, because of the drudgery and low return for the time spent, Village and Cottage Industries are fast losing their attraction for not only the present generation of artisans but preventing the new generation from seeking a livelihood in this section. It is only by saving drudgery and fatigue and increasing the application of skill in production, producing better quality of goods, that the industries can survive and give a decent remuneration to the artisan. It is possible to save drudgery and provide necessary mechanisation leading to greater production, which as explained later, can be absorbed in the economy and thereby the artisan is not pushed away to other occupations.

4.7 In case drudgery and fatigue are suitably reduced and the production becomes available in larger quantities, the absorption of the products would depend on the viable growth impulses generated in the economy. The perspective would indicate hope on that front. In this connection, the following extract from Shri B. Sivaraman's article 'Full Employment Mirage or reality' published in the December 1979 issue of 'Man and Development' is relevant in understanding the basic economics. As per the article, a ten per cent growth per year in industrial production is tenable according to present thinking. If every sector of industries keeps its relative share in the product, the informal sector can expect a minimum growth of ten per cent. In industries, we have reached a stage at which we have to push our consumer goods, to effectively use the basic industries that we have developed. The informal sector is purely one of the consumer industry. Further, the national policy seeks to give prominence to this sector hence it is logical to assume that we shall be working for a growth of much more than ten per cent in this sector. A 20 per cent growth is tenable. To absorb its relative share in the growth of the labour population two per cent can be reserved out of this growth. To cover the relative share in the backlog which is about 10 per cent, on the 1971 figures, a one per cent reservation should see the problem through in ten years. This reservation leaves anything from seven per cent and more for the production growth in the units. In ten years, a seven per cent compound growth rate doubles the production. Thus we see that the strategy has enough elbow room for tripling or quadrupling of growth in this sector in twenty years.

4.8 If the quality of the finished goods is improved and the necessary policy supports for the Village

and Cottage Industries are introduced, there is no reason to fear that this sector cannot find its due share in the commodity markets. This supports our expectation of ten per cent annual growth. In addition if the policy uniformly announced by all political parties that this sector will be enabled to get a larger share in the consumer market for the goods by suitable constraints on the mechanised, organised sector is followed by the necessary controls, there is no need to question the possibility of this sector soon achieving a twenty per cent growth annually. If we achieve this, the arithmetic quoted above shows that the sector can maintain its employment potential and absorb its backlog of the unemployed and in addition absorb a steady 2 per cent and over from the increasing labour force (in the sector). This leaves a growth rate for productivity of anything from 7 to 17 per cent per year in the sector. This means anything from quadrupling productivity per unit to increasing productivity by more than ten times by the end of this century. This can only be achieved by a suitable mix of mechanisation and manual skill. In fact a little thought will show that this intermediate technology of a suitable mix will have to be introduced immediately if we are to reverse the present tendency of deterioration in the sector. The approach is not only economically justifiable from the employment angle but also imperative for survival of the sector.

4.9 Within the frame work of the growing economy, the increasing demand for consumer goods would involve many new articles of consumption. This segment of the demand can safely be siphoned off to the sectors of production using intermediate technology. These new lines of production opportunities will certainly attract the younger generation who may not like to pursue the traditional line but accept greater mechanisation which gives them better earnings. An indicator of the same is provided through the employment data given in table 2.2 of chapter 2 of the Report. The data suggests, at different levels of manufacturing technology and for two points of time data for 1961 and 1971, a shift in the employment pattern from the low technological sector of house-hold industries to intermediate levels of organisation and production. Non-traditional intermediate technology probably requires some mechanisation and a higher order of skills. The important inference, from the facts, is that the economy as it is, is absorbing more and more of labour in the intermediate industrial sector without any active push from the State.

4.10 The experience of Japan is well worth a mention. Professor Ohkawa and Dr. Tajima well known authorities on the Japanese Economy, while dealing with the aspect of shift to new technologies in Japan had remarked that, among other things, Japan could move over fast to the new technologies requiring human skill because of the traditional arts of the village in many lines of production. The relevant portion of the Working paper\* on 'Small-medium scale manufacturing industry', a comparative study of Japan and Developing nations' written, in March, 1976, by Professor Kazushi Ohkawa and

Dr. Muttou Tajima of the International Development Centre of Japan States:

"The traditional elements which have historically developed differ from one country to another and we have to pay attention to their function. For example Japan had craftsmen's skills and techniques of local indigenous industries, such as Arita, Kutani and Setoyaki ceramic industries, Yuzen printed silk and Bishijin silk industries; Nambu iron Kettle casting, gunsmith and swordsmith industries, and others, all inherited from the Tokugawa era. It may be said, that their highly trained skills and techniques were the basis of the rapid adaptation of many small and medium enterprises to the transplanted industries during the initial growth phase in Meiji Japan. A similar situation is found in some of the contemporary developing nations"

The Committee would recommend pursuing such a policy.

4.11 The introduction of a new raw material, like plastics, sometimes introduces unhealthy competition from the highly mechanised sector to the detriment of decentralised production of household consumer goods, like leather, wood and metal works. In such situations, the aspect like cheapness of the artisan's ware against organised production is often ignored. The Committee would like to highlight the need to cover these serious deficiencies in providing the right impetus for development of this sector and effectively stopping contrary pulls.

4.12 Village and Cottage Industries do not require the costly cover of communications, transport, housing, water-supply and labour welfare. Energy requirements of course have to be met though a large part of the equipment is manual. Because the industry is plied in the house or nearby, mostly by a family group or local artisan group, these costly overheads are saved. On the other hand, the scattered nature of the production and the smallness of the individual units, creates other problems of conglomeration and consolidation for the market, except the extremely local. The needed support for the appropriate development should not be denied as without that the development may lag. The broad support which can be identified straightway are:

- (a) Continuous updating of the technology and moving towards higher productivity per unit by supporting research and development of intermediate technology which has low capital/output and capital/labour ratios;
- (b) Providing the training, design and market intelligence organisations so as to change the production lines from those for the purely local market to those can develop larger markets;
- (c) Developing the necessary marketing organisations to collect and market the produce on a fair commission basis;

- (d) Raw material supply for the industry at a fair price in small lots so that the enterprise need not have to invest large sums in inventories;
- (e) Improvement of the tools of the trade so that the artisan is able to get the best tools that the latest technology can provide;
- (f) Finding the necessary credit for the individual and the area to make the entire organisation work.

Many parts of the infrastructure are services which can normally be charged for at fair rates except in the initial period of development. Those in the nature of subsidies like supply of tools fall under the principle of capital transfer to the poor.

4.13 In 1974 the Handloom Committee, headed by Shri B. Sivaraman, suggested a state level covering organisation to give the necessary support for the supply of yarn at fair price and marketing the goods in the best market. The subsequent development, resulting from the recommendation, give ample proof of the validity of the strategy in finding an economic solution. The Committee, therefore, would like to focus attention on these aspects.

4.14 It has already been pointed out that because of the wide franchise given to the KVIC, there is a complacency that no body else needs to do any thing systematically to handle and improve the sector. No doubt the Central Boards like those for Handloom or Handicrafts and others try to fill up this gap to some extent, but they all suffer from the lack of an effective pervasive field organisation. One approach would be to enable the KVIC to discharge its vast responsibilities effectively. The other would be to treat the KVIC as an available forum for the improvement of the sector but place the responsibility for overall achievement squarely on the State Governments who are the most directly concerned with rural employment and distribution of consumer goods. Studies ending with the detailed study of the KVIC by the Administrative Staff College, Hyderabad, shows that as of today there are inherent structural difficulties in the KVIC reaching the field level widely and effectively. This organisation has grown over more than twenty years and developed its own inertia. In the judgement of the Committee any drastic changes in the working of this organisation will take a long time to be effective. As time is an important factor in the problem, the Committee is certain that beyond enabling the KVIC to play a more effective part, the main responsibility for rapid development of this sector has to be squarely placed with the State Governments. The role of the All India Boards can only be complementary as they lack field approach. The type of organisation or organisations at the state level and the ramifications in the field and the complementary role of the KVIC and the All India Boards are being dealt with further in detail.

4.15 The question of satisfying the preferences of the ultimate buyer of the products needs specific focus and attention through the development of designs, patterns, input supply, standardisation and marketing. The case

of handloom has already been referred to and in this instance the intention has not really been translated fully into effective action. Other relevant instances can be found in the case of match sticks where the State has not taken the relevant follow up action to cover the infrastructure of input supplies at fair rates, standardisation and marketing. A mere reservation is self defeating unless followed by active support and cover. The example of Nutan Stove, in the marketing network, is worthy of note. An all India consumption article of this relevant cannot be marketed by small units spread over the country without an active covering organisation. We have failed in this and are trying to seek a solution in passing on this item of production to the organised large sector. The net result can be attributed to either lack in effectiveness of policies or the policies working at cross purposes and reducing effectiveness.

4.16 An intermediate technology with a suitable mix of the manual and the mechanical is the requirement. Though many people have been talking about the evolution of such an intermediate technology, as of today the only organisation which has done any systematic work in this field is the R & D organisation of the KVIC; but they suffer from certain conceptual inhibitions. One reflection of this is the statistics thrown up by the 29th Round NSS at Table 2.5 (Chapter 2). Even though better equipment is available in most trades, and better productivity is possible with existing technology, the level of equipment used and the output per unit shows conclusively how little the knowledge and the skill has percolated to the field. Building up this vast organisation and infrastructure is a time taking job. There are a large number of industries and each has its own technology and skill. If we simultaneously seek to improve every sector, we shall flounder badly and will be able to cover none satisfactorily. The strategy of development has to be selective. Out of the large number of industries, it should be possible to select those which at present engage a large number of the artisans. It is also necessary to select from present experience the new fields of growth where the production can be vastly improved and marketed. Sericulture, Tassar culture, Lac culture, Garment making including knitting of woollens, jewellery and stone-ware appear to be obvious fields with potential. The fields should also be such that the intermediate technology has a prospect of developing quickly. The strategy should be to concentrate on the selected industries and during the next decade work out a time bound programme of action with the objective of increasing productivity per unit by five to ten times the present output. If a productivity level of five to ten times the present output per unit of the industries is to be achieved, within the next twenty years, with a gradually increasing growth, a mere mechanisation of the drudgery elements may not be the complete answer. Better equipment so that the skill may be more productive, and more widespread introduction of semi-mechanical aids, will have to be built into the production chain. Steps have to be taken to evolve urgently the structure for carrying out this intermediate technology on a crash basis. There has to be a clear division of the research responsibility and a coordinating structure for bringing the scientists and technologists and the users together for development reporting, monitoring of performance and extension to the field for effective solutions.

4.17 A rapid change of equipment, technology and training of the millions of artisans in the field to enable them to utilise the technology requires a vast hierarchy of field level experts supported by a Pyramid of higher expertise and a large number of training units and organisations. As of today, except for the technical experts in the KVIC and some field level experts in handlooms and partly sericulture, there is a tremendous lack of organisation and technical expertise in most of the village and cottage industries. As experience in the type of organisation and coverage is gathered if a constant watch is kept of technology development and new consumer demand in an expanding economy, other fields can be added to the list for detailed action. A suitable forum for this continuous appraisal and change has to be postulated. Keeping in view the above principle, the committee suggests that in the Sixth Plan we may concentrate on the following industries:

Food and tobacco products; edible and non-edible oils; beverages; textiles (khadi, cotton handlooms and manufacture of garments); leather, footwear and repair of footwear; major carpentry sectors; ferrous, non-ferrous metals; major items of production in non-metallic mineral products; sericulture and tassar culture; carpet making and woollen garments.

4.18 Even within the selected industries, there is a need for selectivity in groups for development. The production units in village and cottage industries are generally family units with a sparse interspersal of Master Craftsman engaging labour from outside the family. These units are scattered all over the country in the village. The basic requirements of this family type unit is:

- (a) Getting raw material in small quantities at a fair price in small lots through out the year so that the investment in inventories is minimal.
- (b) Getting technical guidance in new technology and maintenance of this equipment at fair rates and promptly.
- (c) Prompt marketing of his goods so that he can rotate his funds for raw materials purchase and also meet his consumption needs by the value added.
- (d) Getting the necessary credit at fair rates of interest for all these operations.

What is wanted is a covering organisation which can perform these functions for the individual family and replace the money lender/trader by a helpful and effective organisation. Such a covering organisation must also be economical, since a highly subsidised organisation will be inconsistent with the objective of an economic approach. Taking into consideration the level and number of instalments of raw material supply needed in the industry, the number of families a mobile unit can cover from a given centre and the minimum needs of a marketing organisation, each industry will have different norms of areas and number of families

covered. Any attempt to go below this norm will lead to uneconomic costs. The strategy should therefore concentrate on a group approach for each of the selected industries.

4.19 The service unit will have to be located at a convenient centre within the area. At first sight it may appear as if this approach will leave out a large number of scattered units outside the frame. This is not so. A study was made of the spread of house-hold industries in some districts of Bihar. It was found that industries generally congregate in small groups of villages and large number of villages have no artisan at all or only a few. Annexure VIII shows the spread in four Bihar districts which proves this conclusion. The Committee therefore recommends the group approach for each industry.

4.20 The basic strategy suggested by the Committee involves three crucial elements; first, up-gradation of technologies to ensure using standards and quality production, second a covering organisation to provide the required support for raw material supply, marketing, credit and technology and third a group approach to ensure viability. Besides this, the Committee would like to focus attention on the utter lack of a machinery to transform policies into effective action. The need for an effective thinking and acting centre analysing the parts for action and for further policy decisions is very desirable. This body should not involve itself in the execution but be a Brains Trust. Simultaneously, there has to be an effective structure to enforce the policies and give the cover for infrastructure needs and the training and marketing problems.



## 5. RAW MATERIAL

5.1 The location and pattern of village and cottage industries have primarily been guided by the exploitation of raw material resources available in the rural areas and for catering to the basic needs of the people residing therein. Resources in rural areas are, by and large, varied and ample. The main sources of such resources are from agriculture, livestock, horticulture, forestry and minerals. The sources of supply of other raw materials are many and are dispersed over a large geographical area.

5.2 By and large entrepreneurs and artisans manning the village and cottage industries are unorganised and scattered over the whole of the country. In the absence of any worthwhile organised network, and weak bargaining power the artisans have to pay more for the purchase of the raw materials in competition to those from organised groups. Besides this, the weak financial base of the entrepreneur artisans adds another dimension to the problem. On account of the low capital base the artisan is not in a position to take full advantage of buying his total requirement of raw materials when prices are low. If for any reasons the final product remains unsold for sometime, the artisan finds himself in a quandary and may have to resort to distress sale. All these factors combine to make the artisan dependent on money lenders and middlemen. On account of the vulnerability of entrepreneurs/artisans, these people take full advantage of the situation and resort to the maximum amount of exploitation. The dependence of artisans on money lenders or intermediaries for raw materials and marketing, is linked with the operational modalities of the artisan. Generally, the artisan works on two broad patterns. In one of these the artisan works in his own home on piece wage on materials put to him by the middle-man. In the other pattern, the artisan is free to buy raw material and pay his workers wages from the advance given to him by the middleman. Under both patterns, the middleman purchases the finished products from the artisans and the artisan's dependence on the middleman is almost indispensable. The institution of master craftsmen and their links with the individual family growers is also very much prevalent and this represents another form of useful though exploitative agency for the artisans.

5.3 In view of the predominance of middlemen in the raw material markets, the artisans find it almost impossible to purchase the raw materials straight from the growers. In many cases these growers are debtors of the middlemen and are obliged to sell their produce to them. Moreover, on account of being small growers, their staying power is naturally weak and they have to sell the produce on the farm itself to get ready cash.

5.4 The small sector loses most in its competition with the large in the price of raw materials for its production. The demand for raw material of an individual unit is small, even on the basis of an annual demand. Unless an industry can turn over its invention of three or four times in a year, the burden of

interest charges will be high so the demand at one time will be still more small. Perforce the sector has to deal with the retail dealer for its requirements and cannot take advantage of the low price seasonal purchases; whereas the large sector cannot only get its raw materials at wholesale prices, but being a large consumer, can demand still more favourable rates from the trade and get it. As raw material cost as percent of total cost, in the decentralised sector, is quite large, it is obvious that no amount of economic handling at the further stages of production can get over this initial disadvantage vis-a-vis the large. Attempts so far made to get over this disadvantage appear to be few and far between. The main organiser in the village sector, the KVIC supplies cotton to the spinners and yarn to the weavers in the Khadi sector, but otherwise its supply of raw material to this sector of twenty-four industries is limited considering the magnitude of requirements. In handlooms, some amount of organisation has been attempted in forming cooperatives so that their demand can be combined and a competitive price obtained. States like Tamil Nadu have tried to organise departmental supplies to the weavers. Yet the cost of hand yarn to the weaver is nowhere near the price legitimately chargeable with the advantage in excise given to Hank yarn vis a vis the cone yarn to the organised sector and power-looms. As at present, the State's intervention in the matter is negligible. Not only that, in the raw material supply to the carpenters and blacksmiths the State controls all timber at source and controls the supply of iron and steel scrap, and yet the artisan has to buy his material from the retail market at high prices. All the profits of the contractor and the trade are added on. The culmination of the absurdity is the case the Committee found in Muzaffarpur in Bihar. The potter has often to buy his clay from the private farmer, even though the State owns most of the tanks in the area and clay got from desilting tanks is well suited for the potter. The trouble is that many of the State's tanks, it is reported, have been got recorded in the name of private individuals, or are under their control.

5.5 Whatever be the covering organisation assigned with the functions, of buying and holding the stocks for dispersal, it is necessary to make suitable institutional arrangements for finding the needed funds on a priority basis at favourable rates of interest.

5.6 The large sector buys its inventories at the lower prices and holds on to stocks of goods to sell high in seasonal favourable markets. This requires a considerable amount of working capital which is advanced by the Banks in ways and means advances. Even the organised small sector does not get this accommodation from Banks easily, let alone the informal and un-organised and village sectors. In case a covering supply organisation can be developed, regulated markets can be very helpful, for the village and cottage industries, in that the organisation can get the raw materials at low prices during the season, store them and release the same as per the demand of the artisans. Here in raw materials does not imply

only the basic raw materials but also the one which are outputs of one industry and become raw materials for others. In some cases such like production may be seasonal. The gathering organisation would have to take care of these products so that they can take advantage of buying cheap. A similar sort of approach would be needed in the case of imported raw materials. The endeavour has to be to get the materials cheap to the production point.

5.7 It may be worthwhile to have a glance into the nature of raw materials generally made use of in the village and cottage industries. The following table indicates the main raw materials in selected industries.

*Main raw materials in selected village and cottage Industries*

Industry/Product	Main raw material
1	2
1. Cereal grinding and processing	Foodgrains
2. Paddy dehusking	Paddy
3. Khandsari sugar by open pan process.	Sugar cane.
4. Cotton ginning, pressing	Cotton
5. Solvent extraction of oil	Cotton seed
6. Cattle feed	Groundnut cake, wheat bran, maize, gram husk, minerals mix and salt.
7. Fruit Preservation	Various types of fruit, sugar, citric acid and other chemicals.
8. Pickles	Fruits, vegetables, sugar, chemicals and spices.
9. Defibring of coconut husk	Coconut husk
10. Jute Yarn	Jute
11. Brooms and brushes	Broom corn, handles, wire, paints, dyes.
12. Leather tanning	Hides and skins and chemicals
13. Footwear and leather goods	Hides and auxiliary material
14. Bone meal and crushed bones	Dry bones
15. Splint and veneers	Soft wood
16. Safety matches	Match wood, paraffin wax blue match paper, glue chemicals.
17. Rope and ban making	Moonj or sabri grass
18. Washing soap	Oil fats, caustic soda, sodium silicate
19. Pottery	Clay for traditional type China clay, glaze material for non-traditional.
20. Utensils manufacturing	Metals
21. Blanket weaving	Wool

5.8 Raw material cost constitutes a sizeable element of the total cost in the decentralised sector of the economy. This aspect is amply clear from the table that

follows and emphasise the importance of raw materials cover at favourable prices.

*Percentage share of basic raw material in the total cost*

Industry	Percentage share
1	2
Khadi	25.00
<i>Village Industries</i>	
Palm Gur	17.2
Processing of paddy	87.6
Gur & Khandsari	77.7
Carpentry & Blacksmithy	64.5
Non-edible oils	86.7
Soap Making	77.5
Village oil	86.7
Cottage Match	19.0
<i>Fibre Products</i>	
Sisal Fibre	64.8
Banana Fibre	46.5
Handmade paper	24.0
Lime Manufacturing	43.4
<i>Tanned Leather</i>	
Small Tannery	61.4
Big Tannery	69.2
Chrome Leather	77.1
<i>Footwear and Leather Goods</i>	
Footwear	67.4
Leather Goods	69.3
Bone Processing	69.8
<i>Village Pottery</i>	
Pots and Pans	6.7
Bricks	6.1
Tiles	20.6

Source : Commerce—15th October, 1977.

5.9 A brief review of the policies and agencies in the field of supply of raw materials can bring home vividly the inadequate position on that front. The First Five Year Plan while highlighting the important role to be assigned to the village industries, emphasised the appropriate utilisation of raw materials therein. The relevant portion in the Plan reads "As agriculture becomes more intensive, there will be greater demand for certain articles of consumption and tools and implements which could be met by village industries. The possibility of turning waste into wealth, for instance, production of gas from cowdung and other refuse of the village through gas plants in so far as the operations prove economical production of bone manure

through bone digesters, soap making out of non-edible oils, etc., will further, provide scope for the development of village industries".

5.10 In the Second Five Year Plan the idea of pilot projects was floated for the development of village and small industries and was advocated as one of the complementary activities under the community development programme. One of the pre-requisites for selection of pilot projects was availability of local raw materials; the organisational pattern envisaged was co-operative in character and the mechanism of training-cum-production centres was evolved. During the Third Plan period, based on the experience of the Pilot Projects, the programmes of Rural Industries Projects (RIPs) was introduced. One of the major underlying emphasis of this programme was the comprehension of intensive and integrated development of processing industries based on agriculture. The RIPs were intended to promote the development of a cooperative agro-industry economy. Credit facilities were augmented for meeting the costs of raw materials, working capital etc. Development of agro-based industries as policy objective of the Fourth Plan was envisaged to have had a direct impact on rural industrialisation in the country. The National Cooperative Development Cooperation which had been set up in 1962, was given a fresh and vigorous base for strengthening the cooperative basis of agricultural processing, marketing and services. Industrialisation of backward and rural areas attracted great attention and encouragement, as a means of achieving distributive growth under the Fifth plan and subsequent plans. Stress on production of mass consumption goods and optimal utilisation of local raw materials constitutes the backbone of development of village and cottage industries programme.

5.11 Besides the fragmentary approaches for providing suitable support system in the provision of raw materials for the village and cottage industries, a somewhat concrete system emerged in the working of the Khadi and Village Industries Commission. Since its inception the Commission had been giving due consideration in the provision of requisite raw materials for the artisans. The attempts have been rather on a modest scale. Over time the Commission had been able to evolve raw materials banks in respect of cotton, raw wool, edible and non-edible oil seeds and splints and veneers. The system created by KVIC needs to be developed and systematised so as to run it on commercially viable basis.

5.12 The agency of District Industries Centres (DICs) envisaged in the Industrial Policy statement of December 1977, tries to comprehend a systematic approach towards the provision of raw materials for the village and cottage industries. In the organisational set up of DICs, out of the seven managers, one was supposed to be specifically dealing with the raw materials. His functions included (i) to ascertain raw material requirements of various units, their sources and prices; (ii) to arrange for cooperative or bulk purchase of raw materials by entrepreneurs, and (iii) to arrange for release of controlled raw materials. The loan facilities available under the erstwhile RIP and RAP Schemes had been proposed to be available through DICs. The actual operational experience of

the DICs have been rather limited in character and as such any definitive conclusions are difficult to form at this stage. However, the limited field visits to two of the DICs in Bihar highlight that there are a number of operational problems and only a viable solution to these could bring about satisfactory operation of the system. A review of the Working of Raw Material Depot (RMD) at Nawadha would be relevant in the present context. This grass root level experience in the operation of raw materials scheme for the rural artisans can help in evolving a viable scheme of action.

5.13 The RMD at Nawadha was in operation for the decade 1963-73. It provided assistance to the rural entrepreneurs in terms of (i) supply of indigenous scarce and controlled raw materials, (ii) supply of imported raw materials, (iii) supply of construction material and (iv) supply of improved handlooms and small machines needed. As such the RMD had gone beyond its traditional task of supplying raw materials. The procurement of the articles was done in bulk and the artisans were charged only a nominal service charge over the purchase price.

5.14 The activities of RMD enabled the entrepreneurs to purchase materials needed by them in small quantities as per their need and at cheaper rates. RMD was instrumental in introducing improved tools among the traditional artisans. The RMD was provided with a revolving fund of Rs. one lakh and during its initial operation for seven years, it not only met its establishment cost and sundry expenses but earned a profit of over Rs. 22000. The complete details about the working of the RMD are given in Annexure IX.

5.15 The foregoing amply demonstrates that the policy and operational framework for provision of raw materials to the whole lot of artisans, dispersed over side areas, is not in tune with the requirements. As at present hardly any regulation exists whereby the raw materials trade is obliged to make available, even the locally available raw materials, at reasonable prices. Price to the artisan is most important and it has to be viable. The Committee would like to stress this aspect at the outset.

5.16 The wide dispersal of artisans and their weak financial position necessitates that their small requirements of raw materials need to be made available at the needed time and at their doorsteps. The framework envisaged need to ensure that the financial, managerial and other covers are suitably provided for so as to achieve the desired goals optimally and effectively.

5.17 At the grass root level, it is desirable for a start to provide raw materials to the artisan through the proposed Group Centre Approach. Dispersed artisans are very difficult to be approached in any meaningful fashion and hence concentrated groups of artisans are necessary for effective coverage. However, any individual artisan located outside this group would not be denied any facilities if he so demands. All the same he would not get the facilities easily at his doorstep like those in the Group. He will have to come to the centre for getting the facilities. The Group Centre would help the proposed IDPA (Integrated Development Project Authority) in assessing the detailed re-



quirements of various raw materials and in also subsequently checking on the proper use of the raw materials. The Group Centre would be the effective delivery point for the supply of raw materials to the individual artisans. The supply of raw materials to the Group Centres would be from the district level agencies.

5.18 At the district level, the Committee recommends the formation of a DSMS (District Supply and Marketing Society) which would be given the responsibility for the procurement of raw materials. DSMS can buy when the going is cheap and supply the materials when necessary. This society could ensure that the raw materials are stored at suitable places near the Group Centres so that the needed flow to the artisans is maintained. DSMS needs to be run on commercial viable basis on no profit and no loss. The inherent idea is not only to supply the raw materials but to supply the same at reasonable prices so that the earning capacity of the artisans is enhanced. The credit requirements of DSMS, can be met through commercial and cooperative banks. State Governments can help by providing appropriate margin money and treat the same as a development expenditure. DSMS should keep a proper rapport with DIC for optimal use of facilities.

5.19 The Committee recommends the utilisation of the services of LAMPS by DSMS. Such like linkage would certainly be beneficial as the LAMPS are operating at the grass root level and particularly so for the agricultural raw materials.

5.20 The activities of DSMS would be hampered without a suitable link up agency at the State level. Such an agency can help in procuring the raw materials which are not available within the district be that these are from other districts or imported. The Committee recommends that this state level agency be called SRIDC (State Rural Industries Development Corporation) and be responsible for handling all the raw materials problems of the village and cottage industries.

5.21 Village and Cottage industries and also the small scale industries suffer from the shortages of raw materials supply at reasonable prices. As such the Committee recommends that a common organisation should handle the raw materials problems at the district and State levels. The details are indicated in the Chapter dealing with organisational set up.

5.22 In case of any shortage occurring in overall supply of any of the raw materials, the normal tendency is that village and cottage industries become the first victim. A similar sort of treatment is there in respect of any imported item of raw materials needed. The Committee would recommend that requirements of village and cottage industries get the priority treatment and should become the first charge in that no cut be made in the amounts needed by these industries. Such an assurance would go a long way in making the vulnerable artisans less prone to the vagaries of the open market mechanism operated by the middlemen.

5.23 The district and state level organisations would take some time to develop. Meanwhile in some industries like Khadi, Handloom etc. some system of

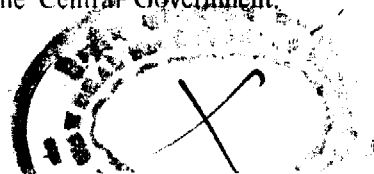
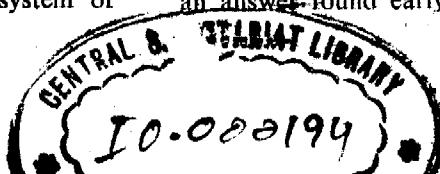
raw material supply already exists. The Committee would recommend that these systems should be continued and streamlined till the effective coming into being of the proposed organisations.

5.24 The Committee recommends that in case of forest based raw materials, the forest department should be responsible for delivering the materials at royalties plus transport to the DSMS from the nearest departmental depot, at the needed points.

5.25 The committee recommends the continuous monitoring of the process of availability of raw materials at the field level and its proper utilisation in production.

5.26 Credit requirements for procuring and supplying raw materials to the artisans will be fairly substantial. A rough estimate made by the Goya Organisation, the Committee has already referred to, puts the demand between Rs. 30 and 50 lakhs per year. Even though the ways and means credit can be obtained from the commercial banks or the cooperative system, margin money will be required for both the DSMS and the SRIDC. Sufficient margin money will have to be provided by the State Government to these two organisations based on a reasonable appraisal of the business that will be developed. Adjustment of margin money should also be made from time to time as business develops.

5.27 The Reserve Bank of India has been providing credit at cheap rates to the handloom sector which works through cooperative societies and cooperative marketing organisations. It is only reasonable to expect that similar cheap credit facilities will be given for raw material supply to all the other village industries that are taken up for development by the States provided they are in the cooperative sector. But the problem is that the number of artisans that have to be brought within the frame of development is so large and the Committee has already indicated that it is too much to expect formation of viable and efficient cooperatives to cover this vast number of artisans within any reasonable period. In fact, the Committee is of the view that expecting a cooperative structure could develop in any large measure in the near future will be unwise. The DSMS and the SRIDC have been postulated by the Committee in order to meet this gap in organisation to this sector. The cheapness of the credit is not really meant for the cooperative but is to enable the cooperative to give cheap credit to the artisan. The Committee recommends that the DSMS and the SRIDC who have to provide raw materials to the artisans at cheap rates should be enabled by the Reserve Bank to get its ways and means credit for this purpose at cheap rates equal to those given to the cooperative system. The Central Government have already indicated that a Bill for formation of National Bank for Agriculture and Rural Development will be introduced shortly in Parliament. When such an organisation comes into being, it should be possible for that organisation to support both the cooperatives and the State Corporations on par for the necessary funds for supporting artisan classes. Till then, some method will have to be found to give cheap credit to the DSMS and SRIDC. The Committee recommends that this should be considered as a priority basis and an answer found early by the Central Government.





## 6. MARKETING

6.1 The marketing problems of village and cottage industries arise from two sources: First, exploitation by middlemen in their traditional markets and second, lack of a marketing organisation which will allow them to penetrate new markets. Both these problems have to be tackled if the artisan's income level is to be raised and if the volume of production in this sector is to be increased.

6.2 It is often assumed that village and cottage industries produce for a purely local market. Whilst this is true of the bulk of the production in this sector, that is also true that quality goods are produced by artisan communities in various parts of the country which have a country wide attraction. Artisans do not at present have the benefit of an organised marketing network, the marketing of goods of the artisan is done in three ways. The artisan and his family sell the produce to local clients or at the nearest Hat (village market) and also by hawking the goods. The artisan approaches the urban markets nearby through the established traders in these markets who cater to the urban clientele. The highly skilled artisan, with goods favoured in distant markets, also has to depend on the services of the adathiya or commission agents prevalent in the country. The artisan can rarely hold on to his stocks for any length of time to exploit the festival markets and has to sell as and when he produces. The trader in the urban market, and the adathiya in the distant markets who can hold for favourable seasons, naturally skim away the cream of profit. It is, therefore, no surprise that the artisans as a class are among the poor of the country. Marketing support can be given to artisan groups through institutional arrangements or departmental support, so that the artisan may get a better return. The formation of artisan cooperative is the obvious solution, but cooperatives depend very much on mutual trust and honesty in the community and their success depends on good management. These conditions are rarely fulfilled. The KVIC has taken the responsibility for marketing all the khadi product. The Handloom Corporations in various States have been doing yeoman work in producing marketing cover for many weavers. The Handloom Committee (1974) has suggested that Handloom Corporations should guarantee off-take of 50% of the production of the weaver for the urban market leaving 50% to be sold locally by the weaver or his cooperative organisation.

6.3 To rectify the position on the various fronts of marketing, the successive Five Year Plans have advocated several measures.

6.4 The First Plan foresaw the future of village industries as an integral component of industrial development and stressed the various elements, including marketing for their viable development. The Second Plan suggested positive marketing assistance for the decentralised sector of industries, including the stores purchase policy and marketing research facility. As per the Plan, "The purchasing procedures

need to be re-oriented where necessary so that small units are assured of definite opportunities in the context of Government procurement and are thus able to utilise their potential capabilities". The Plan stressed that "studies in respect of the marketing of the more important products of village and small industries may be undertaken and on the basis of results obtained, the scope of marketing studies can be gradually extended". It has also suggested that industrial products should be marketed by organising sales emporia, apex stores, etc. Emphasis on market aspects has been evident in subsequent Five Year Plans as well.

6.5 The Khadi and Village Industries Commission (KVIC) and various All-India Boards dealing with specific lines of production, have created some network of marketing for the products of village and cottage industries. KVIC helps towards the setting up of central emporia, khadi bhandars and gram udyog sales depots, which undertake retail and wholesale sales of khadi products all over the country. Most of them are operated by the State Boards and institutions. To boost up the sale of products, general and special rebates are provided for. The distribution network evolved by KVIC of 6 Departmental Emporiums, 4000 khadi bhandars and Bhavans and 11000 sales points and Gramodaya sales depots. KVIC is the recognised Registering Authority for export sales of cotton khadi. In respect of handicrafts, the All-India Handicrafts Board has assisted in the establishment of internal sales and has also set up show rooms abroad for export sales. For handlooms, the All-India Handlooms Fabric Marketing Society has got its own emporia in addition to cooperative sale depots.

6.6 The position in respect of other All India Boards is more or less on the same pattern. Industrial cooperatives have been assisting in the sale of products manufactured by their members either individually or collectively. District Industries Centres have been assigned to play an important role in the field of marketing. In the DIC one of the seven managers is to deal with the marketing aspects. The duties expected of this functionary are:

- (i) to organise market surveys, market development programmes,
- (ii) to organise marketing outlets;
- (iii) to liaise with Government for procurement agencies; and
- (iv) to convey market intelligence to entrepreneurs.

Even though the functions envisaged encompass the vital ingredients of marketing, the actual performance of DIC depends upon higher level cover for effective organisation.

6.7 For marketing services to the large number of artisans and small entrepreneurs the scheme of Rural

Marketing and Services Centres (RMCs) was initiated at the block level, in 1978. Even RMC was to keep a card for every village artisan in the Block and provide services such as inputs, credit, marketing, improved tools/techniques according to the needs of the artisans. RMCs at the Block level were to be linked with higher tier Government cooperative marketing organisation and state and national levels and the latter given support for expansion. The working of the RMC schemes which is in its nascent stage, is hardly known. No systematic evaluation, of the limited number of RMCs in operation, is available and the impression gathered so far does not present a very healthy state of affairs.

6.8 The essential element of mass marketing is that items demanded by the consumer should be available where the consumer demand exists. This necessitates having a wide network of retail outlets. Such networks as are available through the outlets of KVIC, handicrafts and handloom boards, super bazars etc., are very limited and are hardly in tune with the requirements.

6.9 Besides, there are public sector export organisations in the field of handicrafts and handlooms and these do help in the enhancement of the marketing network. Yet for the volume of goods handled, the overheads of each of these organisations appear to be high making the marketing cover costly. Each discipline wants to have its own selling centres with elaborate staff in the various urban markets that they feel they can exploit.

6.10 There are many reasons for poor efficiency in the existing marketing arrangements, more important being the inadaptability of the production to the needs in terms of attitudes, tastes and preferences of known markets; lack of quality control and non-standardisation of the product; limited size of local exploitable market; competition from the organised sector or substitute products, lack of market intelligence and lack of constructive advertising. On top of it, the artisans are, by tradition and circumstances, production oriented and not market-oriented. The pricing of the products has been done without appropriate regard for the costs involved in the production and marketing of their products.

6.11 To rectify the languishing marketing aspects of cottage and village industries requires not only market intelligence but also active organisation for actual marketing. Any comprehensive institutional framework of marketing aids to the sector has to effectively provide for the adaptation to new needs and expectations through adoption of appropriate technology and production diversification. A marketing network can be created with the help of governmental agency, cooperative or a voluntary association for collective action. There are certain inherent difficulties in having collective action on voluntary basis on a sizable scale. It presupposes mutual understanding and appreciation on the part of the participant for its success. The absence of such factors is found in abundance and hence doubts about the workability of the voluntary scheme can well be understood.

6.12 In the scheme of things envisaged, it is proposed that the marketing functions would be undertaken by the covering organisation which would also be responsible for performing other functions. Institutions undertaking only marketing functions may not be very effective in all situations.

6.13 The marketing of village and cottage industry products has to reflect modern trends. The bulk of the output of village and cottage industries consists of consumer goods many of which compete with similar products produced in the organised sector e.g. textiles, matches, food products, footwears, leather products, etc. Hence the marketing system for village and cottage industries must be equally organised and sophisticated.

6.14 The first requirement is that the village and cottage sector must produce a product which in design, quality and process can compete with organised sector output. It is true that some cottage industries products, in the field of textiles and handicrafts in particular, have certain uniqueness and traditional designs which are their selling points. However, even for these products some product development is necessary e.g. for furnishing fabrics in the textiles sector or new types of products in brassware. Hence continuous monitoring of consumer preferences, fashion changes and design developments in the organised sector is necessary. A related area is that of packaging which has to be sufficiently attractive to compete for consumer attention in the shop. Some of these things have been done e.g. for exports markets by the Handloom and Handicraft Export Corporation. However, the responsibility for these aspects is not clearly focussed. It cannot be done by the individual artisan or even a district level organisation. Therefore it must be the responsibility of the state and central level set up for promotion of village and cottage industries and of the marketing organisation.

6.15 The second requirement is that the product must be available where and when the consumer normally purchases it. This means that retail outlets cannot be the same for all village and cottage industry products. Khadi bhandars and similar set ups have a role to play. But it is too much to expect the consumer to hold back on his purchases of a variety of items like matches, honey, footwear, textiles till he visits the bhandar. Each product must be available at the retail outlet at which it is usually purchased by the consumer. The marketing organisation must (a) identify the appropriate outlet for each product, (b) arrange for the product to be sold through this outlet, (c) send sales representatives regularly to make supplies, provide promotional material and service the retailer. In many cases the marketing organisation may find it more economic to operate through distributors in the private retail trade appointed on a commission basis to discharge these functions. This is how the large consumer goods producers in the organised sector operate.

6.16 The third major requirement is that of product promotion at local, regional and national level. This requires that for each product a strong brand image is built up and projected through advertising in mass media and other promotional measures. Since the

output will be produced by a mass of artisans in different parts of the country the brand image must be that of the state or central marketing organisation. A producer based brand image will be useful only in exceptional cases. The responsibility for such promotion must clearly rest with the state and central level marketing organisation.

6.17 The fourth major requirement is the need for a strong link between the marketing and production organisations. This is necessary to ensure that adequate stocks of the product are available where and when they are needed. Product promotion will be useless unless the product is produced in adequate quantities and in time and despatched to where the demand exists.

6.18 The mass marketing approach outlined above constitute a significant departure from present practice in which, with a few exceptions, there is heavy dependence on a few outlets like the Khadi Bhandars and Super Bazar. These outlets will continue to play a role and the super bazars in particular can help in the marketing of a fairly large amount of cottage industry output. But these retail outlets have a limited potential and a quantum jump in cottage industry output is only possible if the products of this sector compete with organised sector products in all retail markets, particularly, those in urban areas. That this can be done is proved by the experience of Amul Butter and Lijjat Papad, to give two examples. These two examples highlight the workability of the scheme in different situations. In case of butter Gujarat Dairy Development Federation organises production at centralised points even though the collection of milk is from a large number of small producers. Quality of the production is ensured through quality control measures and the butter, thus produced, is marketed under brand names through the network of retailers. In case of Lijjat Pappad, the production is through a large number of workers. These workers get their raw materials from centralised points and their product is taken back after strict adherence to quality control measures. The final product is well publicised, like in case of butter, and sold through the network of retailers.

6.19 Most of the marketing organisations limit their area of operation so as to ensure better returns. This system leads to exploitation and malpractices and calls for rectification. It is very desirable that the major chunk of production is distributed through a large number of outlets and the private retail channels are optimally utilised.

6.20 To give a boost to marketing, a link up between the supply of raw materials and marketing should be maintained. With the assured supply of raw materials, on reasonable terms, the artisan needs to be assured of a certain amount of off-take at the minimum. It is very difficult to fix any definite proportion as the nature of products is such a composite lot. Broadly, it may be assumed that an assurance of lifting 50% of the product from the artisan would give him great relief. The balance of the 50% may be left to him to meet his own personal needs and for marketing to the demand of his

clients in the local markets at hand. In certain cases, like that of carpet manufacturing, a hundred percent lifting of the product may be desirable as the local demand may be negligible. As such, it would be desirable to specify the limits of off-take of products, in each line of production, after taking due cognisance of the magnitude of the local demand. In any case it should be ensured that the value of the off-take shall at least cover the cost of raw material supplied.

6.21 Identification of markets, other than the local, would obviously have to be entrusted to some agency. At the district level the function can be rightly undertaken, by the DSMS (District Supply and Marketing Society). A similar sort of function for the state level and international level could perhaps be best performed by suitable state level and national level institutions respectively. The proposed agency at the State level viz. State Rural Industries Development Corporation, would be the right agency to undertake functions at that level.

6.22 The pilot programme of rural marketing centres has taken upon itself a very wide franchise. In the present concept the RMC is also not supported by any higher level expertise. The Committee is of the view that the pilot project as at present envisaged cannot work for lack of necessary expertise in the RMC to manage all the items in its franchise. The Committee has elsewhere recommended a separate raw material and marketing organisation to cover village and cottage industries. For technical support and training, other organisations of a hierarchical nature starting from the group unit have also been recommended. If these recommendations are accepted, the role of the rural marketing centre will be purely one of maintaining a suitable display and marketing centres at the urban level for all types of village industries. The committee would recommend that the operation of the RMC may be limited to this particularised service for the village and cottage industry.

6.23 An existing marketing centre under any of the All India organisations like KVIC, Handloom Board etc. has already developed its expertise for dealing with the products of that organisation. One need not tinker with the structure already built as far as the product of that parent organisation is concerned. However, the Committee would recommend that all these structures should become multi-disciplinary centres and sell such other products which can be profitably handled. But for the products of other organisations and other group units covered by the marketing chain, the rural marketing centres should preferably act as agents for sale. In effect, the rural marketing centres may work as an 'adathiya'. A suitable commission arrangement will have to be made and the parent production organisation will also have to make provision for taking back unsold goods and marketing them elsewhere. As this may seem to indicate that the rural marketing centre has no role to play in pushing the wares of the village industries other than that of the parent organisation, the Committee wants to make it clear that these must be promoted.

as effective sales centres. At the same time, in order to give an incentive to the unit for effectively pushing goods of industries other than that of the parent industry, suitable incentives should be built into the sale system. As the Committee has recommended that a district level society (DSMS) will be incharge of the raw material and marketing cover, that organisation will have to look after all these aspects of effective marketing. The responsibility for maintaining quality of goods, studying the consumer market and putting in the right type of goods at the urban centres should be the responsibility of the DSMS where intensive development is contemplated.

6.24 Where new rural marketing centres have to be developed, it is desirable that from the beginning they are developed as multi-commodity display and sales centres. They should be placed squarely under the DSMS. Thereby the spread of urban marketing will be controlled by the society in an effective manner. At the same time the Committee wants to make it clear that one sale centre in an urban market may not be enough for pushing the entire production of village industries to market. Existing private retail shops should in any case be fully brought in the chain of distributors.

6.25 The marketing organisation has to cover one very important problem of the present artisans marketing system which is that he has to continuously produce and earn a livelihood whereas his wares have generally a seasonal market. Even the local buyer of his goods prefers to link up his purchases of the village artisans' goods with the festivals when it is traditionally utilised. The artisan at present not being able to hold back his goods has to go to the middleman trader who does the effective distribution for the festival seasons. The marketing organisation will have to take over this important role. The organisation should be in a position to take over stocks of the producer on an agreed production level throughout the year. Whilst stocks may be displayed in the urban markets through the marketing centre and retail traders who are willing, a special push will have to be done during the festival seasons. In these seasons, the goods will fetch a higher price and larger sales can be done. The strategy of marketing will have to allow for all this. This means that the strategy of marketing cover must have facilities for storage to keep goods in condition till the festival season and push the wares in the ready markets. Incidentally, the festivals for various village industry goods are different in different regions of the country. The overall marketing cover given by the State Rural Industries Development Corporation and the Central corporation will have to do this services for exploiting the festival markets of the country effectively. At the district level there has to be storage accommodation for the society and necessary financial support for holding back stocks.

6.26 A suitable linkage with Government purchases can yield an assured market for the products of the village and cottage industries. Government agencies are meant to include all Central and State Governments, Defence, Railways, P&T and other public sec-

tor undertakings. In Tamil Nadu reservation of purchases from village and cottage industries has been made obligatory, and the scheme is reported to have shown encouraging results. For Governmental purchases specifications and designs need to be settled in advance and should be adhered to. Ad-hoc change of specifications can put the industry in an awkward situation. Here in the example of blanket purchases by the Defence may be worth mentioning. A sudden change in the specifications of the lot ordered led to huge stocks with KVIC which found it very difficult to dispose off subsequently. For ensuring regular supply to Governmental agencies a proper tie up of the basic production units with districts and State level agencies and operation of a national grid for marketing needs to be ensured.

6.27 The Committee has already suggested that DSMS should take back from the artisan at least 50% of his goods if not more. Presently, wherever marketing of goods of the artisans has been attempted on this basis, like in the Handloom Cooperatives and in the Coir Board, it has been found that there is no emphasis on ensuring quality of goods. It should be made clear that the artisans produce will be accepted by the marketing organisation only if it fulfils the basic standards laid down by the organisation. There should be no compromise in this matter. Whilst placing orders on the artisan, the marketing unit will have to continuously survey the market and see that the demand is for saleable varieties and standards. Thus a continuous appraisal of the market and its needs and for ensuring the quality of the goods to meet the standard will be the responsibility of the DSMS. Whilst this may be theoretically a sound proposition, in actual practice there can be two problems. Firstly, pressures can be brought in on the organisation to accept goods below quality. Secondly, having a sort of monopoly cover over the artisans ware, bad practices may develop in the marketing society so as not to pay a proper price for the goods by unnecessarily rejecting goods even though up to quality. For both these reasons it is desirable that a neutral body should be constituted where disputes of this nature can be taken up and arbitration secured. The Committee suggests that such a neutral body may be set up by DIC for each district comprising of technical experts who will be relevant to the problem. The decisions of these technical groups will be binding on both parties.

6.28 The present marketing organisation of the KVIC or the Handloom Board generally proceeds on the basis of cost plus. Such a method firstly does not look into the legitimate costing of the goods and secondly does not fully tap the consumer market. The marketing organisation should, therefore, see to the proper pricing of its ware. In its price to the artisan it should ensure a reasonable daily wage for work done. At the other end the price of the goods should be what the market will bear. In practice working of this system will show that in the festival seasons, price can be suitably marked up provided that standards are maintained and proper marketing efforts made. This opportunity to make profits should not be lost by the society. On the other hand, in the off-season, goods may not be saleable except at the

cost basis. To push the goods and clear the goods quickly from stocks and enthuse the artisan to produce more, the strategy should be for a lower price during the off-season. Unfortunately, our entire approach has been contrary. We maintain a high price in the off-season and a subsidised price in the festival seasons. This is not what the trade does. These niceties of trade practices will have to be built into the marketing structure.

6.29 The standard specification for goods and the organisation for checking the quality has to be built into the marketing system. There has to be a continuous appraisal of market demand. Soon after the Handloom Committee made its report in 1974, when the Development Commissioner was appointed in the Ministry of Industrial Development, research was carried out about the change in taste of people regarding handloom cloth for the general population. It was found that contrary to the existing thinking the demand was moving up into higher counts of yarn. There is a continuous process of taste change in the consumer and greater and greater sophistication in the demand. There has to be some organisation which studies the market patterns and changing tastes and then prepares the specifications for new types of goods that have to be produced. This responsibility can be spread between the Central Government and the State Governments. The district marketing organisation and the State marketing organisation can draw the standards for purchase of goods from the artisans on their assessment of the market.

6.30 The whole focus to the development of village and cottage industries need to be market-oriented and commercial and not sheer production-oriented, and should ensure fair wage to the artisan. In the production-oriented approach the prime focus remains confined to providing social benefits at the cost of the State/Central Exchequer. Such an approach can only bring us near to an untenable situation and should not be encouraged for any length of time. A market-oriented commercial approach, on the other hand, would reduce the dependence of the village and cottage industries.

6.31 The art of selling consumer goods lies in effective advertisement. The general experience shows that the relative price of goods and the relative quality and lasting nature of goods has many a time no relevance in the consumers opting for buying a particular product. That is why advertisement has come to stay as an important component of the marketing effort. Village and cottage industries have not been able to follow this effective marketing strategy because each production unit is too small and getting together sufficient numbers to support an effective advertisement drive is an impossible task. The Committee recommends that in the initial stages the marketing through advertisement will have to be a service to be rendered by the State organisations for the development of village and cottage industries. A subsidised service for this purpose will be fully justified. This of course will have to be linked up with the capacity of the chain of organisations to produce the quality and quantity required in the market.

6.32 Our handloom experience shows us clearly that if a proper marketing strategy is evolved, it should be possible to sell the products of village and cottage industries in new and distant markets in the country. Cooptex of Tamil Nadu and the parallel organisation in Andhra Pradesh (APCO) have shown how by organised marketing the consumer can be tempted to favour these goods. The States will have to take the initial lead in developing such covering organisations for the industries most prevalent in the State. The Centre's contribution will be provision of market intelligence, training institutions, design development and suitable guidance to the States in improving their marketing strategies. Many products of the village and cottage industries are finding special markets in foreign countries and Committee recommends full tapping of such potential markets. Today this sector of high manual involvement has a market in the affluent countries as handicrafts. Though our Handicrafts Board has done pioneering work in this direction much more can possibly be done in this and other fields. The skilled worker and the artisan will find their mettle only in meeting the taste of this sophisticated market. Incidentally return for manual will be the highest in such a market.

6.33 The credit aspects, in their entirety, are being dealt with by the Reserve Bank or India's Committee to Review Arrangements for Institutional Credit for Agricultural and Rural Development. This Committee, headed by Shri B. Sivaraman has submitted its report. The recommendations of this Committee would be examined to find out whether it has suggested suitable safeguards in respect of the problem at hand. In case of any deficiency, the requirements would be suitably highlighted in the chapter on credit requirements proposed to be included in the main report of the National Committee.

6.34 Credit requirements for marketing of production to the artisans will be fairly substantial. A rough estimate made by the Gaya Organisation, the Committee has already referred to, puts the demand between Rs. 30 and 50 lakhs per year. Even though the ways and means credit can be obtained from the commercial banks or the cooperative system, margin money will be required for both the DSMS and SRIDC. Sufficient margin money will have to be provided by the State Government to these two organisations based on a reasonable appraisal of the business that will be developed. Adjustment of margin money should also be made from time to time as business develops.

6.35 The Reserve Bank of India has been providing credit at cheap rates to the handloom sector which works through cooperative societies and co-operative marketing organisations. It is only reasonable to expect that similar cheap credit facilities will be given for marketing of production to all the other village industries that are taken up for development by the States provided they are in the cooperative sector. But the problem is that the number of artisans that have to be brought within the frame of development is so large and the Com-

mittee has already indicated that it is too much to expect formation of viable and efficient cooperatives to cover this vast number of artisans within any reasonable period. In fact, the Committee is of the view that expecting a cooperative structure could develop in any large measure in the near future will be unwise. The DSMS and the SRIDC has been postulated by the Committee in order to meet this gap in organisation to this sector. The cheapness of the credit is not really meant for the cooperative but is to enable the cooperative to give cheap credit to the artisans. The Committee recommends that the DSMS and the SRIDC who have to provide marketing facilities to the artisans at cheap rates should be enabled by the Reserve Bank to get its ways and

means credit for this purpose at cheap rates equal to those given to the cooperative system. The Central Government have already indicated that a Bill for formation of a National Bank for Agriculture and Rural Development will be introduced shortly in Parliament. When such an organisation comes into being, it should be possible for that organisation to support both the cooperatives and the State Corporations on par for the necessary funds for supporting artisans classes. Till then, some method will have to be found to give cheap credit to the DSMS and the SRIDC. The Committee recommends that this should be considered on a priority basis and an answer found early by the Central Government.



## 7. TECHNOLOGICAL DEVELOPMENT

7.1 The average artisan uses rather outmoded equipment. In most cases, even though better equipments having higher levels of productivity and returns are available, the same are not being made use of. This raises the cost of production to a level which the market cannot absorb. To steer clear of such a situation efforts need to be directed towards increasing the productivity of the artisans. A three pronged attack on the problem of technological development of the artisans is required. In the first step an effort must be made to equip the artisan with the better techniques of production that are already available. The second stage would be to remove the drudgery element from these techniques through technological development, so as to make them more productive. The third element would be to innovate new technologies through research and development activities. In the present chapter an attempt has been made to suggest viable schemes.

7.2 Since the inception of planning there has been constant endeavour to highlight the research and development aspects of cottage and village industries. In the process some developments have taken place. However still much remains to be done.

7.3 The First Five Year Plan recommended measures which sought to enable village and cottage industries to carve operational areas for themselves and also to aid them in tapping the same efficiently. The prime measure suggested was that of the Common Production Programme whose possible strategy elements included, among other things, coordination of research to alleviate the temporarily disadvantageous position of village and cottage industries. In the Second Five Year Plan a wider horizon of rural industrialisation was perceived in the broader context of increasing production of consumer goods. To fulfil such aims, structural changes to ensure modernisation of rural industries in economic fashion was foreseen through State initiative and assistance. The Pilot Projects of the Second Plan and the Rural Industries Projects under the Third Plan also stressed the research and developmental aspects of rural industrialisation. Technological development of industries in rural areas was considered sine-qua-non of their success. The Fourth Five Year Plan stressed the need for progressive improvement in the production techniques of small and rural industries so as to enable them to produce quality goods and bring them to a viable level. The technological development programme for traditional rural industries aimed at a two-fold objective viz., the avoidance of technological unemployment during the period of transition and the increase in productivity of these industries through adoption of improved techniques for attaining a viable basis. In the subsequent Fifth and Sixth Plans evolution of an appropriate technology for village and cottage industries has been suggested so as to remove the drudgery element, increase the earnings of the artisan, reduce the price of products and improve their saleability through ensuring quality pro-

duction. The various Industrial Policy Resolutions and Statements have also highlighted these aspects.

7.4 The Khadi and Village Industries Commission has been, in a way, the sole agency concerning itself with the advancement of khadi and village industries. It has taken some concrete steps towards research and developmental activities in the context of the rural decentralised sector (Appendix X). The scope of the research activities undertaken at the behest of KVIC include experiments in design, fabrication of improved equipment, modification in the existing implements and improvement of various processes of production. The research activities carried out by the KVIC come under the overall R & D programmes which are examined by the National Committee on Science and Technology (NCST). The Science and Technology programme of the KVIC was approved by the Government of India in consultation with the Planning Commission in the financial year 1975-76. Initially 9 projects were sanctioned. Subsequently more projects were identified and by the end of 1978-79, 42 projects were under way. All these projects have specific objects to be fulfilled in a specified period. Though the R & D effort is a continuous process it acquired significant attention when N.C.S.T. formulated special panel for KVIC. With the constitution of a standing Committee for guiding R&D efforts of the KVIC and formulation of panel of experts for village industries under KVIC, these efforts are now gaining depth and direction.

7.5 In the scheme of DICs, due recognition of the development of research and technology has been there and a full fledged manager has been envisaged in the set up to look after the relevant aspects. The functions, as defined, require this manager to keep abreast of R&D in select product lines and quality control method and to ascertain problems of entrepreneurs in quality of raw materials, production methods and processes. In concept a manager has been provided, but in reality hardly any one has been appointed.

7.6 A lot of effort has been put in by various organisations to improve the existing technology so as to give an artisan a better return for his labours. Yet, considering the picture as a whole, the effort so far made is haphazard and no strong institutions have been built up yet to identify the problems and find the remedies. The policy approach suggested for technological development in the village industries in Chapter 4 is to:

- (i) enable the artisan in every village industry to avail of the technological developments already made and the improved equipment that is available;
- (ii) improve technology in order to mechanise such portion of the production chain in each industry which involves substantial drudgery and in return gives very little recompense in money for time spent; and



- (iii) find out intermediate technology with greater mechanisation of certain common service in the production chain so that the production unit of the artisan adopting the system and supported by the necessary cover can improve his productivity. The minimum aim in productivity increase per unit is suggested as a quadruplicate increase before the end of the century and the maximum for leeway in the economy has been shown to be as much as 16 times.

The organisation structure will have to meet these requirements.

7.7 It is evident that very large numbers of the artisans plying village and cottage industries are at present using equipment which is obsolete whilst much better equipments have been devised and can be made available. The technology followed by them is also not the most productive according to available technology. An organisation has, therefore, to be built up to see that the millions of artisans who have not yet adopted the technology are enabled to take advantage of the available technology. This requires an organisational cover to—

- (i) train the artisan in the available technology;
- (ii) equip this with the necessary equipment to adopt the technology; and
- (iii) provide a trouble shooting cover whilst his adoption of the technology is going on.

The cost of equipment for the various village industries, though modest, is well outside the capacity of the average artisan to procure on his own. The KVIC has introduced system of capital subsidy. Under the industry component of IRD and the TRYSEM a subsidy upto Rs. 3000/- per artisan has been provided for. The system must ensure that the artisan gets his equipment without undue pressure on his resources. A suitable system of grant and loan has to be devised.

7.8 The first task of the technologists will be to find a relevant mechanisation for the drudgery element in the present manual operations in the various village industries. Firstly, the operations involving drudgery will have to be identified in the production chains of all the village industries which we are going to support under the present available technology. This is a technical task and has to be done by the experts, for the industries which the Committee has suggested should be taken up on priority (vide paragraph 4.17 in Chapter 4. For each of the groups of industries, technical expertise will have to be brought into effect to analyse the present production chain and identify the points for technical improvement. As in the view of the Committee this is the most important improvement that has to be brought into the village and cottage industries sector, this process should be completed within a year of the start of operations. It will be for the technologists to specify the remedies quickly.

7.9 The remedies for drudgery elements having been found and already in several industries such aids

are available; these new aids will have to be built into the production chain. Such aids will be common to a large number of artisans. For example, carding of cotton will support a large number of artisans. Like that we can identify existing technologies and newly developed technologies for each industry. The common service is best provided at the growth centre unit. If this is too small for the productivity of the common service, a number of group centre units will have to be brought within the command of such a service. This will have to be planned for each industry by the technical hierarchy for that industry.

7.10 Having identified that technology and provided the necessary service for aiding the artisans, the artisan will have to be taught to utilise the service and improve his productivity. For the same time that he now employs in the traditional production process, by reducing his drudgery a greater opportunity is given to him to use the time so saved in producing the final goods. Thus, each artisan will be producing larger amounts of the goods under the new dispensation. Unless there is an organisation to take charge of his larger productivity and spread the market, the present system of supply and demand will not enable him to effectively dispose of the surplus. As a result, the improved technology will not lead to improved productivity. The crucial problem here, therefore, is that of marketing larger amount of goods in the economy. This has been dealt with in the marketing chapter.

7.11 In the strategy chapter, the need for evolving an intermediate technology with greater mechanisation which can enable the artisan to increase his production from 4-16 times before the end of the decade has been recommended and this is considered absorbable in the economy. The intermediate technology which will enable mechanisation of certain additional items in the process chain, has therefore, to be developed for each of the village industries taken up for development. The technical group for the industry will have to identify such points where mechanisation can be brought in. Here, there has to be a rapport between the field technical hierarchy and the research institutions to identify the points in the chain where improvement in technology is possible and then proceed to do the necessary research and development to provide the relevant technology and the equipment. Thus, in the pursuit of intermediate technology a rapport has to be developed between the field technical organisation and the research workers. How this is to be institutionalised is an organisational problem and this has been developed in the chapter on Organisational Structure.

7.12 A close look at any village industry with a view to developing the technology will show that the problem is a multi-disciplinary one. There are very few technological research centres in the country which can handle a multidisciplinary problem. The national laboratories mainly are uni-disciplinary bodies though a few of them have got the capacity in particular sectors to look at more than one discipline. It is only the regional research centres of the CSIR where multidisciplinary problems can at present be



handled. The KVIC is at present having an organisation for research and technology. It is necessary first of all to identify the various national institutes and research and technology development for village and cottage industries. This can only be done at the national level. This postulates a national organisation which can study the basic problem and identify the necessary institutes. Having done this, the problems and suggestions that come up from the field from the various technical groups will have to be analysed and a direction given to the research and development programme in each of the village industries. This again is best done at a national organisation. Most of the national institutes and research and development institutes today work on a custom service. Their own research, like those of the laboratories of the CSIR though given the franchise to support industries have not yet got down to the level of village and cottage industries, in their own research programmes. To demand that these institutions should now look into intermediate technology on a priority basis will not work because of the inertia of the system unless some organisation is prepared to act as the customer and pay for the research. The national organisation will have to be one that should perform these services for the village and cottage industries. This again will be the most effective way of quickly utilising the structure of research and technical development already available in the country. The Department of Science and Technology has already provided a precedent by supporting the KVIC for funding certain accepted programmes of research and development. This cover will have to be extended to the national organisation to meet the needs of the problems as identified by them.

7.13 Whilst the chain of organisations and the methodology proposed would meet the problem of gradually improving the technology of the artisan to meet his productivity, certain mundane problem arise. The experience in the field of KVIC and others shows that even though the equipment has already been designed which improves productivity of the artisan and the artisan is prepared to accept the equipment and there are provisions for training, there is no structure for producing the new equipment and supplying them in

large quantities. We are dealing here not with hundreds and thousands but lakhs per year. No doubt, much of this equipment can be produced may be in the village and cottage industries themselves or in small industries. A suitable organisation will, therefore, have to be developed for assessing the demand and farming out the work. If a careful assessment of the demand is made and a time phase of not more than 10 years to cover the entire artisan group in the country under the most important industries is accepted, it will be seen that the task of equipment, production and distribution will be a very substantial one.

7.14 The equipment needed by the artisans is possible to be produced at different levels. In some cases the production at the level of individual artisan or a group of artisans may be possible. In others the production may have to be assigned to small scale and medium scale sector of the industry. Yet in some other sectors, like leather technology, the desirability of producing the machines in the large scale sector may be necessary.

7.15 Some other management problems will also arise in trying to rapidly transform the technology in such a vast number of production units. For each of the three stages of development of technology mentioned in paragraph 7.6 above, the artisan has to be trained for adopting the improved technology. It is desirable to proceed on a well spread pilot project approach taking a group unit under each industry to intensively train all the artisans in the group. With the experience gained, further refinement of the training process can be done and large scale adoption ensured.

7.16 Another problem is that the technical hierarchy for each of the village industries which are in the field and which it has been proposed should be expended, most of them are not fully aware of the technology improvements that are going on in their sectors. There has to be an organisation for suitable inservice training for such technicians and technologists which is being dealt with in the chapter on Training.

## 8. TRAINING

8.1 Prevalence of outmoded production techniques coupled with low traditional skills is still broadly the order of the day with artisans in the backward areas. Upgradation of skills so as to enable the use of the techniques and technologies in existence, and impart knowledge of new skills and management capabilities to absorb new techniques and technologies assumes great importance in the context of backward areas development. Any effective programme of introduction of technical and technological improvements, without strong back up of skill formation package at the appropriate time and place, would not yield the desired results.

8.2 In successive Five Year Plans, stress has been laid on imparting suitable training to artisans and others engaged in the village and cottage industries, but the programme implementation thus far does not present a consistent picture of implementation of various schemes in a well knit and coordinated fashion. The First Plan envisaged coordination of training and research. During the Second Five Year Plan, training aspects became quite conspicuous. Under the RAP this Plan envisaged training of artisans through provision of stipends. Under the Pilot Project scheme the introduction of training-cum-production centres to introduce new skills in rural areas by combining the advantages of institutional training and apprenticeship system was launched. Planning of training facilities and improvement for skill was mentioned as an important element of the Rural Industries Projects under the Third Plan. Skill development was sought through cluster type institutions for training in allied trades in selected areas, peripatetic demonstration and training in village industries and handicrafts, and all India Institute for training in industrial extension techniques. The Fourth Plan laid stress on training programmes for skill improvement in the selected trades particularly of rural artisans. Through the concept of growth centres, the Fifth Five Year Plan envisaged a carry forward of the need for training.

8.3 The training programme of the village and cottage industries is primarily handled by the five all India Institutions viz. (i) KVIC, (ii) All India Handloom Board, (iii) All India Handicrafts Board, (iv) Central Silk Board and (v) Coir Board. As at present the KVIC comes under the domain of the Ministry of Rural Reconstruction, Coir Board under the Ministry of Industry and the other Boards under the Ministry of Commerce. Beside these institutions, the State Governments and voluntary agencies are also engaged in the process of imparting training.

8.4 KVIC has been engaged in the training of artisans and supervisory technical and managerial personnel. The training programme of the Khadi and Village Industries Commission is quite comprehensive and has four tier structure i.e. (i) training of officers and staff of KVIC and State Boards and institutions, (ii) training of managers, accountant and supervisory staff of institutions, (iii) training of unit level workers,

and (iv) training of artisans. The first tier training is conducted at the Central Training Institute at Nasik. The second tier courses are conducted by zonal training centres and village industries training institutions. There are at present 2 zonal centres located at Nasik and Bangalore and 41 khadi and village Industries training-cum-research institutes spread in various parts of the country. The third tier training is conducted at Khadi Gramodyog vidyalayas which are about 100 in number and located in various parts of the country and also through zonal training units. The fourth tier training is conducted at production centres. There are also Khadi and Gramodyog Vidyalayas in most states which are being run by voluntary institutions

8.5 In the case of khadi, with the technical and technological improvement, artisans have been given orientation in the improved techniques at Jamuna Lal Bajaj Central Research Institute at Wardha and various other centres spread throughout the country. A similar sort of programme has been followed in the case of other village industries. In some industries some specialised institutions have been imparting training as well. For instance, in case of cottage match industry, training is imparted at Kora Kendra, Borivili, Bombay and also at Vellore (Tamil Nadu) and at Kurukshetra (Haryana) to candidates deputed by registered institutions, co-operatives and State Boards who are willing to set up cottage match units. Stipends and travelling allowances are paid to candidates and tuition fee is paid to the institutions. In case of bee-keeping a central research and training institute has been set up at Pune. A departmental training centre has been set up at Dimapur in Nagaland with a view to catering to the needs of the North Eastern States. Under the expansion programme of New Model Charkhas, an NMC refresher training course has been conducted at Bengeri, Hubli district. Two vidyalayas, one each in Haryana (Punjab) and the other at Dhanan (Haryana) have been set up to meet the needs of the expansion programme of khadi. Other training programmes have been upgradation of the weavers' training centre at Kumaritkatta (Assam), setting up of a training centre at Yahali (Arunachal Pradesh), under the auspices of the Arunachal Seva Sangh and training of KVI and RAP Managers under the Government's DIC programme at Rajkot (Gujarat). Management oriented training has been organised from time to time in collaboration with institutions like Small Industries Extension Training Institute (SIETI), Hyderabad, Indian Institute of Management Ahmedabad etc. Co-operative training is also arranged through co-operative training colleges managed by National Co-operative Union of India. At the national level the National Institute of Rural Development has been set up. This Institute has been organising several training programmes as part of its servicing activities to central/state governments and other organisations. Training about industrial co-operatives is also being done by KVIC.

8.6 Uptill 1978-79, KVIC has trained 7,06,894 persons. Of this, 573,964 were in khadi and the rest

in other village industries. During 1978-79, the corresponding numbers trained were 6,737 and 945 respectively as is brought out in the table that follows. The figures highlight the lopsided character of training being imparted by the KVIC.

TABLE 8.1 : Number of persons trained by KVIC till 1978-79 and during, 1978-79

S. No.	Industry	Number trained	
		Total till 1978-79	During 1978-79
1	2	3	4
I.	Khadi . . . . .	5,73,964	945
II.	Village Industries		
1.	Processing of cereals & pulses . . . . .	3,012	89
2.	Ghani Oil . . . . .	6,326	453
3.	Village Leather . . . . .	4,864	95
4.	Cottage Match . . . . .	1,532	50
5.	Manufacture of canegur and Khandasari . . . . .	5,630	140
6.	Palmgur Making and other palm products . . . . .	54,266	3,976
7.	Non-Edible Oils and Soap . . . . .	2,457	103
8.	Handmade paper . . . . .	2,125	51
9.	Bee-keeping . . . . .	4,597	132
10.	Village Pottery . . . . .	4,614	157
11.	Fibre . . . . .	40,440	120
12.	Lime Manufacturing . . . . .	789	104
13.	Gobar (Methane) Gas . . . . .	1,146	322
14.	Carpentry and Blacksmithy . . . . .	267	..
15.	Collection of Forest Plants and fruits for Medical Purposes . . . . .	107	..
16.	Shellac . . . . .	4	..
17.	Manufacturing of Gums and Resins . . . . .	..	..
18.	Manufacturing of Katha . . . . .	6	..
19.	Fruit Processing and Fruit Preservation . . . . .	22	..
20.	Bamboo and Cane work . . . . .	..	..
21.	Manufacturing of Household Aluminium Utensils . . . . .	6	..
TOTAL II . . . . .		1,32,930	5,792
TOTAL I+II . . . . .		7,06,894	6,737

8.7 The training programme in the field of handloom is mainly carried through (i) the Institute of Handloom Technology located at Salem and Varanasi and (ii) 23 Weavers Service Centres spread all over the country. A new institute of handloom technology for North Eastern Region has been envisaged. The expert weavers impart training to existing and prospective weavers. With the starting of schemes like

Intensive Handloom Development Projects and Export Production Projects, the training needs of this industry have gone up. The Central programme for development of Handloom Industry includes training programme for managers and secretaries of co-operative societies and apex bodies. Scheme for education of members of Co-operative Societies has also been launched. The co-operative training programmes are arranged through Vaikunth Mehta Institute of Co-operative Management, Pune, National Council of Co-operative Training, Co-operative Union of India and Institute of Management, Ahmedabad.

8.8 The All India Handicrafts Board has launched massive training programmes for training of persons in rural and semi-urban areas in various crafts. The training programmes include both training of craftsmen on large scale and apprenticeship training and are imparted by the training centres. After the training, the artisan can go either for self-employment or work in the production centres.

8.9 The Central Silk Board has three Research Institutes located at Mysore, Berhampore and Ranchi and provide three courses namely post-graduate, in-service refresher course and farmers training course. The State Governments also provide training of the level of Certificate course in sericulture. Training colleges run by the State Governments are in the States of Assam, Bihar, Jammu and Kashmir, Orissa, Karnataka, Tamil Nadu and West Bengal.

8.10 The Coir Board has been running a National Coir Training and Design Centre at Alleppey which provides training to the managers as well as artisans. The Centre is running training courses in the field of advanced coir technology (long term) and medium term as well as short training courses for artisans. On the spot technical advice and guidance is given to coir processors in coir extraction, spinning, dyeing, shade matching, weaving etc. Training in coir processing and fabrication of simple coir products is also imparted to local artisans in the demonstration-cum-extension centres. The Coir producing States are also running a few training programmes in their production-cum-training centres.

8.11 Regular training programmes for artisans under the Rural Industries Projects and Rural Artisans Programmes have been merged with the DICs. DIC has accepted the concept. The agency of DICs have taken full recognition of the training aspects and one of the managers in the set up is earmarked to deal with this problem along with the research and development aspects. He has to arrange for training courses in production methods and in the management of small and tiny and cottage units.

8.12 The programme of National Scheme of Training of Rural Youth for Self-Employment (TRYSEM) has been initiated with effect from 15th August, 1979 with the principal objective of removal of unemployment among youth. The main thrust of the scheme is on equipping rural youth with necessary skills and technology to enable them to take to vocations of self-employment. The training program-

mes cover all the three sectors of the economy, viz. primary, secondary and tertiary. The essential ingredients of TRYSEM are:

- (i) Careful identification of opportunities for gainful self employment based on an economic analysis of developmental assets and liabilities of each block;
- (ii) Designing training programmes which will help to impart the requisite skills, and identification of institutions which can impart such training on the principle of 'Learning by Doing';
- (iii) Organisation of post-training services such as subsidy, credit and marketing arrangements and provision of necessary tie-up of various aspects; and
- (iv) Organisation of the training programmes in such a manner that the Training Institution serves the need for continuing education of the trainees and acts like an umbilical cord between the Training Institution and the trainees.

8.13 TRYSEM envisages the selection of beneficiaries based on the income criteria. The priority in selection is to be accorded to the poorest families in conformity with the Antyodaya approach. Only one beneficiary is intended to be taken from each family, preference being given to those who show aptitude for innovative and entrepreneurial activity. Priority categories include women, scheduled castes, scheduled tribes, ex-servicemen and persons who have attended the 9 month course under National Adult Education Programme.

8.14. During the period of training, stipends upto Rs. 100 per month can be granted to each trainee, and a grant upto Rs. 50 per trainee per month is given to the training institution so as to meet the training expenses. A lump sum amount of Rs. 100 per trainee per course is also provided for purchase of raw materials, tools etc.

8.15. During the course of training, the trainees are helped to prepare project reports, which are converted into bankable schemes. They are helped to apply for bank loans and subsidies. Subsidies throughout the country are on IRD pattern and have a maximum limit of Rs. 3,000 per trainee.

8.16. Besides the institutional mode of training, TRYSEM also permits and encourages non-formal training through industrial units, services establishments, master craftsmen, artisans and skilled workers. Strengthening of existing training infrastructure is an important component of TRYSEM. The entire expenditure on TRYSEM is shared on 50:50 basis by the Centre and the States. Concurrent evaluation is an integral part of the TRYSEM scheme.

8.17. During the course of operation of TRYSEM for a few months, a number of deficiencies have come to notice. These, along with the suggested solution are dealt with in the paragraphs that follow.

8.18. There are various areas in the country which have absolutely no training infrastructure. Even elsewhere, the rural vocational training infrastructure either serves the needs of urban youth, or is lying in a moribund state for want of resources, staff and equipment. It is suggested that each district in the country should have at least one composite training centre.

8.19. New training centres of the composite type need to be set up in remote inaccessible areas, hilly and tribal areas on a priority basis.

8.20 State Governments find it exceedingly difficult to make resources available for setting up of new training centres or strengthening of existing ones, under the current pattern of 50:50 sharing. This pattern is also likely to tilt the balance further in favour of the relatively advanced states, as their financial capacity is better. It is, therefore, suggested the training of training infrastructure, whether old or new, should be done on 100% basis by the Central Government for centres to be located in remote and inaccessible areas, hilly and tribal areas, and areas predominantly inhabited by members of the scheduled castes. This is the only way we can build at least one well equipped composite training centre in each district of the country to meet the very large demand that the recommendations would entail.

8.21. For course of less than one month's duration the stipend should be fixed at Rs. 5 per day.

8.22 For all training-programmes, the cost of travel to and from the training institution should be allowed to be funded from the scheme.

8.23. There are variations in the pattern of other agencies in the decentralised sector like the Handicrafts Boards and KVIC. It is difficult to promote training in such items without accepting the pattern already approved for the purpose by the concerned organisations. These patterns have the blessings of the concerned Ministries. It is, therefore, suggested that such pattern should be treated as patterns approved under TRYSEM also. Expenditure on such trades should be allowed to be incurred according to such pattern.

8.24 Provision of an improved tool-kit is one of the important factors in raising the productivity of a rural artisan. Most of the Schemes like the Rural Programme or the SFDA do have a provision for a free tool-kit or some subsidy. TRYSEM has no such provision. It is recommended that this crucial element should be built in as integral part of the scheme.

8.25. There is no difference in the pattern of subsidy whether a project is intended to benefit an individual beneficiary or is of a community nature. In the case of community irrigation schemes, 50% subsidy is already approved under the IRD/SFDA. A similar provision needs to be made for TRYSEM projects to be launched on a cooperative or community basis.

8.26. The scheme has hardly any provision for training of trainers or for strengthening the infrast-

structure relating to trainers' training institutions. This needs to be included. In some areas, no progress can at all be made unless a corps of specialised trainers is first built up. This is a critical input.

8.27. On the credit side, there is no mechanism to ensure that the banks charge only the differential rate of interest from the TRYSEM trainees. In fact, reports indicate that rates of 9 to 11% are being charged. While there has to be an attempt to induce the banks to be more liberal in their approach, it also appears to be necessary to subsidise the interest rate, so that the effective rate charged from the rural artisans does not exceed the DRI interest rates.

8.28. Many of the official and non-official agencies have brought to our notice that they consider availability of raw materials and organisation of marketing to be the most critical factors, which will be decisive as far as the success or failure of TRYSEM is concerned. At present, the scheme has no provision for these items. It is also felt that there is no single agency which is willing to take on a coordinative, catalytic and financing role in this regard. It is, therefore, suggested that there should be appropriate schemes for share capital participation in rural industries marketing corporations, setting up of rural marketing and service centres and improvement of village mandies and haats.

8.29. There are a large number of voluntary organisations engaged in training programmes for rural development and some of them are doing commendable work. The development of these organisations has not been uniform either chronologically or geographically. AGRINDUS (an agro industrial community centre) Institute (Banbasi Seva Ashram) in Govindpur of Mirzapur District of Uttar Pradesh is one such organisations. This may serve as a model for adoption, with whatever changes needed, for comprehensive and integrated rural development programme with active involvement and participation of the people.

8.30 The AGRINDUS plan of development envisaged training of artisans. Among other things, the plan provided for the training of community leaders. The training was to be given in (i) simple rural development techniques, (ii) improved agricultural techniques; (iii) cost benefit relation of different crops, animals, equipment and village industries; and (iv) community organisation and decision making by consensus. It was also proposed to provide job oriented training to artisans and young farmers. The duration proposed was 6 to 9 months. Training was seen to be related to function involved in the development plan.

8.31. An evaluation report in respect of the work of AGRINDUS has been prepared by the Agricultural Finance Corporation Ltd. and published in June, 1980. As per this evaluation report, 8 project families received job-oriented training in the first phase of the five villages under 'Whole Village Development Programme'. With regard to training of community leaders and village technicians under the Hundred Village Development Programme the report says that 202 locals were trained as bare-foot technicians who

manned health posts and operated and repaired pump-sets, maintained accounts, trained people in industries and various other trades like carpentry, tailoring and spinning. Of all the 202 beneficiaries trained, 59 are working for the Ashram on its staff in the various pockets, 131 are working in their own villages either as counsellors or helpers to the Gram Swarajya Sabha. Five of these people have been sent to other institutions outside the area to assist them. Seven of them were able to find jobs on their own outside the area.

8.32. Another experience of training programme through voluntary efforts worth mentioning is that noticed in the Valod area of Surat District in Gujarat. VPSS (Vedchhi Pradesh Seva Samity) is the voluntary agency working in the area since 1954 and its activities have been advanced through the assistance of KVIC.

8.33. VPSS viewed the purpose of the training programmes as (i) to introduce skill among the youths for such occupations which would provide them better remuneration on one hand and on the other cater to the needs of the society, (ii) to upgrade the skills wherever necessary and (iii) to introduce new skills and services in view of changing pattern of consumption. In the third category of training, courses were conducted for prescribed period. In the other two categories, training was given to candidates till they were found proficient. Normally the training period was of six months to one year depending upon the efficiency of the trainee.

8.34 For the selection of the candidates wide publicity is given in the villages and the selection is primarily confined to candidates belonging to families below the poverty line. Craft or trade selected for the candidates is commensurate with his aptitude, his study and other family background.

8.35. VPSS has set up production centres and trainees are attached to these centres. Such centres include garment making, carpentry, hand-made paper, weaving, oil pressing, printing press, poultry management. Trainees are also attached to master artisans working in the areas on their own. Fields covered include radio mechanic, commercial printing, wood carving, tappers, brick layers. Trainees for certain pursuits were admitted to training institutions located in outside areas including urban areas. The training courses herein include truck driving, automobile repairing course, T. V. technology, air conditioning, wire man's course, turners, mat making, dyeing, printing, hand processing of cereals and pulses, bamboo and cane work, short-hand and typing.

8.36. The centres providing training are given tuition fees and lumpsum for wastage, per trainee. The training scheme is planned and implemented through the planning centre of VPSS at the Central level. Periodical assessment of the programme and follow up actions for post training period like providing loan to the trainees for setting up his unit, is arranged so as to make the training programmes fruitful. Purchase of machines, tool kits etc. on whole-sale basis is also organised for the trainees.

8.37. The foregoing has broadly surveyed the training facilities created so far and indicate the inadequacy in relation to the desired level of requirements and reach needed in far flung areas of the country. It has been noted that variations exist with regard to duration of training, rate of stipend, cost of training etc. even within the various All India Boards. A statement showing the comparative position is given at Annexure XI.

8.38. The Committee has already advised development of village industries through a group approach. The statistics analysed in the Introduction chapter shows conclusively that the bulk of village industries, is carried out in this country with poor equipment and poor technology. In the various traditional village industries though, the country has already developed a superior technology with equipment which can double or treble production per unit yet this technology and equipment has not reached lakhs and millions of artisans in the country. Our first objective should, therefore, be to bring the available technology and available equipment to all the traditional artisans in the selected industries which we are taking up for development. Secondly, the need for removing drudgery in village industries has already been discussed and the drudgery part will have to be replaced by a suitable common mechanisation. Thirdly, we have already discussed the need for introduction of intermediate technology by further mechanisation of parts of the production chain, so that the per unit productivity may go up by 2,000 A.D. to something like 4—20 times of the present production. The training programme will have to support all these methods.

8.39. The introduction of existing technology and the best equipment available has to be made to lakhs and lakhs of artisans in the country. Obviously, our usual methods of training centres will not answer to the situation. The Committee, therefore, recommends that the approach should be to select master artisans in the industry who are acquainted with the equipment and the technology to be located in each group under the group approach for training, the artisans in the group over a period of time by peripatetic handling. The Committee would suggest that the approach may be for the master artisan to first of all demonstrate the available technology with the best equipment possible at the growth centre of the group. Having done this initial institution, he should take the artisans in the group in small numbers and train them by practical work at the centre for a week or two. After that when the artisan has some capacity to use the equipment, he should be provided with the equipment in his own village and at that stage, the master artisan should move round the villages trying to help the artisans in their surroundings to improve their handling of the equipment. It is only by pilot scheme started immediately in the various industries that norms of training through master artisans can be laid down and followed on an all India pattern. It is, therefore, felt that each of the apex organisation responsible for selected village industries should now pay attention to first of all identify the technology and the equipment that is now available and pursue pilot project of master artisan training of group of artisans and establish the necessary norms.

8.40. The introduction of mechanisation to avoid drudgery will have to be on a common basis for those parts of the operation preferably at the group centre or in a number of suitably located centres within the group. The artisans to handle these machines will have to be trained at common training centres.

8.41. Where new technology has to be introduced with mechanisation of the individual equipment, it is desirable to adopt the master artisan approach, because our ultimate objective is to transfer this technology to all the artisans who are lakhs in number. For this, the master artisans selected on the basis of the existing technology are to be first trained in the new equipment and then used as the guide on a peripatetic basis in the groups selected for the introduction of the new technology. In the initial stages, this will have to be done on a pilot basis and then the future master artisans for training can be identified within these pilot groups and sent for training to other areas.

8.42. The group technician will have to act as a support to the master artisan in advising artisans in his group. It is, therefore, necessary that all the group technicians should be suitably trained in the existing technology and further trained in the intermediate technology which may be developed from time to time. This will obviously have to be done at suitable common training centres. Organisational aspects are indicated in the relevant chapter on the subject.

8.43. Higher levels of technicians and administrative staff will have to be given management training and familiarised with marketing practices etc. All this will have to be in various training centres which will have to be identified by the DICs with the help of the State authorities.

8.44. The Committee has already pointed out that traditional industries do not exist in all parts of the country even though environment and the market for the industry may exist almost throughout the country. The present location of artisans, is a matter of historical accident. If backward areas have to be developed artisans may have to be developed in new areas wherever the need exists or the raw materials exist. For this, the Committee would suggest that the group approach would be the right approach for this training. Wherever the new skill is to be introduced a group of artisans should be selected and their training should be undertaken at a common training-cum-production centre on the lines of the carpet training that is now being given by the Handicrafts Board. The centre where the training was started was on the principle of the training centre being handed over to the trainees for production once they have acquired the skill. Practical experience has shown that the demand for such artisans in carpet weaving is so much that the training centres continue to be training centres, whilst the trainees are absorbed in various carpet weaving centres by private enterprises. A similar situation can arise where training of artisans will be necessary in the non-traditional areas. The training centres and the use of training-cum-produ-

tion centres should be ultimately adapted to the requirements of the particular situation.

8.45. For every training programme, there is to be expenditure on the staff who do the training, some stipends for the trainees if they have to come out of their houses and some amount for wastage during the period of the training in raw materials or finished goods. The TRYSEM Scheme for training unemployed rural educated youth is suitable for adoption to the training programmes for village industries. The various facilities given in TRYSEM scheme for training centres, of trainers, subsidies for artisans, supply equipment and allowance for wastage should be suitably adapted to each of the village industries and the scales suitably fixed in detailed consultation between the apex organisation for the industry and the Ministry running the TRYSEM programmes. The Committee would suggest that once this is done, the TRYSEM scheme should be automatically extended to such groups under the village industries training programme.

8.46. When one looks at the numbers of trainees to be handled and that too within the period of a decade, there may be apprehension that such large investments may not be possible in the economy. The Committee would only point out that once the training and the equipment is passed on to the artisan, he becomes a self-employed unit with much higher

level of productivity and is, generally, able to go above the poverty line. The nation's expenditure on the training of one such artisan is a very small amount considering that we are achieving the national objective of putting the family above the poverty line. Detailed training programmes by the voluntary agency in Gaya District has shown that on the average, following the present practices, the cost of training of one person in the various industries, is between Rs. 1,260/- and Rs. 2,700/-. By adopting the master artisan, as advised by the Committee, it would be found that the cost of training would go down much further.

8.47. It is not commonly realised that village industry, as at present practised, is not an individual artisan's affair but a family affair. Wherever village industry is carried on in the house, the women and children participate either in various parts of the operation or in the main operation itself. The handloom industry is one such example. Therefore, where we are trying to introduce productivity per unit, unless the woman are also trained in the new technology and use of the new machine, we will not be achieving our objective. The Committee will emphasise this aspect and recommend that it may be desirable to bring into the training system the whole family in the house through peripatetic master artisan approach.





## 9. ORGANISATIONAL STRUCTURES

9.1. The important infrastructural supports, the village and cottage industries require for providing a remunerative occupation to the artisan have been identified in the earlier Chapters, as follows:

- (i) Adequate supply of raw materials at the appropriate time and at appropriate prices;
- (ii) Marketing support at a price which ensures not only a fair wage but a profitable wage and increased production to the producers;
- (iii) Training;
- (iv) Supply of improved tools, equipment etc.;
- (v) Appropriate research and development in introducing improved and new technologies, where necessary; and
- (vi) Credit.

9.2. It has also been brought out in the earlier Chapters, that, as at present, neither any single organisation is responsible for taking an integrated outlook for the development of this core sector in the rural areas, nor is there any arrangement for ensuring the essential pre-requisites for achieving a real break-through. The premier organisation entrusted with the development of khadi and some of the village industries is the Khadi and Village Industries Commission. In addition, there are the all-India Handicrafts Board, the Central Silk Board, the All-India Handloom Board and the Central Coir Board. Then, there are the State Handloom Corporations, Tribal Development Corporations, Forest Development Corporations, Large-sized Agricultural Multi-purpose Cooperative Societies, etc. None of these, however, has either the capacity or the approach to provide a total cover to an integrated development of this sector. A recent innovation is the attempt by the Gujarat State to set up a State Rural Industries Marketing Corporation, which, to some extent, can be considered to provide some umbrella coverage to a part of this concept in the rural sector. The Committee is laying down a pattern in this Chapter for the type of organisational cover that has to be adopted. The pattern tries to cover the essentials that have to be observed if the artisan is to benefit. In actual working, each State has to find its own adjustments to suit the nature of the industry covered and the local problems that arise.

9.3 In the Chapter on Policy, the Committee has suggested that for really effective action, with the paucity of technical staff and the varieties of the fields to be covered, it is desirable to follow a Group Centre approach for covering the selected industry for intensive development. The Committee has also suggested that, for a start, States may consider concentrating on the industries identified in this Report. Firstly, the norms for the selection of the Group

Centres in the industry have to be identified. Having done this, the administrator-cum-technical assistant has to be nominated for the Group Centre to be stationed at the Group Centre. This functionary would be responsible for technical guidance to the Group Centre participants where necessary, and advise on the change of equipment fittings of the accessories, which he feels are lacking etc. He will have to see about the quality of the production of the participants and, where necessary, guide the stragglers in improving their quality so that the goods are acceptable to the marketing arrangement. He will check the requirements of raw materials and credit and equipment etc. of the participants and report to the Project Office under which the Group Centre falls. The responsibility for laying down the qualifications of the Technician and helping the State in selecting him will fall on the technical hierarchy that is being established in each State for the identified industries. Naturally, the merarchies will be different for each industry. The continuous in-service training of the technician will be the responsibility of the technical hierarchy.

9.4 For each of the selected industries the State will have to establish a Technical Hierarchy whose task will be to:—

(i) Provide technical support to the artisans in the Group Centre for the known technology and also organise the change over of the artisans to the equipment and accessories, established and already introduced in the known technology, on a time phase so as to cover all the artisans in the Group Centre within a decade;

(ii) organise the upgradation of the training of the artisans in the Group Centre to enable them to qualify and adopt the innovations established for his benefit and to organise the training of the artisans in such established and new technologies, wherever necessary.

(iii) ensure the quality of the production in the Group Centre in accordance with the standards and specifications laid down for the marketing through the field technicians and supervision of higher staff;

(iv) draw up standards and specifications to ensure the above concept and also introduce quality certifying arrangements through the District Industries Centre or such other alternative organisations as might be set up;

(v) advise on product and design development and provision of adequate support towards this end;

(vi) establish pilot schemes and provide technical supervision for the introduction of intermediate technology, already established and tested;

(vii) advise the research and development organisation at the Centre on the various operations in the industry in the present technology which entail drudgery and call for suitable mechanisation of the operations; and



(viii) wherever a new technology has been established for the mechanisation of the drudgery part or other improvements, introduce the same through a common service organisation at the Group Centre.

9.5 Except in handlooms, and to some extent in sericulture, such a hierarchy does not exist now. Each State will have to organise their own hierarchies. The State level group will have to be highly trained so that the technical and training aspects can be covered adequately. Depending on the number or group centres identified and covered in a selected industry, and its spread thereof, intermediate level or levels of technical support to the field level expert will have to be spelt out. In the initial stages, when the number of group centres in selected industries is not large, the State may make use of the common hierarchy for those industries.

9.6 The next question will arise as to how this technical hierarchy at the State level could be built. There are a number of States where there are Directorates of Village and Cottage Industries and there are some States like West Bengal, Uttar Pradesh, etc. where there is even a Department for the development of village and small industries. The Committee would strongly recommend that there should be a Directorate of Rural Industries in each State, which should have a technical hierarchy, envisaged in the preceding paragraph and also provide market intelligence and support for marketing in the State as well as outside the State. Whether there should be only one Directorate of Rural Industries covering all cottage, village and small industries relevant to the rural industries is a matter which is left to the State to decide keeping in view the requirements of the workload. The Committee is fully aware that there are States which have Directorate of Handloom Development. If a particular State feels that the handloom workload requirements are such as would justify the continuance of a separate Directorate, it is for the State to take a decision. Whatever be the set up, it would be essential to ensure that the proposed Directorate of Rural Industries or such other Directorates as States may like to continue should have necessary linkages established with the existing national organisations wherever available. It would also be necessary for it to have some sort of technical support at the District level as it would not be possible for it to reach the Group Centres and provide the necessary technical cover in the field directly from the Headquarters. How it should be done is best left to each State to decide. The Committee would only suggest that the existing organisation of District Industries Centre or any other organisation which may be set up in lieu thereof or in a modified form should perhaps provide the nucleus at the District level to provide the support in the field which should trickle down from the State level technical hierarchy.

9.7. The National Committee in its report on 'Organisation of Administrative and Financial Structures in Backward Areas Development' has recommended a comprehensive area development approach in backward areas with emphasis on improvement of productivity and earning capacity of each family, promotion

of new activities to absorb the surplus labour power of the poor households, training of traditional workers in improved technology and training of younger household members to undertake new activities. It has further been recommended that surveys should be carried out at the Block level to collect information about each household, with a view to identify families below the poverty line, formulate production programmes for each family in consultation with the head of the household, identify schemes for which the family has natural preference, technical and infrastructural needs of each family, etc. A household plan card is also proposed to be introduced for each family.

9.8. The proposed integrated development project authority would be responsible, among other things, for planning, direction and monitoring of all programmes in the project and blocks within its jurisdiction. All officers in the project which should include an Industries Extension Officer in the Block and an Industries Development Officer in the Project Team, would be directly under the day to day administrative control of the Chief Executive Officer of the Integrated Development Project Authority.

9.9. The Group Centre approach for the development of village and cottage industries as well as a 'focal point' concept for services which would be an integral part of the integrated rural development, will thus be directly under the overall planning, coordination and supervision of the Integrated Development Project Authority. Actual implementation of programmes will be vested with the technical hierarchies for the various industries.

9.10. The proposed Group Centre would thus be an integral part of the Integrated Development Project Authority for planning, administration and monitoring. There would, of course, be a Group technician in charge of each Group Centre but the same would function under the overall control and direction of the IDP Authority. The technical control of the Group Technician will however be with the relevant technical hierarchy in that State.

9.11. The relation between the IDP Authority and the technical hierarchies will have to be closer than that between a Department and the Authority. Though the IDPA will be responsible for identification of the Group Centres and estimating the amount of support to be organised for input supply, marketing, and services including credit, so as to provide for them in the integrated planning and implementation, the concerned technical hierarchy will have to closely help them so that participant groups can be meaningfully identified and pursued. Further, when the technology in use has to be changed by the technical experts, unless the IDPA simultaneously lays on the necessary cover in the various parts of their responsibility, the technical experts only can achieve very little. Whereas the Group technician will be an expert, may be of a low level in the industry concerned, the Block Industry Extension Officer and the Project Industry Development Officer will be managers with a broad understanding of the various industries handled in the Project area but who will have to depend on the continuous technical support of the tech-

nical hierarchies as far as the intricacies of the technology is concerned. This close complementarity will have to be developed by the IDPA taking the lead in the coordination system.

9.12. The Committee has been informed that there is a post of Industries Extension Officer sanctioned in each Block. During its field visits, however, it has found that, in practice, it is not uniformly so. While in some States there is an Industries Extension Officer in each Block, in other States either the post has lapsed or is lying vacant. The Committee would strongly recommend that the availability of an Industries Extension Officer at the Block level is an integral part of the entire approach and that this post, wherever it does not exist at present, must be provided immediately.

9.13 It would be seen from the preceding paragraphs that the proposed Group Centre would be under a Technical Manager who would have to be designated as Project Officer for the Group Centre. He would have to be an expert in the discipline to which most of the artisans in the Group Centre belong. In addition, there should be a Village Industries Development Officer at the Project level who should be somewhat higher qualified than the Group Centre Project Officer, with a broad understanding of the industries handled in the project area.

9.14. Industrial backwardness in the concept of the Committee is not confined to the Blocks falling under the various fundamental types of backwardness. The organisation, we have mentioned, will, therefore, have to be suitably modified to cover blocks which may be identified as industrially backward but not in the fundamental backward list. The Committee suggests that whereas in the fundamentally backward areas their recommendation for an integrated project approach is necessary, in the other areas the project support can be organised conveniently for each industry at a suitable area level which may be different for different industries. This project level organisation will be fed by the Block Industries Extension Officer who is now a necessity in each Block. The District organisation is anyhow common to both fundamentally backward blocks and other blocks.

9.15. The KVIC has already got an elaborate technical and managerial organisation to support directly from the Commission voluntary groups and agencies with raw materials, marketing support of some kind but mostly for Khadi and some sort of technical supervision in a few more items. Unless a clear division of areas of responsibility are carved out, there may be confusion in the field. The Committee has already pointed out that the coverage by the KVIC is a historical situation and in many of the backward areas, where there is a necessity for village industry development, KVIC first does not exist. The Committee suggests that where the KVIC has already got a group centre in operation, they should take the responsibility for expanding the group sufficiently to make it viable and absorb more and more artisans in their group. The KVIC approach is multi-industrial and we should not lose this good point in our approach to rural indus-

trialisation. Of course, Khadi will be the centre of its operations. It is suggested that KVIC should systematically introduce the drudgery saving system of part mechanisation in Khadi throughout their area of operation. For other industries, they must accept the need for abolition of drudgery and bring in systematically the necessary improvisations that they develop for that purpose in their R & D organisation. Whilst this looks after the present division of roles, the Committee expects that the KVIC will be enabled to start a number of group projects in new areas through suitable voluntary groups and cover them with their organisation. Such groups will naturally be multi industrial with Khadi as an essential element. Polyvastra should not be excluded. With agreement of the KVIC, a decade's programme of coverage by the KVIC should be worked out so as to cover a number of groups in the backward areas under village and cottage industries. In the agreed areas the group will be handled by the KVIC with their full cover. The Committee feels that the marketing cover of the KVIC for village and cottage industries at present is very modest and if they seek to organise this structure for raw material and marketing cover for all the old and new groups they will handle, it will be a long time process. The Committee will, therefore, recommend that the KVIC should accept the raw material and marketing cover being developed by the State in its operations. Only Khadi will be their special privilege as nobody else has the expertise.

#### Raw Materials

9.16. Raw materials are of two types. First, such raw materials as are locally available like agricultural produce, forest produce, minerals, etc. and, secondly, the imported and scarce raw materials like cement, steel, certain types of chemicals, non-ferrous metals, etc.

9.17. There is no regulation at present on raw materials trade to ensure reasonable price even of the locally available raw materials. There is unchecked and wide ranging and erratic fluctuations in the price of both raw materials and finished products due to speculation by traders and absence of holding power of the artisans. Some of these raw materials are also subject to large seasonal fluctuations. The artisans themselves do not have any holding power and have to depend on the money-lenders, tradesmen and businessmen and pay usurious rates of interest and also go without raw materials at the appropriate time. It is neither possible nor practicable to burden the IDPA with the responsibility of supplying these raw materials to the artisans at the required time. The IDPA will make a detailed survey of the requirements of all types of materials, whether indigenously available or to be procured from outside or from imports. It will also periodically check the use of raw materials supplied to the artisans in the projects and blocks to ensure that production is according to schedule and raw materials are not being misused. The actual supply of raw materials will have to be handled by another agency, preferably at the District level.

9.18 There should be a District Supply and Marketing Society which should be entrusted with the responsibility of procuring at the best price, particularly

in respect of raw materials which are subject to seasonal variations and store them at convenient points, keeping in view the Group Centres for supply to the artisans. This organisation would be run on commercial lines but need not necessarily be a profit making organisation. The intention is to enable the artisans to get their raw materials at a reasonable price and at the required time. The underlying idea being not only to ensure the availability of quality raw materials but also increase the earning capacity of the artisan by supplying to him the raw materials at a reasonable price. Such an organisation will naturally require finance for this purpose. There should be no problem in such an organisation getting its working capital from Commercial and Cooperative Banks, a suitable margin money being provided by the State Government as a development expenditure.

9.19 The district organisation would plan only for what is available in the district. For indigenous raw material available from outside the district and for the scarce and imported raw material there has to be a State level body to deal with these commodities. The Committee, therefore, recommends the creation of a State Rural Industries Supply and Marketing Corporation to handle raw materials supply and marketing to the Village, Cottage and Small Industries.

9.20. The Committee notes that there are some States where there are Handloom Corporations and also the new Corporation set up by Gujarat more or less on the lines suggested by us. As in the case of Directorate of Rural Industries, here also, the States will have to take a decision whether a separate Corporation should continue or the proposed Corporation can take care of the work-load handled by separate Corporations. Obviously, the Committee cannot advise on this matter as it is not aware either of the workload or of the requirements of the particular State.

9.21. The Committee has already identified that the raw materials supply at fair prices is lacking, both in small as well as in the Village & Cottage industries sectors. Raw materials, both indigenous and imported, scarce or otherwise, are required by both sectors. Duplication of organisations in the present situation because of lack of management expertise is dangerous. The Committee will, therefore, recommend a common State level body and a common District level body. At the same time, sufficient safeguards must be provided in the working of these bodies to ensure that the scarce raw materials are not covered by the small industries sector. The Village and Cottage Industries must be ensured their requirements on priority.

9.22. The proposed District Supply and Marketing Society must have close rapport with the District technical hierarchy set up under the suggested Directorate of Rural Industries which can be developed to provide the technical and other support at the District level under the Directorate of Rural Industries. The Committee has also noted that Government have under consideration the reorganisation of the existing District Industries Centres. What ever the District level organisation, it should have a close rapport with the

DSMS. This is necessary because the District organisation would have to look after all types of industries in the District and plan the overall strategy. Coordination thus becomes an essential component. The Committee would recommend that the officer(s) dealing with Village and Cottage Industries in the District set-up should be member of the Executive Committee of the District Supply and Marketing Organisation. Further, it may be judicious to keep the DSMS as a society registered under the Societies Registration Act and to keep the Board of such a society as a managerial expert group with a General Manager and a Group of Experts including the Officer dealing with village and cottage industries of the District Industries Centre, the Chief Executive Officer, or his nominee, of the IDPA, in the District, representatives of the credit institutions, preferably the Lead Bank and the Cooperative Bank. The Collector should be the Chairman of the Society. He can then bring in the coordination at the integration level.

9.23. It has already been stated that the handlooms sector in the States and in some raw materials the KVIC and the Handicrafts Board have organised raw material supply to the artisans. Till the DSMS and SSMS are organised and start working in all the districts smoothly, it is obviously not desirable to immediately transfer the raw material supply responsibility of the KVIC, Handicrafts Board and the Handloom organisation to the DSMS or the SSMS. Ultimately, one organisation handling raw material supply at the decentralised level of the district and group will be the most economic and it is desirable to work for this objective. The transition from the existing organisations to the common organisation will have to be worked out in each State accordingly to the competence developed in the DSMS and SSMS. The Committee is, however, clear in its mind that Khadi being a specialised item will continue to be handled by the KVIC.

### Marketing

9.24. Marketing support for the artisan is necessary. At the same time, the existing system of the artisan catering to the local needs should not be interfered with. The advantage of this is that thereby he saves the transport charges and can compete with the organised sector in his locality. Over centralisation of the local market only adds to cost. On the other hand, there are three reasons why centralisation is necessary for certain markets.

These are:—

- (i) With improvement in technology and good raw material supply, the productivity in quality and in quantity of an artisan's production will increase rapidly. The local market will not be able to absorb either the quantity or the more sophisticated goods. A much larger market has to be tapped.
- (ii) Urban marketing is the exploitative sector for the artisan. Urban marketing depends not only on production from the locality but bringing in produce from even distant localities. This

way the consumer can be tempted. Creating consumer want is the art of marketing. Such a sophisticated approach cannot be done by the individual or a group.

- (iii) There is an export market for artisan ware. Only a State or a National Organisation can effectively market in this terrain.

In addition to all this, there is an overwhelming reason for tying up marketing with raw material supply to the artisan. In this field, we are not working in a vacuum. There is already an exploitative system well entrenched. The artisan lives from hand to mouth. If the governmental organisation supplies him raw material, the benefit may trickle to the trader-money lender or else the artisan may eat away the usufruct. In the case of the trader, there are two facts in his favour. Firstly, he has enough margin in his transactions to cover occasional default. Secondly, his stranglehold on the artisan is so strong that the artisan can rarely afford to cheat him. In the case of the governmental organisation, both these hedges are not available. The only method, therefore, for the organisation to cover the risk is to build up a system of taking back enough goods to pay for the raw material supply. In such a system the only risk is not getting back the value of one instalment.

9.25 The minimum objective of raw material supply system is to get back the value of the raw materials in goods. For each industry from which raw material is supplied, equivalent proportion of finished goods should be worked out and should be part of the agreement to supply raw material. An advance pricing system of goods and quality acceptable will have to be laid down. But we may not stop here.

9.26 There are certain artisan goods like carpets where the market is entirely outside. In such cases the marketing organisation will have to cover the entire production. In such a case, quality control is paramount and the technical organisation must pay full attention to this our objective being to improve quality and sophistication of goods by continuously improving technology, so that more and more goods cater to a wider market. In such cases, the marketing organisation will have to cover a much larger percentage of the production than needed for raw material cover. The marketing organisation will have to carefully work out these norms and continuously monitor them in action and change with the needs.

9.27 In view of the link up between raw material and marketing of goods, it is clearly necessary that the same organisation deals with both these functions, both at the District and the State level.

9.28 The State has tried its hand at marketing in handlooms and in coir goods and to some extent in handicrafts. In all these, there have been serious failures because the condition of buying back only goods satisfying a fixed quality has not been imposed and, if imposed, not observed. As a result, a lot of shoddy goods accumulate, needing below cost sales and resultant losses. The marketing organisation

must enforce quality. For this the technical hierarchy must see to quality production at the base by training and supervision. Further, the sellers of sophisticated goods in the urban markets and in the foreign markets are very strict about quality and uniformity in batch production according to the order. The Committee cannot overemphasise this aspect of quality control.

9.29 The first step is to lay down standards and specifications for the goods for purchase. This responsibility has already been entrusted to State technical hierarchy which should lay down the norms and also ensure that these are followed. The District Supply and Marketing Society should be closely associated with the District level hierarchy in drawing up quality standards and specifications as it is the society which will have to buy the goods produced. It is not uncommon that when such quality controls are laid down for acceptance of goods, pressure is brought on one side to accept goods not conforming to the quality standards, and, on the other, bad practices develop to mulct the artisans by threatening non-acceptance. It is necessary to build up a technical group in the District hierarchy to arbitrate in cases of dispute either way.

9.30 Having got hold of the goods, what is the channel through which the District and the State organisations will reach the consumer? The first essential is to hawk the wares in the market one wants to tap. Advertisement of various kinds is the right method. This costs money. Multi national and large organised producers are able to invest in publicity in a big way and persuade the consumer that he cannot live without the goods even though it may be costly and may not compare in quality and durability with the artisan ware. Plastics replacing leather and metal replacing wood ware are good examples. The Committee recommends that the State should make the investment in purposeful and effective advertisement of standard artisan ware marketed through the State marketing system. This will be a legitimate charge in order to stabilise and improve employment in the artisan sector.

9.31 Marketing through retail outlets set up by the covering organisations will not be enough. It is necessary that the goods produced in this sector are available where the consumer normally goes to purchase them. If this is to be done these goods will also have to be marketed through private retail outlets. In order to service these outlets, a distribution agency that indents for supplies and delivers them to retailers is required. Such an agency must also have a staff of sales representatives who visit the retail outlets regularly to check on stock position, encourage the retailer to display the products properly, arrange for supplies, etc. In some urban centres and districts the covering organisation may be in a position to do this. However, in many areas it will be necessary to tap private distributors for this purpose. The Committee recommends that the marketing strategy for village and cottage industry products must make full use of private sector networks in wholesale and retail distribution. Since the relationship will be between the covering organisation and the private wholeseller or retailer the possibility of exploitation is minimal.

9.32 For the urban markets, in addition to aggressive advertisement, proper display to tempt the consumer and a wide spread net to cover the local points will be necessary, KVIC, Handloom Corporations, Handicrafts Corporation, Coir Cooperatives and such bodies have opened a large number of show rooms-cum-sales centres in many urban centres. Each centre caters only to its own speciality. In village and cottage industries there is no competition between the goods of one industry and another. If each of these centres are made multi-purpose so as to cover all the industries taken up for intensive development in a district, we can reduce costs and make each centre viable. A start has been made in the Pilot scheme for Rural Marketing and Service Centres. The Committee recommends that instead of being a Pilot Scheme, this approach should be built into all the existing show rooms-cum-marketing centres of the various organisations. But for proper division of responsibility, some rules have to be followed.

9.33 The sale-cum-show room of any organisation is already built in its management and financial arrangements for dealing with the goods of the organisation. For the goods of the other organisations, the Centre will arrange the display and sell the goods on behalf of the producer organisation. They should be given a commission for this and an incentive bonus by the producer organisation. Unsold goods will be the responsibility of the producer organisation. As for all the village and cottage industries in the district, the District Supply and Marketing Society is the producer, it is this organisation which will have to organise the movement of goods to the places where it will sell. In this they will be helped by the State Organisation for the interdistrict, interstate and export markets.

9.34 The District Supply and Marketing Society would be responsible for the marketing of goods produced by it within the District. As it has already been provided that the goods purchased by it would be as per the standards and specifications laid down by the State level technical hierarchy, it will have to be provided a very close support by the State Rural Industries Development Corporation in marketing its produce outside the district as well as to relieve it of unsold stocks, purchased by it, by conforming to the prescribed standards and specifications. This responsibility will have to be performed by the State Rural Industries Development Corporation, envisaged earlier. It is equally important that the market outlets, and the show rooms either existing or new, must be under its day-to-day administrative control. It is difficult for any Central organisation, irrespective of the location of its headquarters, to provide necessary field supervision and administrative control; hence, the District Supply and Marketing Society would be better placed to provide this day-to-day administrative control and supervision. It is not however, intended that the products handled by the existing national organisations and marketed through its sale outlets should either be routed through the District Supply and Marketing Society or the unsold goods should in any way become its responsibility.

### Tools and Equipment

9.35 The Committee has already pointed out that millions of artisans plying their traditional skill are at present not even using the equipment that the latest technology has developed. The first step is to introduce the right equipment to them. The next to mechanise the operations which involve drudgery. This means supplying the common organisation and machines to serve the group centres. The third stage is to supply the equipment and machinery that the intermediate technology proves for introduction from time to time. It is evident that even if we allow ourselves a decade for each of these stages to be completed for the universe of artisans, those already in and those whom we seek to add every year in each of the three stages, we shall have to cover lakhs in each of the major industries. It is necessary to emphasise this.

9.36 The only organised supply of equipment at present is through the Saranjam Karyalayas of the KVIC for the industries they support and develop and to some extent by Handloom & Handicrafts Boards. It is a common complaint in the field these days that KVIC through their highly centralised production centres are not able to supply in years the modest demand from their field organisations. The lesson to be learnt is the need for decentralisation of production of the equipment and accessories.

9.37 The technical hierarchy for each industry has to assess the requirement of equipment and accessories for their time phased programme of improving the quality and quantitative productivity in their industry. The Committee recommends that this hierarchy should be responsible for assessing the demand and placing the demand with firm orders on a time delivery basis with the District Supply and Marketing Society. This Society with the help of the District technical hierarchy should organise the industries in the district which can manufacture the requirements. A little thought will show that a large number of industries can thus be supported in the district. It will be the job of the DSMS to price the goods, ensure quality and deliver on the contract. They should settle their contracts with the producers. It is desirable that the IDPAs in the District are closely kept in the picture to monitor development and to shoot trouble. Of course, much of the production units will be in the Small Industries sector.

### Credit

9.38 Though Commercial Banks and Regional Rural Banks have tried to finance artisans for their capital and production finance, particularly the latter, the present coverage is negligible. The massive programme of betterment of the artisan that the Nation is trying to sponsor will flounder without the necessary credit support to the artisans. The cooperative sector is at present seriously avoiding this sector and there is not much hope that they will change in the near future appreciably so as to make a dent on the problem. Banks find it difficult to deal with so many small accounts and they are particularly no knowledgeable in the technology and as such would like honest technical opinion which they can depend on. The Group

Centre approach, which the Committee has recommended is extremely suitable for the requirements of the bankers.

9.39 The artisan needs credit for his equipment and credit for raw material and for holding on to stocks for a favourable market. While the Reserve Bank's guidelines for a composite credit covers the situation, in actual practice its utility is marginal. If the District Supply and Marketing Society which supplies the raw material and buys back goods for marketing can also buy back sufficient goods to cover the instalments of the Capital loan, the problem is solved. The artisans in the group need not take any loan for his raw material. The DSMS (District Supply and Marketing Society) will be maintaining its raw material stocks in the field on the basis of requirements. If the Banks give them accommodation for giving advance of raw material to the artisan, then the account will be settled when the DSMS takes back the goods. The DSMS will be getting credit from the Banks for holding the goods for the favourable marketing. For the equipment, the loan given to the artisan on a group centre basis on the understanding that the DSMS will be covering the instalments by the goods taken over.

9.40 Credit requirements for development of backward areas including those of the achan industry are being dealt with, in detail, in the final report of the Committee. As mentioned in its report on 'Organisation of Administrative and Financial Structures in backward area development', the Committee is awaiting the report of the Committee appointed by the Reserve Bank of India, known as the Committee to Review Arrangements for Institutional Credit for Agricultural and Rural Development. This Committee is going into detail in the credit requirements of the rural sector. The Committee would like to make its final recommendations after seeing the report of this Committee.

9.41 The Committee has recommended elsewhere that the artisans should get new equipment on very favourable terms and a lot of subsidy has been recommended. There are also some subsidy schemes operating like TRYSEM etc. under which there is already provision for the purpose. In actual working, therefore, the capital loan that would be required by the artisans would, comparatively speaking, be very small.

### Training

9.42 Various kinds of training have to be organised, and that too on a very large scale if we are to meet the need of the National expectations of growth in the Village and Cottage Industries sector. The entire field the Committee has been discussing in this chapter is almost virgin territory for our administrators, technicians and management specialists. The types of training required will be as follows starting from the artisan upwards.

- (i) Artisans in various industries have to be trained to use the equipment available under the present technology and to produce goods as per the prescribed standards and specifications;

- (ii) When new intermediate technology is available, artisans will have to be trained for its introduction as well as to use the machines giving new service;
- (iii) From among the artisans, skilled persons would have to be selected and trained to act as Master Craftsmen to provide necessary training to other artisans in the selected industry.

9.43 For each important industry, lakhs of persons have to be trained and even on a time frame of a decade the numbers per year will be of the order of a lakh or more. The normal institutional training for artisans is not possible and is not necessary. Experiments carried out in the field of handlooms have shown that the best training is imparted by master craftsmen in the industry who can go round the area to the group centres and deal individually with the artisan on his equipment. The Committee, therefore, recommends that the training of artisans in items (i) and (ii) above should be by master craftsmen inducted into the group centres for a period of about six months. The group technician will help the craftsman learn his task and also ensure performance. For item (iii), the master craftsmen must first be trained in pilot projects and then used in new groups. The training equipment should first be supplied to the artisan and after the training in actual production at his residence the equipment should be given to the artisan. This requires perfect timing by the DSMS.

9.44 Selected artisans will have to be trained in common training centres. Various training facilities have been created in the past for various types of training in rural industries. The proposed District technical hierarchy should ensure that all available centres, of whatever organisation, are suitably brought into relevant training programme and institutional training organised. The selectees will require stipends and the institution will require training funds. The Committee suggests that these be found from the IRD funds.

9.45 The TRYSEM scheme is eminently suited for supporting the artisan and technician training programmes. The scheme contains stipends, training funds and funds for supply of equipment to the trainee after training. The Committee observes that the idea is eminently sound; but the scheme has to be adapted to suit our requirements. The scheme supports new entrants into industry. As artisans are already in industry the schemes will not apply to them. A little thought will show that by keeping these outside the scheme we may be gradually adding to the unemployed and reducing opportunities for new entrants in these occupations. We have to stabilise these occupations to make them attractive for the next generation. The Committee, therefore, recommends strongly that the TRYSEM scheme should cover artisans and technicians even if the trainees are drawn from existing artisan groups. We have a system and this little modification will answer the problem. Of course the funds for TRYSEM will have to be substantially increased to fit in with out time bound programme.

9.46 On the organisation side, the following types of training will be required.



- (i) The group technicians will have to be trained in management practices.
- (ii) The Block Industries Officer will have to be trained in the general problems of Village and Cottage Industries and organisation.
- (iii) The staff of the DSMS at various levels will have to be trained in the intricacies and art of marketing and managing raw material inventories.
- (iv) The higher level experts in technology and administration in District. Technological Hierarchies IRD, State level planners and managers, all have to be trained in group education like the one followed for Command Area Development so that each understands his role in the common task.

Items (i) and (ii) above can and should be organised by the District organisations. Item (iii) will have to be organised by the State in Marketing Management institutions. Item (iv) will also have to be organised by the State in Management Institutes and the like. The Sixth Plan at present does not contain the necessary provisions for this large scale training programme either at the Centre or at the State. The Committee recommends that the dimensions of a workable programme should be assessed and the problem settled between the States and the Centre by suitable allocations every year in their plans.

#### **Technological and Research Development Programme**

9.47 In the earlier chapters, the need for providing a research and technological development support has been fully discussed. The Khadi and Village Industries Commission is running a large number of training-cum-research institutes and so also several other organisations. The national laboratories functioning under the Department of Science and Technology are also doing lot of research. There is, however, no proper coordination. The National Committee on Science and Technology has recently set up two panels, one for Khadi and the other for village industries to identify the areas for technical research and formulate a time-bound programme for implementing them. It is suggested that there should be a National Board of Research and Technology for the Development of Rural Industries which should be set up as an autonomous organisation on the same lines as NCERT, etc. The functions of this Board should be:—

- (i) Identify the lines of research to be followed for the various Village and Cottage Industries in avoiding drudgery and bringing in a suitable intermediate technology to improve quality and more than quadruple the output per artisan.
- (ii) Farm out the items of research so identified on a priority basis to the Research Institutes who can be expected to give results.
- (iii) Check progress in the research programmes and take corrective action to pull up laggards and change horses if necessary.

- (iv) Provide funds for the research scheme out of the Block grant given to them by the Department of Science & Technology.

This Board should be given a "Block Grant" every year for funding the research programmes.

#### **State Level Organisation**

9.48 We have already dealt with in the relevant paragraphs the set up of the Directorates and Supply & Marketing Organisation at the State Level, with a view to provide technical and other support at the intermediate and field level as well as for supply of raw materials, marketing etc. These alone, however, would not be enough. The State Government would have to play a leading role in directing, monitoring and coordinating various aspects relating to the development of rural industries in the State as a whole.

9.49 It has been brought to the notice of the Committee that in some States like West Bengal, Uttar Pradesh etc., there is a Department of Small Industries. Whether there is any need for setting up a separate Department in each State would depend on the work load and the requirements in the given States. The Committee would, however, strongly recommend that as, coordination with a large number of Departments like Power, Excise, Finance, Planning etc. would be necessary, one Department, whether a separate or an existing one, must be entrusted with the responsibility for the development of rural industries in the State. The proposed Directorates of Rural Industries and the other Directorates like Handlooms, Handicrafts wherever they exist, so also the State Rural Industries Supply & Marketing Corporation, such other Corporations that already exist concerned with the sector would function under the said Department. This Department would not only provide the necessary coordination, policy guidance and direction within the State but also establish a liaison with the national organisations and deal directly with the Ministry responsible for the development of rural Industries at the Centre.

9.50 Each State has khadi and Village Industries Board set up under the overall auspices of the KVIC. In Chapter 2 of this Report, it has been observed that some streamlining of the State khadi and village Industries Boards would appear to be necessary to make them more effective and to enable them to utilise the resources available at their disposal properly. In what way this should be done, the Committee would leave each State to decide taking into account its own situation.

#### **Central Level**

9.51 The Committee has noted that several Ministries in the Government of India are now handling rural, particularly village and cottage industries. To illustrate, KVIC is under the Department of Rural Reconstruction while Handlooms, Silk and Handicrafts are under the Ministry of Commerce, Coir under the Ministry of Industry, Technological Research under the Department of Science and Technology and rural artisans training schemes under the Department of Rural Reconstruction. The Committee need hardly

reiterate that the development of cottage and village industries requires complete coordination of various aspects. Its entire approach is based upon an integration at the field and the District level. It is thus equally essential that such an integration should also take place at the national level. The Committee would, therefore, recommend that all matters relating to khadi village and cottage industries should be handled by one Ministry/Department at the Centre. The proposed National Board on Research and Technology for the development of rural industries should

also be located under this Ministry/Department. It would not only then be easier for it to provide the necessary policy direction, guidance, and support but also to coordinate the activities in the field. For the same reason, a single department has also been proposed for the development of rural industries at the State level.

9.52 The Organisational tie-up is indicated in the Chart (Annexure XII).

NEW DELHI,  
28th March, 1981.

(Sd.) B. SIVARAMAN  
Chairman





## ANNEXURE I

### *Composition and Terms of Reference of the Working Group on Rural Development.*

The Planning Commission had set up a National Committee on the Development of Backward Areas to formulate appropriate strategy or strategies for effectively tackling the problems of backward areas vide Resolution No. PC(P)17/NCDB/78-MLP dated the 30th November, 1978. It has now been decided to constitute a Working Group on Rural Development. Its composition and terms of reference are set out below:

#### 2. Compositions:

1. Shri G. L. Bailur, Joint Secretary, Deptt. of Rural Development.
2. Shri A. J. S. Sodhi, Joint Secretary, Deptt. of Agriculture.
3. Shri D. R. Bhambla, Agri. Production Commissioner, Deptt. of Agriculture.
4. Shri R. N. Kaul, Joint Commissioner, Soil Conservation & Land Development, Deptt. of Agriculture.
5. Shri Shravan Kumar, Secretary (Forest & Rural Development), Govt. of Andhra Pradesh.
6. Shri H. K. Khan, Secretary (Agriculture, Forests & Cooperation), Govt. of Gujarat.
7. Shri K. K. Srivastava, Adviser (PC), Planning Commission.
8. Shri P. H. Vaishnav, Joint Secretary, Planning Commission.
9. Shri S. K. Banerjee, Adviser (A&I), Planning Commission.

10. Adviser (Agriculture), Planning Commission.

11. Shri Nitin Desai, Consultant, Planning Commission.

12. Shri Hit Prakash, Consultant, Planning Commission.

The Chairman of the National Committee on the Development of Backward Areas will normally chair the meetings.

The Working Group may coopt further members if and when necessary.

#### 3. Terms of Reference:

- (a) To estimate the extent of inter-regional disparities in agricultural development.
- (b) To evaluate the extent to which the planning process for agriculture, rural industry and allied activities and the operations of lending institutions have benefited different regions in the country.
- (c) To assess the impact of special programmes for rural development like DPAP, CAD, SFDA and IRD on inter-regional disparities.
- (d) To identify the potential for rural development in areas which have lagged behind;
- (e) To recommend programmes and policy measures for stimulating rural development in areas which have lagged behind.

The Working Group will not cover the areas falling within the purview of the Hill Areas Sub-Plans and Tribal Sub Plans.



## ANNEXURE II

### *Number of Meetings held by the Working Group on Rural Development.*

The Working Group held seventeen meetings on the following dates:—

1. 16th May, 1979.
2. 20th June, 1979.
3. 16th July, 1979.
4. 24th Aug., 1979.
5. 18th Sept., 1979.
6. 23rd Oct., 1979.
7. 21st Nov., 1979.
8. 9th Jan., 1980.

9. 29th Jan., 1980.
10. 3rd March, 1980.
11. 2nd April, 1980.
12. 23rd & 24th July, 1980.
13. 28th & 29th Aug., 1980.
14. 21st to 25th Oct., 1980.
15. 24th to 30th Nov., 1980.
16. 12th to 15th Jan., 1981.
17. 2nd, 25th & 26th March, 1981.



### ANNEXURE III

*Relevant extracts from the Report of the Seminar on Role of Decentralised Sector in the Development of Backward Areas held in Coimbatore from 14th to 16th July, 1980.*

The Seminar was sponsored by government agencies having responsibility for development of backward areas and promoting and supporting the decentralized sector. These were:

- All India Handloom Board.
- All India Handicrafts Board.
- Coir Board.
- Khadi and Village Industries Commission, and
- The National Small Industries Corporation Ltd.

The NSIC also organised the Seminar. The objectives of the Seminar was to place before the National Committee for the Development of Backward Areas (NCDBA) the views of intellectuals, administrators, and field level workers and voluntary institutions about the problems facing the decentralized sector so that the NCDBA could cogitate on them in writing its report.

A large number of papers were presented in the Seminar. The Seminar was inaugurated by Shri A. M. Thomas, Chairman, KVIC, and Shri B. Sivaraman, Chairman, NCDBA delivered the Key Note address. On the basis of these two addresses the Plenary Session focussed upon the issues that were to be discussed in the Working Groups. It was decided during the Plenary Session that attention should be focussed not on conceptual and theoretical issues but upon an analysis of the experiences of the past and upon the problems facing this sector alongwith any policy suggestions that might emerge. These were general guidelines for all the working groups through which the Seminar essentially functioned. These were:

Group No. 1 — to discuss the issues of National Policy emphasising:

- (a) Role of Government and Non-Government Agencies.
- (b) Organizational Support and
- (c) The Specific Problems of Technology Expansion.

Group No. 2 — to discuss the Decentralized Industry specifically Handloom and Handicrafts.

Group No. 3 — The special needs of Tiny, Village and Cottage Industries including their, inputs, marketing and technology.

Group No. 4 — Rural Artisans problems of Employment of Women.

The issues which got highlighted in the final Plenary Session were:

(a) It must be recognised that the activities of the decentralized sector have been going through a secular decline. The decline goes back to the time of growth of the Manchester Textile Industry, and little has happened since to alter the trend. In essence this sector has suffered from the operation of the 'market' forces, and the trend of increased monetisation/commercialisation has always mitigated against the existence and growth of an autonomous decentralized sector. It therefore, is not surprising that inspite of the 'best' efforts of the governmental and non-governmental agencies charged with the responsibility of promoting handlooms and handicrafts, these sectors today exist primarily because of the subsidies found for this purpose.

Within this historical perspective, any grandiose targets set or asked for appear ludicrous. It was suggested that a better method of approaching the problem would be through a vigorous analysis of selected 'success' and 'failure' stories, to identify the key variables, and then plan for the limited success that seems feasible.

(b) A related point made stressed upon the inequitous relationship existing between the 'large' and the 'small', irrespective of whether the production units were in the public or private sectors.

The NSIC paper on ancillary relations circulated as a background note clearly demonstrated how the 'rules of the game' were designed to favour the strong. Numerous other instances were cited how the surpluses generated in the 'large sector', essentially came from either squeezing the cheaper, unorganised labour in the other sectors, or by manipulating the contractual terms in relation to input purchases by the large from the small, practices relating to the payment of bills etc. Mention was also made of how despite the nationalised banking system, credit flow have not been adequate and to avoid sickness on an increasing scale. (Details are deliberately not being provided as specific recommendations have been suggested as partial remedies), while the analysis should not be understood in the crude frame work of the Large Vs. the Small, the issue being stressed is that of co-existence of different modes and scales of production, and the sharp conflicts that arise thereof, and of the need to study these issues in depth.

(c) Another important related point made was that in most such discussions, the recommendations are concerned primarily with the *delivery mechanism* of inputs to the tiny and handicrafts sector. While this top down bureaucratic approach, may well serve the interests of the various departments which have specific targets to meet, it is not designed to appreciate the overall conditions within which the small scale industrialist and the tiny man has to operate. Alternatively, it was stressed that if a scheme is to be a success, it was necessary to look at the problem from the point of view of the beneficiary. It is critical to understand both the skills as well as handicaps which affect the small producer-rural or urban. If within this frame we try to design schemes and structures which ensure a more equitable access to scarce resources, the chances of success would be higher.

(d) A fourth point related to the lack of co-ordination even amongst concerned governmental departments what to speak of the relations between governmental and non-governmental organizations. Repeated instances were cited by many government officials themselves to show how this lack of coordination results in delays, inefficiencies and concentration on departmental targets rather than an overall approach to the problem. Special stress, therefore, was placed upon the need for improved planning, increased managerial efficiency and clear cut administrative support if the scheme(s) were to be at all viable.

(e) An important scepticism which permeated through the entire discussion was the lack of faith which the delegates had vis-a-vis official pronouncements. Many examples and instances were cited in the governmental policies, procedures and rules which decreased the possibility of meeting the planned objectives. A specific plea was made for free and general access to information in all matters relating to the decentralised and small sector. The tendency of governmental bodies to routinely label documents as confidential was deplored. Most participants felt that a good test of governmental seriousness would be making available the proceedings of the Seminar and the report of the NCDBA to generate critical discussion and awareness.

#### ANNEXURE IV

##### *Industrial and Occupational distribution of the Male worker as per 1961 and 1971 Census.*

The data presented in tables 2.2, 2.3 and 2.4 have been culled out from the relevant census publications for 1961 and 1971 and the Annual Survey of Industries for the years 1960 and 1970 respectively, Annual Survey of Industries yield the data about the number of total workers engaged in the organised manufacturing industries. The sex break-up of the workers is not given. To arrive at the figure of male workers, as indicated in table 2.2, the percentage of male workers in total workers derived from the data on average daily employment is made use of. This data is compiled from the annual returns under the Factories Act and is reported by the Labour Bureau in their publication. The percentages of male workers come to 89.1 and 90.76 for the years 1960 and 1970 respectively. The application of these percentages to Annual Survey of Industries data yield row 3 of table 2.2. Data for rows 1 and 4 are straightway available from the census publications and data for row 2 works out as the residual.

Data for table 2.3 is available from census publications as such. Strictly comparable data for the two censuses is

not available in some cases. As such exact code numbers made use of have been indicated in all the cases.

In respect of table 2.4, giving occupational details, some adjustments have been done. The figures for household industries in the case of 1961 census, in comparison to 1971 wherein only manufacture sector is included, comprehends sectors like manufacturing, agriculture and allied activities and mining. For arriving at appropriate figures for occupational details for manufacturing sector only, mining sector is completely taken out. In case of agriculture and allied activities, the portion covered under industrial categorisation is removed and to the balance thus arrived at, the figure of tappers is added as the same has been included in the 1971 Census occupational details. With these adjustments the individual occupational category figures for the two censuses periods become comparable except to the tune of refinements needed on account of changing occupational categorisation. For ready reference the comparable codes, for the two censuses, along with description are given so as to make the whole thing amply clear.



**ANNEXURE V**

**Industry wise distribution of male workers in the Major Household Industries and in Important States (Based on 1971 Census Data)**

(Figures in thousand)

Sl. No.	Code	Household Industry Description	STATES											
			All India	Andhra Pradesh	Assam	Bihar	Gujarat	Haryana	Himachal Pradesh	Jammu & Kashmir	Kerala	Karnataka		
0	1	2	3	4	5	6	7	8	9	10	11	12		
1.	20-21	Manufacture of food products	325	16	2	36	11	6	4	6	11	8		
2.	200	Slaughtering, preparation & Preservation	10	1	..	1	neg.	neg.	neg.	neg.	neg.	neg.		
3.	201	Manufacture of dairy products	13	neg.	neg.	2	1	neg.	neg.	neg.	neg.	neg.		
4.	204	Grain mill products	81	3	neg.	7	6	4	3	2	1	3		
5.	205	Manufacture of bakery products	15	1	1	1	1	neg.	neg.	2	1	1		
6.	207	Production of indigenous sugar, boora, khand-sari, gur etc.	33	neg.	neg.	neg.	neg.	neg.	neg.	neg.	1	1		
7.	209	Manufacture of cocoa, chocolate and sugar confectionary	52	1	neg.	12	1	1	1	1	neg.	neg.		
8.	211	Manufacture of other edible oils and fats e.g. mustard oil ground-nut oil	60	8	neg.	8	2	neg.	neg.	1	2	1		
9.	219	Mf. of food products not elsewhere classified	53	2	neg.	4	1	neg.	neg.	neg.	6	neg.		
10.	22	Manufacture of beverages, tobacco and products	335	29	1	50	6	neg.	neg.	neg.	14	27		
11.	223	Production of country liquor toddy	42	12	neg.	15	neg.	neg.	neg.	neg.	1	2		
12.	226	Manufacture of bidi	278	13	neg.	34	6	neg.	neg.	neg.	13	25		
13.	23	Manufacture of cotton textile	879	180	3	34	16	6	neg.	1	20	55		
14.	230	Cotton ginning, cleaning & baling	10	1	neg.	2	neg.	neg.	neg.	neg.	neg.	neg.		
15.	232	Printing, dyeing, and bleaching of cotton textiles	25	3	neg.	1	1	neg.	neg.	neg.	neg.	neg.		
16.	233	Cotton spinning other than in mills	38	4	neg.	1	2	neg.	neg.	neg.	neg.	4		
17.	234	Production of khadi	31	1	neg.	neg.	1	2	neg.	neg.	neg.	neg.		
18.	235	Weaving and finishing of cotton textiles in hand-loom other than khadi	747	169	3	26	9	2	neg.	1	19	46		
19.	236	Weaving and finishing of cotton textiles in power-loom	21	2	..	3	2	neg.	neg.	neg.	1	neg.		
20.	24	Manufacture of wool, silk and synthetic fibre textiles	97	11	1	1	2	neg.	1	3	neg.	14		
21.	242	Wool spinning and weaving (other than in mills)	26	8	neg.	1	neg.	neg.	1	1	..	7		
22.	245	Spinning, weaving and finishing of silk textiles	53	2	1	neg.	neg.	neg.	..	neg.	..	6		
23.	25	Manufacture of jute, hemp and mesta textiles	19	3	neg.	neg.	neg.	1	..	neg.	neg.	neg.		

ANNEXURE V—*contd.*

(Figures in thousand)

Sl. No.	Code	Household Industry Description	STATES									
			Madhya Pradesh	Maharashtra	Orissa	Punjab	Rajasthan	Tamil Nadu	Uttar Pradesh	West Bengal		
0	1	2	13	14	15	16	17	18	19	20		
1.	20-21	Manufacture of food products . . . . .	21	24	13	11	12	26	99	13		
2.	200	Slaughtering, preparation . . . . .	neg.	3	neg.	neg.	neg.	neg.	5	neg.		
3.	201	Manufacture of dairy products . . . . .	1	1	neg.	neg.	neg.	neg.	5	1		
4.	204	Grain mill products . . . . .	7	7	1	9	3	1	17	3		
5.	205	Manufacture of bakery products . . . . .	neg.	1	neg.	neg.	neg.	1	2	1		
6.	207	Production of indigenous sugar, boora, kandsari gur etc. . . . .	neg.	neg.	neg.	neg.	neg.	19	10	1		
7.	209	Manufacture of cocoa, chocolate and sugar confectionary . . . . .	3	2	2	1	1	1	21	4		
8.	211	Manufacture of other edible oils and fats e.g. mustard oil groundnut oil . . . . .	5	4	3	neg.	7	3	15	1		
9.	219	Manufacture of food products not elsewhere classified . . . . .	5	2	6	neg.	1	2	24	1		
10.	22	Manufacture of beverages, tobacco and products . . . . .	65	35	5	neg.	4	20	23	50		
11.	223	Production of country liquor toddy . . . . .	neg.	1	1	..	neg.	4	1	2		
12.	226	Manufacture of bidi . . . . .	64	35	3	..	2	14	21	48		
13.	23	Manufacture of cotton textile . . . . .	24	42	39	16	22	213	155	51		
14.	230	Cotton ginning, cleaning and baling . . . . .	1	neg.	neg.	neg.	1	neg.	4	1		
15.	232	Printing, dyeing, and bleaching of cotton textiles . . . . .	1	1	neg.	neg.	6	1	9	1		
16.	233	Cotton spinning other than in mills . . . . .	2	1	1	neg.	2	3	11	4		
17.	234	Production of khadi . . . . .	neg.	neg.	neg.	14	3	1	6	neg.		
18.	235	Weaving and finishing of cotton textiles in hand- looms other than khadi . . . . .	17	38	37	1	9	205	119	44		
19.	236	Weaving and finishing of cotton textiles in power- looms . . . . .	2	2	neg.	neg.	neg.	2	2	neg.		
20.	24	Manufacture of wool, silk and synthetic fibre textiles . . . . .	2	4	neg.	neg.	1	21	32	2		
21.	242	Wool spinning and weaving (other than in mills) . . . . .	neg.	2	neg.	neg.	1	neg.	3	neg.		
22.	245	Spinning, Weaving and finishing of silk textiles . . . . .	1	1	neg.	neg.	neg.	18	23	2		
23.	25	Manufacture of jute, hemp and mesta textiles . . . . .	neg.	neg.	2	4	neg.	1	4	3		

ANNEXURE V - contd.

Sl. No.	Code	Household Industry Description	STATES									
			All India	Andhra Pradesh	Assam	Bihar	Gujarat	Haryana	Himachal Pradesh	Jammu & Kashmir	Kerala	Karnataka
0	1	2	3	4	5	6	7	8	9	10	11	12
24.	26	Manufacture of textile products (including weaving apparel other than footwear)	681	79	6	40	47	10	5	16	24	43
25.	261	Knitting mills	40	6	neg.	2	1	neg.	neg.	neg.	neg.	2
26.	262	Embroidery and making crapes laces and fingers	18	neg.	neg.	neg.	2	neg.	neg.	6	neg.	neg.
27.	263	Weaving carpets rings and other similar textiles products, etc	36	2	neg.	neg.	neg.	neg.	neg.	1	..	2
28.	264	Manufacture of all types of textile garments including weaving apparel	543	68	6	38	43	9	5	8	8	36
29.	268	Manufacture of coir & coir products	23	1	..	..	neg.	..	..	..	13	2
30.	27	Manufacture of wood and wood products, furnitures and fixtures	912	150	12	76	41	12	8	8	36	64
31.	271	Sawing and planing of wood (other than plywood)	14	2	neg.	1	neg.	neg.	neg.	1	1	1
32.	272	Manufacture of wooden and cane boxes, barrels and other containers, baskets etc.	275	51	2	33	5	3	2	3	8	18
33.	273	Manufacture of structural wooden goods	292	53	3	26	10	8	3	3	8	31
34.	274	Manufacture of wooden industrial goods such as bobbins, blocks etc.	57	19	neg.	neg.	1	1	neg.	1	neg.	1
35.	276	Manufacture of wooden furniture, fixtures	136	20	4	9	11	neg.	neg.	1	10	76
36.	277	Manufacture bamboo, cane furniture	35	2	1	neg.	4	..	neg.	neg.	7	1
37.	279	Manufacture of wood and reed, bamboo and cane products n.e.c.	97	1	1	7	10	1	neg.	neg.	2	6
38.	28	Manufacture of paper and paper products & printing, publishing, allied industries	15	1	neg.	1	1	neg.	neg.	neg.	neg.	1
39.	29	Manufacture of leather and leather & fur products (except repair)	301	35	neg.	10	16	15	3	3	1	16
40.	290	Tanning, curing, finishing embossing and japanning of leather	34	3	neg.	1	3	neg.	neg.	neg.	neg.	2
41.	291	Manufacture footwear (except repair) or moulded rubber or plastic	247	31	neg.	8	13	15	3	2	1	12
42.	293	Manufacture of leather consumer goods (other than apparel and footwear)	11	1	neg.	neg.	neg.	neg.	..	neg.	neg.	1

Sl. No.	Code	Household Industry Description	STATES										West Bengal
			Madhya Pradesh	Maharashtra	Orissa	Punjab	Rajasthan	Tamil-Nadu	Uttar Pradesh				
0	1	2	13	14	15	16	17	18	19	20			
24.	26	Manufacture of textile products (including weaving apparel other than footwear)	53	90	7	14	24	34	130	47			
25.	261	Knitting mills	1	11	1	neg.	2	1	9	1			
26.	262	Embroidery and making of crapes laces and fringes	neg.	neg.	1	neg.	neg.	neg.	5	1			
27.	263	Weaving carpets, rings and other similar textile products	neg.	neg.	neg.	neg.	1	4	23	1			
28.	264	Manufacture of all types of textile garments including weaving apparel	50	74	5	12	19	23	89	41			
29.	268	Manufacture of coir and coir products	neg.	1	neg.	..	neg.	4	1	neg.			
30.	27	Manufacture of wood and wood products, furniture fixtures	77	89	42	23	40	71	110	41			
31.	271	Sawing and planing of wood (other than plywood)	2	1	neg.	neg.	neg.	1	1	1			
32.	272	Manufacture of wooden and cane boxes, barrels and other containers, baskets etc.	35	16	19	3	6	14	44	12			
33.	273	Manufacture of structural wooden goods	16	9	12	3	4	39	55	8			
34.	274	Manufacture of wooden industrial goods such as bobbins, blocks etc.	11	1	neg.	15	neg.	3	2	1			
35.	276	Manufacture of wooden furniture, fixture	7	9	7	2	28	7	4	6			
36.	277	Manufacture of bamboo, cane furniture	3	1	5	..	neg.	5	neg.	5			
37.	279	Manufacture of wood and read, bamboo and cane products n.e.c.	2	51	neg.	neg.	1	3	3	7			
38.	28	Mf. of paper and paper products & printing, publishing, allied industries	1	1	1	neg.	1	neg.	3	3			
39.	29	Mf. of leather and leather & fur products (except repairs)	41	32	2	18	49	5	46	6			
40.	290	Tanning, curying, finishing, embossing and janning of leather	6	5	neg.	1	8	neg.	3	1			
41.	291	Mf. of footwear (except repairs) or moulded rubber or plastic	34	23	1	17	39	4	37	4			
42.	293	Mf. of leather consumer goods (other than apparel and footwear)	neg.	3	neg.	neg.	neg.	neg.	3	1			



Sl. Code No.	Household Industries Description	STATES												Karnataka
		All India	Andhra Pradesh	Assam	Bihar	Gujarat	Haryana	Himachal Pradesh	Jammu & Kashmir	Kerala				
0	1	2	3	4	5	6	7	8	9	10	11	12		
43.	30	Manufacture of rubber, plastic, petroleum, and coal products	6	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.	
44.	31	Manufacture of chemicals and chemicals products	12	1	neg.	1	neg.	neg.	neg.	neg.	1	1	neg.	
45.	32	Manufacture of non-metallic minerals products	508	63	4	59	31	17	1	5	10	23	23	
46.	320	Manufacture of structural clay products	46	3	neg.	2	5	2	neg.	neg.	1	1	1	
47.	322	Manufacture of earthen ware, earthen pottery	412	51	4	56	23	14	1	4	8	17	17	
48.	323	Manufacture of china-ware, porcelain ware	10	1	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.	
49.	326	Manufacture of structural stone goods stone dressing and crushing stone-ware	16	3	..	neg.	1	neg.	neg.	neg.	neg.	2	2	
50.	33	Basic metal and alloys industries	11	2	1	neg.	neg.	neg.	neg.	neg.	neg.	1	1	
51.	34	Manufacture of metal products and except machinery and transport	335	32	5	13	13	8	3	4	17	18	18	
52.	340	Manufacture of fabricated metal products	12	1	neg.	1	neg.	neg.	neg.	neg.	neg.	1	1	
53.	343	Manufacture of handtools, general hardware	231	26	3	10	10	7	..	4	14	10	10	
54.	344	Enamelling japanning lacquering, plating and polishing of metal products	12	1	neg.	neg.	1	neg.	neg.	neg.	neg.	1	1	
55.	345	Manufacture of metal utensils, cutlery etc.	33	4	2	2	neg.	1	neg.	2	1	2	2	
56.	349	Manufacture of metal products, machinery & transport not elsewhere classified	42	neg.	neg.	neg.	1	neg.	3	neg.	neg.	5	5	
57.	35	Manufacture of machinery, machine tools and parts except electrical machinery	60	1	neg.	23	2	neg.	neg.	neg.	neg.	3	3	
58.	350	Manufacture of agro machinery, equipment, and parts	37	neg.	..	22	neg.	neg.	neg.	..	..	2	2	
59.	359	Manufacture and repairs of non-elec. machinery equipment, components accessories	11	neg.	..	1	1	neg.	neg.	neg.	neg.	neg.	neg.	
60.	36	Manufacture of electrical machinery apparatus, appliances, supplies and parts	3	neg.	..	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.	
61.	37	Manufacture of transport, equipment & parts	11	1	neg.	neg.	neg.	neg.	neg.	neg.	neg.	1	1	
62.	38	Other manufacturing industries	392	43	4	18	18	4	1	1	13	28	28	
63.	383	Manufacture of jewellery, related articles	244	39	4	14	13	4	1	1	12	18	18	
64.	389	Manufacture of misc. products n.e.c.	137	4	neg.	3	5	neg.	neg.	neg.	1	9	9	
65.	39	Repairs	121	7	3	10	3	2	2	1	1	5	5	
66.	390	Repair of footwear, other leather	43	4	1	3	1	1	2	1	neg.	2	2	
67.	393	Repair of watch, clock, jewellery	10	neg.	1	1	neg.	neg.	neg.	neg.	neg.	neg.	neg.	
68.	394	Repair of bicycles, cycle rickshaws	34	2	1	3	neg.	1	neg.	neg.	neg.	1	1	
69.	399	Repair of enterprises n.e.c.	19	1	neg.	1	1	neg.	neg.	neg.	neg.	1	1	
70.	2 & 3	Manufacturing and Repairs	5021	653	43	373	209	82	30	50	148	308	308	

## ANNEXURE V—Contd.

(Figures in thousand)

Sl. No.	Code	Household Industry Description	STATES										Uttar Pradesh	West Bengal
			Madhya Pradesh	Maharashtra	Orissa	Punjab	Rajasthan	Tamil N. du	17	18	19	20		
0	1	2	13	14	15	16	17	18	19	20				
43.	30	Manufacture of rubber, plastic, petroleum, and coal products	neg.	1	neg.	neg.	neg.	neg.	1	1				
44.	31	Manufacture of chemicals and chemical products	1	1	neg.	neg.	neg.	1	2	1				
45.	32	Manufacture of non-metallic mineral products	55	29	27	10	36	31	82	23				
46.	320	Manufacture of structural clay products	9	3	2	1	4	2	4	6				
47.	322	Manufacture of earthen ware, earthen pottery	44	21	24	6	30	27	64	13				
48.	323	Manufacture of china-ware, porcelain ware	neg.	neg.	neg.	..	neg.	neg.	9	neg.				
49.	326	Manufacture of structural stone goods, stone dressing and crushing, stone-ware	1	3	neg.	neg.	2	1	2	neg.				
50.	33	Basic metal and alloys industries	1	1	2	1	1	1	1	1				
51.	34	Manufacture of metal products and parts except machinery and transport	42	31	25	9	17	17	61	15				
52.	340	Manufacture of fabricated metal products	1	2	1	neg.	neg.	1	2	1				
53.	343	Manufacture of handtools, general hardware	37	2	19	8	16	11	47	6				
54.	344	Enamelling, japanning, lacquering, plating and polishing of metal products	1	3	neg.	neg.	neg.	2	2	neg.				
55.	345	Manufacture of metal utensils, cutlery and kitchen ware etc.	1	4	neg.	1	3	5	..	7				
56.	349	Manufacture of metal products, machinery in transport not elsewhere classified	1	23	neg.	neg.	neg.	1	5	1				
57.	35	Manufacture of machinery, machine tools and parts except electrical machinery	3	2	3	3	1	7	4	7				
58.	350	Manufacture of agro machinery, equipment and parts	2	..	3	neg.	neg.	5	neg.	3				
59.	359	Manufacture and repair of non-elec. machinery equipment, components accessories	neg.	2	..	2	neg.	neg.	3	2				
60.	36	Manufacture of electrical machinery apparatus, appliances, supplies and parts	neg.	..	neg.	1	neg.	neg.	neg.	1				
61.	37	Manufacture of transports, equipment and parts	2	1	neg.	1	neg.	1	1	1				
62.	38	Other manufacturing industries	26	26	16	3	33	30	107	17				
63.	383	Manufacture of jewellery, related articles	19	17	14	3	17	28	29	10				
64.	389	Manufacture of misc. products n.e.c.	6	8	1	neg.	15	2	76	5				
65.	39	Repairs	6	16	4	5	4	7	33	8				
66.	390	Repair of footwear, other leather	2	8	1	2	1	5	7	4				
67.	393	Repair of watch, clock jewellery	neg.	1	neg.	neg.	neg.	neg.	5	1				
68.	394	Repair of bicycles, cycle rickshaws	2	3	2	2	1	1	11	1				
69.	399	Repair of enterprises n.e.c.	1	3	1	neg.	1	neg.	7	1				
70.	2 & 3	Manufacturing and Repair	420	424	189	119	246	486	893	290				

## ANNEXURE VI

Employment Pattern of Village and Cottage Industries in Major states of India  
(Based on data for 1978-79 as given in Annual Report of KVIC)

(Thousand persons)

Sl. No.	States	VILLAGE INDUSTRIES													
		Khadi	P.C.P.	Ghani oil	Village Leather	Cottage Match	Gur & Khandasari	P.Im Gur	Non-Edible oil & soap	Hand made paper	Bee keep- ing	Village Pottery	Fibre		
1	2	3	4	5	6	7	8	9	10	11	12	13	14		
1.	Andhra Pradesh	59	1	2	2	2	5	49	12	neg.	6	8	3		
2.	Assam	30	neg.	1	neg.	neg.	6	..	neg.	neg.	8	16	neg.		
3.	Bihar	149	4	7	4	neg.	9	neg.	2	neg.	11	5	1		
4.	Gujarat	42	1	neg.	2	neg.	9	4	1	1	..	4	..		
5.	Haryana	17	1	neg.	3	neg.	9	..	1	neg.	neg.	11	2		
6.	H'machal Pradesh	6	neg.	neg.	1	..	neg.	..	neg.	neg.	1	1	2		
7.	J & K	11	neg.	3	3	..	..	..	neg.	neg.	neg.	2	neg.		
8.	Karnataka	33	2	3	2	1	4	1	17	neg.	25	4	2		
9.	Kerala	16	1	2	1	3	1	15	1	neg.	15	6	56		
10.	Madhya Pradesh	8	1	1	2	neg.	neg.	neg.	neg.	neg.	1	2	neg.		
11.	Maharashtra	13	3	11	34	neg.	neg.	1	1	1	1	32	15		
12.	Manipur	1	4	neg.	neg.	..	1	..	neg.	neg.	5	neg.	neg.		
13.	Meghalaya	..	..	..	..	..	..	..	..	..	2	..	..		
14.	Nagaland	..	neg.	neg.	..	..	neg.	..	..	..	2	..	..		
15.	Orissa	8	1	1	neg.	neg.	4	3	33	neg.	18	1	4		
16.	Punjab	39	1	neg.	4	neg.	7	..	2	..	neg.	2	7		
17.	Rajasthan	127	1	4	6	neg.	7	neg.	8	1	neg.	8	1		
18.	Sikkim	neg.	..	..	neg.	..	..	..	..	..	neg.	..	..		
19.	Tamil Nadu	97	1	2	2	28	neg.	253	22	1	37	6	3		
20.	Tripura	1	..	neg.	neg.	neg.	1	..	..	..	1	1	neg.		
21.	Uttar Pradesh	350	2	4	11	neg.	77	4	7	1	6	7	6		
22.	West Bengal	27	1	neg.	1	neg.	1	32	1	neg.	12	2	neg.		
TOTAL		1034	25	41	78	34	141	362	108*	5	151	118	102		

P.C.P. Processing of Cereals and Pulses

\*The share of seed collection is 93, oil production 5 and soap production 10

## ANNEXURE VI—Contd.

(Thousand persons)

Sl. No.	States	Carpentry & Black-smithy	Lime	Forest plants & Fruits	Shellac	Gums & Resins	Katha	Fruit processing	Bamboo & Cane	Aluminium	Total Vill. go Industries	Total Vill. go Industries
1	2	15	16	17	18	19	20	21	22	23	24	25
1.	Andhra Pradesh	3	3	10	..	75	..	neg.	1	..	182	241
2.	Assam	neg.	..	..	..	..	..	..	1	..	31	61
3.	Bihar	1	neg.	neg.	..	15	..	..	neg.	..	59	208
4.	Gujarat	1	1	..	..	..	..	1	2	..	27	69
5.	Haryana	1	neg.	..	..	..	..	neg.	..	..	29	46
6.	Himachal Pradesh	1	neg.	neg.	..	neg.	2	neg.	neg.	..	8	14
7.	J. & K.	1	..	..	..	..	..	..	4	..	13	24
8.	Karnataka	3	2	neg.	..	..	..	neg.	neg.	neg.	66	99
9.	Kerala	neg.	2	1	..	..	..	1	4	..	109	125
10.	Madhya Pradesh	1	neg.	2	..	..	..	..	neg.	..	10	18
11.	Maharashtra	53	2	..	..	40	3	1	12	neg.	210	223
12.	Manipur	neg.	neg.	neg.	..	..	..	..	1	..	11	12
13.	Meghalaya	..	..	..	..	..	..	..	..	..	2	2
14.	Nagaland	neg.	..	..	..	..	..	..	..	..	2	2
15.	Orissa	1	1	neg.	neg.	46	neg.	..	neg.	..	113	121
16.	Punjab	2	neg.	..	..	..	..	neg.	3	neg.	28	67
17.	Rajasthan	1	1	..	..	..	..	neg.	neg.	..	38	165
18.	Sikkim	..	..	..	..	..	..	..	..	..	neg.	neg.
19.	Tamil Nadu	2	1	..	..	..	..	neg.	3	neg.	361	458
20.	Tripura	neg.	..	..	..	..	..	..	neg.	..	3	4
21.	Uttar Pradesh	3	8	2	neg.	1	1	neg.	1	neg.	141	491
22.	West Bengal	neg.	neg.	..	1	..	..	..	neg.	..	51	78
Total		74	21	15	1	177	6	3	32	neg.	1494	2528

P.C.P. : Processing of Cereals and Pulses.

## ANNEXURE VII

### *Relevant Extracts from the Khadi and Village Industries Commission Act of 1956.*

#### *Functions of the Commission*

(1) Subject to the provisions of this Act, the functions of the Commission shall generally be to plan, organise and implement programmes for the development of Khadi and village industries.

(2) In particular and without prejudice to the generality of the foregoing power, the Commission may take such steps as it may think fit—

- (a) to plan and organise the training of persons engaged in the production of khadi and village industries;
- (b) to build up a reserve of raw materials and implements and to supply them to persons engaged in the production of khadi or in village industries at such economical rates as may be suitable in the opinion of the Commission;
- (c) to provide for the sale and marketing of khadi or of products of village industries or handicrafts;
- (d) to encourage and promote research in the technique of production of khadi or in the development of village industries, or to provide facilities for a study of the problems relating to khadi or village industries;
- (e) to maintain or assist in the maintenance of institutions for the development of khadi or village industries;
- (f) to undertake, assist or encourage the production of khadi or the development of village industries;
- (g) to promote and encourage cooperative efforts among manufacturers of khadi and persons engaged in village industries;
- (h) for ensuring the genuineness of, and for granting certificates to producers of, or dealers in, khadi or the products of any village industry;
- (i) to carry out any other matter which may be prescribed.

2. In the discharge of its functions under this Act, the Commission shall be bound by such directions as the Central Government may give to it.

#### *Constitution of the Board*

For the purpose of assisting the Commission in the discharge of its functions under this Act, the Central Government may, by notification in the Official Gazette, constitute a Board to be called the Khadi and Village Industries Board consisting of a Chairman and such number of other members as the Central Government think fit, chosen from among persons who, in the opinion of the Central Government, are qualified as having had experience, and shown capacity, in matters relating to the development of khadi and village industries.

The Commission shall ordinarily consult the Board with respect to the discharge of its functions under this Act.

#### *Returns and Reports*

The Commission shall furnish to the Central Government, at such time and in such form and manner as may be prescribed or as the Central Government may direct, such returns and statements and such particulars in regard to any proposed or existing programme for the promotion and development of khadi and village industries as the Central Government may, from time to time, require.

(ii) Without prejudice to the provision of sub-section (1) the Commission shall, as soon as possible after the end of each financial year, submit to the Central Government a report, in such form and before such date as may be

prescribed, giving a true and full account of its activities, policy and programme during the previous financial year.

(iii) A copy of the report received under sub-section (2) shall be laid before each House of Parliament.

#### *Definition of Khadi*

"Khadi" means any cloth woven on handlooms in India from cotton, silk or woollen yarn handspun in India or from a mixture of any two or all of such yarns.

#### *Definition of Village Industries*

"Village Industries" means all or any of the industries specified in the Schedule and includes any other industry deemed to be specified in the Schedule by reason of a notification under section 3.

#### *Power to add to the schedule*

3. (1) The Central Government may, of its own motion or on the recommendation of the Commission, by notification in the official Gazette, add to, or omit from, the Schedule any village industry or alter the description of any village industry and thereupon the Schedule shall be deemed to be amended accordingly.

### THE SCHEDULE\*

#### Sections 2 (h) and 3 (1)

1. Beekeeping
2. Cottage Match Industry
3. Cottage Pottery Industry
4. Cottage Soap Industry
5. Flaying, curing and tanning of hides and skins and ancillary industries connected with the same and Cottage leather industry
6. Ghani Oil Industry
7. Handmade Paper
8. Manufacture of Cane-gur and Khandsari.
9. Palm-gur making and other palm-products Industry
10. Processing of cereals and pulses
11. Manufacture and use of manure and methane gas from cowdung and other waste products (such as flesh of dead animals, night soil etc.)
12. Lime Manufacturing Industry
13. Manufacture of Shellac.
14. Collection of forest plants and fruits for medicinal purposes
15. Fruit processing and fruit preservation
16. Bamboo and cane work
17. Blacksmithy
18. Carpentry
19. Fibre other than coir
20. Manufacture of household utensils of aluminium
21. Manufacture of Katha, and
22. Manufacture of Gum resins

\* subsequently two more industries viz. Lokvastra and Polyvastra have been added.

**ANNEXURE VIII**

*Distribution of habited villages by size classification of household industries workers in rural areas of four districts of Bihar 1971*

Household workers size classification	No. of Villages in Districts			
	Champan	Dhanbad	Ranchi	Purnea
1	2	3	4	5
Without any household workers	1193	871	1575	1980
1—5 workers	736	290	1237	925
6—10 workers	291	80	353	321
11—15 workers	122	38	161	174
16—20 workers	98	17	125	91
21—25 workers	53	12	81	51
> 25 workers	153	57	199	194
Total habited villages	2646	1365	3731	3730



# ANNEXURE IX

## Working of the Raw Material Depot at Nawadha, Bihar

The working, as given out by the General Manager, DIC Gaya, is given in what follows.

The Raw Material Depot (RMD) at Nawada was started by the R.I.P. Nawada in the year 1963 as one of the Commercial scheme sanctioned by the R.I.P. of Planning Commission. Initially, it was provided with a revolving working fund of Rs. 75,000/- which was subsequently raised to Rs. 1,00,000/-. It was manned by one Manager, one store in-charge and a watchman.

The Raw Material Depot provided following assistances to the entrepreneurs of rural areas.

1. Supply of indigeneous scarce and controlled raw materials.
2. Supply of imported raw materials.
3. Supply of construction material.
4. Supply of improved handlooms and small machines needed by them.

As such the RMD not only fulfilled its traditional task of supplying raw material but also met the requirement of construction material like cement, G.C. sheets, M.S. rods, light structurals etc. according to availability. It also procured and supplied hand tools and small machines (viz. carpentry tools, blacksmithy tools, shoe making tools, sewing machines, drills etc.) mostly needed by traditional artisans at almost whole-sale prices. The RMD tried to procure these articles in bulk and charged the artisans only nominal service charges over the purchase price. The artisans, as such, have availed of the facility of getting raw material even in small lots but at a near whole-sale price. Similar was the case with supply of construction material like cement, M.S. Rods, G.C. Sheets, etc. To meet the requirements of improved hand tools and small machines of the traditional artisans, the RMD procured hand tools of carpentry, blacksmithy and leather goods making in bulk and supplied the same to these artisans at whole-sale price plus nominal service charges. The RMD also procured and stored tanning material and chemicals needed by traditional artisans engaged in tanning of hides and skin and supplied the same locally in similar manner.

A statement showing the value of goods procured and supplied by the RMD from the year 1963-64 to 1973-74 is given below:—

Year	Purchase	Sales
1963-64	46,034.46	22,535.30
1964-65	120,639.51	72,613.37
1965-66	119,813.08	79,946.31
1966-67	45,344.11	83,828.11
1967-68	58,046.46	79,944.16
1968-69	68,627.43	110,112.80
1969-70	235,385.32	201,665.00
1970-71	59,900.13	107,084.83
1971-72	33,834.11	72,987.91
1972-73	49,020.28	54,755.51
1973-74	12,872.83	20,888.51
Total	849,517.72	871,361.90

The main items procured and supplied were as follows:

### Raw Material

1. Iron and Steel—B.P. Sheet, B.P. Sheet Cuttings, G.P. Sheets.
2. Non-ferrous—Copper, Zinc, Tin.

3. Sole Leather
4. Chrome Leather
5. Woollen Yarn
6. Cocoons (silk)
7. Tanning chemicals
8. Tanning materials
9. Mutton Tallow

### Construction Material

1. G.C. Sheets
2. Angles, Rod, etc.
3. Cement

### Improved tools

1. Different types of carpentry tools required by carpenters.
2. Different types of blacksmithy tools required by blacksmiths.
3. Different types of leather goods making, hand tools required by shoe-makers.

### Small machines

1. Improved Atta chakki
2. Paddy dehusker (Japanese type)
3. Sewing machine
4. Drill
5. Wood turning lathe
6. Rope and Ban making machine

The items specified under the head raw material were mostly meant for supply to rural artisans viz., blacksmiths, brass utensils manufacturers, shoe makers, village tanners, blanket weavers etc. Only a portion of non-ferrous metal and mutton tallow were supplied to SSI units of the R.I.P. area. The improved tools were meant exclusively for the rural artisans viz., carpenters, blacksmiths, shoe-makers and weavers and they were supplied to them. The small machines excluding Atta Chakki were also supplied to traditional rural-artisan engaged in cereal processing, trailoring and wooden toy making. The construction material was shared both by Artisans and SSI units. It will be evident from the foregoing facts that the main emphasis of the scheme was to provide services to the rural artisans which were financially weak and could not arrange enough capital for bulk purchase of material needed by them. The RMD enabled them to purchase material needed by them in small quantities as per their need, at cheaper rates. The second point worth mention is that the RMD has been instrumental in introducing improved tools among the traditional artisans. During the period from 1962-63 to 1969-70, the RMD Nawada provided services to 1606 persons mostly rural artisans. During this period it has not only met its establishment cost and sundry expenses but earned a profit of Rs. 22,246/-. But in subsequent years due to difficulty in procurement of scarce material from Government quota, its activities were limited to procurement and supply of materials easily available from open market, as well as supply of materials and improve tools only. As such there was decline in the volume of transactions. The RMD scheme had to be wound up in the year 1972-73 according to the policy decision taken at Central Government level. The Government of India presumably thought that the State Small Industries Corporation would take over the work of supply of raw material to the units of R.I.P. area also, but this did not work. The rural artisans originally served by the RMD Nawada are not getting the same services from any other agency now. Revival of the scheme of R.M.D. at D.I.C. level (as in RIP) and ensuring a legitimate share of the whatever scarce material are available to the State to each DIC would naturally meet the need of the rural artisans to a considerable extent."



## ANNEXURE X

### *Activities of Khadi and Village Industries Commission in the field of Technological Development*

1. In the efforts of Khadi and Village Industries Commission (KVIC) a continuous upgradation of technology and technical development has been witnessed over time, in a host of village and cottage industries.

2. In 1955, the all India KVI Board set up at Wardha, the Jammalal Bajaj Central Research Institute. This institute was envisaged as a link between the national laboratories on the one hand and small research centres in the field of khadi and village industries on the other. A review in respect of developments in some of the important pursuits would be desirable to know the extent of achievements.

3. Mahatma Gandhi himself was very keen for improvement in khadi hand spinning techniques, tools and equipments. In fact he announced a prize of a lakh of rupees to any one who invented a charkha with higher productivity capable of being plied and repaired in the villages. With the coming up of the KVIC, the research efforts were intensified. KVIC through its Central Research Institute in Wardha and in collaboration with other agencies in the field, perfected the four spindle charkha with wooden frame invented by Shri Ekambranath and introduced it in the field in 1956 after pilot testing. The Amber Charkha incorporated in it the modern principles of using frame spinning for the first time and as such represented a break through in decentralised textile spinning. Further research work led to the development around 1965, of, yet another improved version of the Amber charkha known as New Model Charkha with 6 spindles. This Charkha assembled on a steel frame was found to be sturdy, easier to operate and had a much higher productivity of 20 hanks for a day of 8 hours of work as compared to 2 to 3 hanks on the traditional charkha and six to eight hanks on the modern Amber charkha. KVIC introduced, in 1968, yet another version of the New Model charkha with 12 spindles. Alongside the improvements in the spinning technology, KVIC has introduced many improvements in pre-spinning techniques and processing for yarn and cloth. Weaving technology has also been improved. Semi-automatic looms and power operated looms have been put in the field by some institutions and these have raised the productivity of the weaver from about three to four metres per day of 8 hours on traditional loom to about 10 to 12 metres per day on the improved looms. Long warps with yarn for 100 to 200 metres, and better sizing, drying, dyeing and printing facilities, etc. have also been given to the artisans. Alongside, KVIC is popularising two spindle charkhas in the place of traditional charkhas with a view to improve the quality of yarn and the spinning wages earned. Arrangements have also been made to improve the quality of yarn by supplying ready made slivers to artisans working on the earlier models of Amber Charkha wherever possible.

4. In the case of wool khadi two projects have been undertaken. One of these is related to devising of improved spinning implements and the other is Shrink Resistance project. For silk khadi three schemes are underway. These are (i) Experimentations on Silk waste Processing, Spinning and Weaving (ii) Silk Reeling and Training Project at Malda (West Bengal) and (iii) Development of Endi and Muga at Gauhati (Assam). In the case of the first project which is located at Dreet (Wardha), a set of pre-processing equipment and a new model charkha for different types of Tassar Waste has been fabricated with a capacity of 8-10 hanks per day per charkha. Pre-processing equipment and charkha for Mulberry Silk waste and Endi spinning has been fabricated as well. Trial of weaving has also been taken up on Sewagram-Loom. The fabric is found to have good feel and appearance. Experiments on the process of degumming have been undertaken. The work of modification of paddle charkha unit for Tassar spinning has been completed. In the second project at Gauhati, multi-end charkha been modified for reeling indigenous and bivoltine co- and testing is being carried on. Under the third pro-

ject a special type of simple and small boiler has been devised and installed in the workshop of the Assam Khadi and V.I. Board for centralised boiling. Endi cocoons are boiled in steam and experiment is conducted to improve the quality. A special type of drying chamber has been constructed for quick drying of boiled cocoons. In case of muslin khadi a seven spindle charkha and five other pre-processing equipment are in the process of designing and fabrication. Under khadi dyeing and printing project there are 11 ongoing schemes for cotton khadi, silk khadi and muslin and wool khadi. For development of designs and standardisation of khadi pattern a number of schemes are underway.

5. In case of processing of cereals and pulses KVIC has successfully designed and developed a number of improved tools, both hand and power operated. Arrangements have also been made for their manufacture and distribution to the artisans and their organisations. Bonded-Chakki, power dehusker, 1.5 H.P. cone-rice-polisher and poha making machine are three of the important equipments introduced in the field. Under the on going S & T Programmes 3 projects are underway. One of these projects relate to the evolution of quality testing and control measures and techniques for the machinery and implements of cereals processing industry. The second project relates to the development of power paddy processing shell incorporating rubber rollers and other accessories of technical performance to suit decentralised processing. The Third project is confined to improvement on hand operated implements for the processing of cereals and pulses with a view to reducing effort and utilisation of by products.

6. In case of ghani oil the low technological base has been one of the major hindering factors in its growth. Technologically superior expellers and rotaries working mostly in urban and semi-urban areas have led to the closure of sizeable number of ghanies. Considerable amount of thought and efforts have been made to improve the design and working of the ghanis with a view to replacing the bullock power without impairing the basic qualities of oil, namely, its flavour, taste and nutritional value. This has resulted in the development of improved ghani. There is only one on-going project under the S & T programme of village oil industry. The project has been envisaged to design suitable simple equipment to improve efficiency of oil crushing.

7. For village leather industry, systematic efforts at building up the organisation, upgrading the skills of the artisans and supplying technical know-how have been made. Many improved processes and modern tools and equipment have been introduced both at the level of individual artisans and institutions, keeping in view the varying scales of economy. Some of the important equipments distributed by the KVIC have been bone digesters and carcass cookers, pits for individual tanners, drums for tanning and shaving, staking, glazing and buffing machines. Equipment for chrome tanning and machines for footwear production are other important equipments distributed by the Commission. There are four on-going projects viz. (i) designing and fabrication of dry rendering plant, (ii) designing and fabrication of small hot plating machine, (iii) designing and fabrication of suitable kiln for conversion of bones into bone ash and (iv) designing and fabrication of small stitching appliance for raw hides. In these projects advice of leading institutes like Indian Institute of Technology, University of Bombay and proto-type Development Training Centre, Madras have been sought. Research and development facilities are being carried on in the Flaying cum-training-cum-Research, Kora Kendra, Bombay.

8. For the development of the cottage match industry, KVIC provides technical assistance as well as raw materials at reasonable rates. There are three on-going projects under the S & T Programme. One of these relate to the designing

and fabrication of hand operated labelling box-making, splints veneer making machine and machine for preparing booklets splints. The second programme is in relation to formulation of chemical composition of tips and side paints. The third programme is confined to design development centre for non-mechanised match unit.

9. Technological improvement in the gur and khandsari was concentrated mainly on improving the existing technological base through improved bullock driven kolhus. These were followed up with improved furnaces, juice boiling pans and vegetable clarificants for enhancing the quality of gur. In order to take advantage of the economy of scale, community gur units were sponsored in 1961 and power crushers and centrifugals were given to them. In khandsari production, liming and sulphitation processes were introduced in 1966 for better quality khandsari sugar. New equipment based on the principle of screw-press was designed and developed. This device having a milling efficiency of nearly 90 per cent drying milling promised the desired technological revolution in the decentralised sugar production. Currently there are two projects underway. One of these is confined to the development of extrusion principle for juice extraction from sugar cane. The other one is in relation to improvement in crushing bullock driven crushers.

10. Technological improvements in the case of palmgur industry have been in three directions which are crucial for the development of the industry. These are (i) the height of the palm tree and the danger it poses to the tapper in climbing, (ii) scientific processing, preservation and distribution of neera as a healthy beverage and (iii) diversification of production on other lines such as manufacture of brushes from palm fibres and stalks, utility articles from palm leaves and sugar and confectionery from gur. For minimising the hazards in climbing the trees, aerial ropeways inter-connecting palm trees as well as bamboo ladders were introduced. Research on the reduction of height of the trees was undertaken as well. Coating the inner side of the pot with lime bottling and cold storage of neera containers for transporting neera to sales centres have been popularised. Some experiments on sugar production through vacuum pan process have been carried out with some success. The research in palmgur and other palm products is being conducted at the Central Palm Products Institute at Madhavpuram in Madras, under S & T Programme two on-going projects are underway. These are (i) Design for an efficient boiling and crystallising equipment for Palm Candy and (ii) Studies on the aspects of preservation and clarification of Palm Juice.

11. In the case of non-edible oils and soap industry KVIC's programme had been to organise the collection of non-edible oilseeds and store them in such a way as to prevent their deterioration through growth of fungus. Many simple but more efficient hand-operated and power-operated equipment for separation of seeds from stones and other foreign matters, separation of kernel, pulverising seeds and for soap making have been developed. A wide range of tools and equipment like slanting sieves, hand operated decorticator, power-operated decorticator have been distributed. Quick drying methods like quadrant methods of drying, expellers and improved ghanis and screw presses have been introduced. Some de-oiling and solvent extraction plants have also been set up. In consultation with the Indian Standards Institution, specifications have been prepared for evaluating the quality of oilseeds and oils, soap and cakes produced in the centres assisted by the Commission. In collaboration with National Botanical Gardens, Lucknow, several research programmes had been sponsored for improving the quality of non-edible oils and for extraction of by-products. Currently the S & T scheme on the utilisation of products and by-products of minor and tree borne oilseeds is underway. Under NE Oil and Soap programme there are two on-going projects viz., (i) Development Research on utilisation of Lipid Associates Lipid (oil) and seed meals of minor and non-edible oilseeds and (ii) Devising suitable seed driers decorticators for minor oilseeds in general and particularly for dehuskers. There is one on-going project in connection with the S & T programme of Village Oil Industry. The project is to design suitable, simple equipment to improve

efficiency of oil crushing. Regional Analytical Laboratories for Neo Soap at Nasik is the main agency concerned with research activities in the field.

12. For handmade paper industry, the KVIC through persuasion, demonstration and training, made the artisans to adopt improved methods of production for producing new varieties of paper. Modern vomiting digestors instead of the traditional soaking process, power-driven hollanders beaters, better and new types of vats were the important machines popularised along with many other improvements in the techniques of production. Apart from introducing more efficient processes for cooking, sizing and addition of several beater additives, tub sizing and use of preservative, several new raw materials have been successfully tried for the manufacture of paper. Some of these are jute waste, grasses, straw, rope waste, banana fibre, rametha and daphan barks. Special grades of paper and fancy paper are manufactured from these raw materials. There is only one scheme under S & T Programme of hand made paper industry and this is confined to fabricate a suitable machine for drying and finishing of hand made paper. Hand made Research Institute at Pune is the prime institute in the field.

13. In relation to bee-keeping industry, continuous research on bee-keeping, bee-science and other aspects of organisation and development has been encouraged by the KVIC. In this connection a central research and training institute has been set up at Pune. Further, seven regional laboratories have been established in the areas where bee-keeping has been already developed or where there is scope for its intensive development. The Central institute co-ordinates the activities of these regional laboratories. One of the important problems taken up for study at the institute concerned itself with improving the breeds of bees for obtaining higher yields of honey. Besides, research has also been undertaken to improve various equipments used in the industry. Three types of bee boxes have been designed and developed to serve the varying needs of the southern, northern and north-eastern and Himalayan regions. In collaboration with the Indian Standards Institution specifications have been laid down for each of these three types of boxes. Improvements in other implements for extraction of honey and in the methods of feeding bees particularly during lean non-flowering seasons and research in cross pollination has also being carried on. Currently there are five S & T programme projects under way. One of these programmes is concerning itself with the improvement of performance of the Indian honey bees. The second project is in relation to the assessment of the utility of Indian honey in increasing crop yield and quality. The third project is addressed to bee plant test garden and nursery. The fourth project is directed towards exploitation of flora in inaccessible forests and economising management expenses. The fifth project addresses itself to (a) criteria for distinguishing extracted apiary honey from squeezed honey and (b) quality control of bee products like bee wax, royal jelly, bee collected pollen and bee venom.

14. The technological improvements in the village pottery industry have been confined to the improvement of traditional equipment and tools. For this purpose a central village pottery institute has been set up for pottery at Khanapur, near Belgaum, in Karnataka State. Besides, the Commission's Jamnalal Bajaj Central Research Institute for Village Industries at Maganwadi, Wardha undertakes research and experiments in improving the skills and equipment of the potters as well as testing of clays and other ceramic raw materials. A co-ordinated programme of research has also been drawn up in consultation with other national and regional research bodies such as the Central Building Research Institute, Roorkee (UP) and Planning Research and Action Institute, Lucknow and experts engaged in the development of pottery and its allied activities. This has resulted, not only in widely diversified programme of production but improved tools and equipments have also been designed, developed and distributed to the artisans and their co-operative societies and institutions. Improved potter's wheel (hand and power operated), pugmills of different sizes, jiggers and jally, moulds and small tools for shaping, bhatti etc. are some of the important improved equipments

have been introduced in the field. Considerable research has also been gone into improving the shapes of finished wares, methods of firing and drying and economic use of fuel. There are three on-going research projects viz., (i) Designing of efficient pottery kilns and development of pipe making, (ii) Evolving the technique for the production of high quality flooring tiles, fine grained dense, impervious to water and (iii) Designing small and efficient pugmill for common clay.

15. In the case of fibre industry the whole emphasis of the development programme has been one wating wealth from waste' i.e. by turning out something from materials which otherwise are generally going as waste. For this purpose a variety of tools and machinery has been designed, developed and distributed for the manufacture of various articles from it. KVIC has done some pioneering work in extraction of fibre from banana stems and pineapple leaves. Both hand and power operated machines have been popularised by the Commission. Batava machine, Charkhas, raspador for fibre extraction, bag of the Japanese type for moonj and bahlar grass are some of the important inno-

vations introduced by the KVIC. Research into the fibre industry is being carried on in the Fibre Research Centre, Borivilli.

16. For the development of lime industry and to cater to the need and solve the bottle neck in production, three Technical Extension Service Centres have been located at Dehradun (For Northern and Eastern India) Mohol, District Solapur (for Central India) and Kottayam (for Coastal and Southern States). The aims and objectives of these centres are to take the fruits of the technical knowledge to the artiza in the field for enlarging their margin of profit, mahufacture of quality product and for various diversified products at the most economical rates. The productivity and standardisation are the two other mottos. Improved tools required for working the kilns were also standardised at these centres. Under the S & T programme, there are three projects currently underway. These are (i) manufacture of cementing material out of kankar modules and tannery waste, (ii) the substitution of cement by lime and making irrigation pipes, tiles etc. and (iii) to evolve and standardise various types of kiln designs.

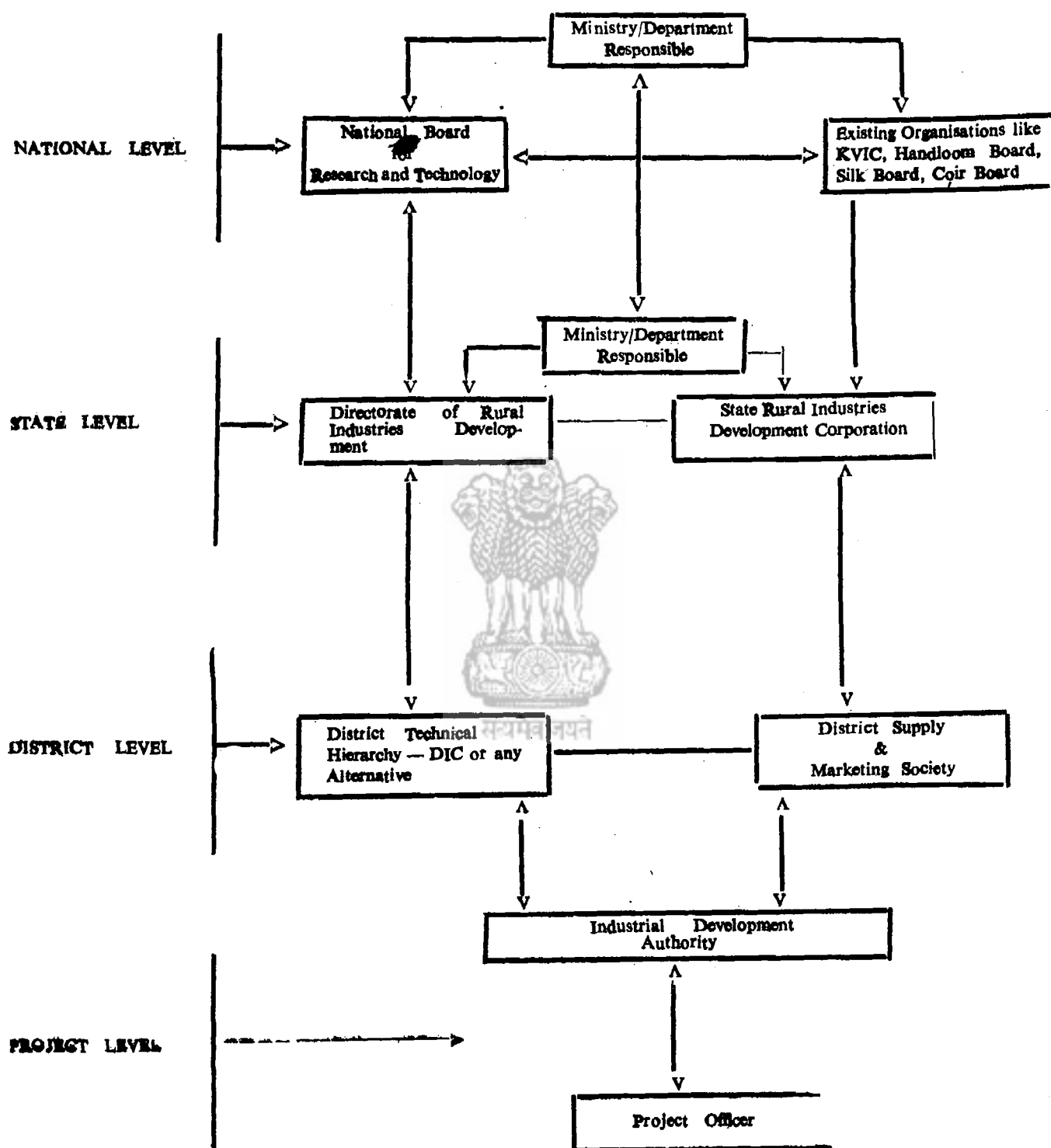


ANNEXURE XI

Training Programmes in Rural Industries

Heads	Trysem	Khadi & Village Industries	Handicrafts	Handlooms	Sericulture	Coir
1	2	3	4	5	6	7
1. Stipend to trainees per month	Rs. 100/-	Rs. 120/- to Rs. 150/-	Rs. 60/- to Rs. 80/-	Rs. 60/-	Rs. 150/-	Not available
2. Period of training for artisans	6 months	12 months or less for artisans	12 months to 18 months	4 months as trainees per centre	Not readily available	6 months for artisans
3. Assistance to training organisation per trainee	Rs. 50 per month	Training institutions belong to KVIC and they meet entire cost	Salary of 2 master craftsmen @ Rs. 500/- and 2 Asst. master craftsmen @ Rs. 400/-	All India Handlooms Boards meet the entire cost	Central Silk Board meet the cost	Coir Board meets the entire costs of training organisation
4. Cost of raw material during the training per trainee	Rs. 100/- for full course	As above	Rs. 45/- per trainee per month	As above	As above	As above
5. Travelling cost to attend to and return from training course	Nil	Ind Class Rail fare	nil	nil	nil	Not available
6. Cost of training per person per year	Rs. 1000/-	Rs. 2000/- and more in 1978-79 it worked out at Rs. 1000/- only as number of persons trained was very large	Rs. 3000/- to Rs. 4000.	Not available	Not available	About Rs. 4000/-

**ANNEXURE XII**  
**Organisational Tie-Up For Village & Cottage Industries**





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