Kurukshetra

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Accent on Rural Industrialisation









'Today villages need and demand the discoveries of science. It is of the utmost urgency that technology should reach the villages.'

'Electricity makes it possible to shorten the distance between town and village. Power enables farming to move to a higher level of technology and become a remunerative industry. It can also mother a wide range of small industries based on agricultural produce on the manufacture and upkeep of small tools.'

—Smt. Indira Gandhi
Prime Minister of India

Kurukshetra

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About this issue.....

The ultimate solution to the problem of rural poverty is provision of gainful employment in the rural areas. It is a well-known historical fact that one of the important reasons of rural poverty was a sustained policy of elimination of rural and cottage industries followed by the British to foster their own industries. This created an imbalance in the village economy resulting in widespread unemployment and poverty.

Since Independence it has been one of the basic objectives of planning to revive and rejuvenate village and cottage industries through various measures. The revival of such industries was aimed at providing alternative sources of employment to the rural people whose only source of livelihood has become agriculture. The increasing pressure on land made the opening of several avenues of employment an urgent necessity.

Rural industrialisation is commonly understood as meaning merely rejuvenation and development of traditional and village Industries. To some, it seems merely the introduction of small units of large scale mechanised industries in rural areas. In fact, rural industrialisation signifies much more than these. It means the integration of industry in the life of the people in the rural areas. In this sense it would mean not only the introduction of new technology in the villages but also the optimum utilisation of local raw materials and manpower. If industry is to be integrated into the life of the people in rural areas the type of industry that can be run profitably will vary from area to area. It should be on the availability, among other things, of the raw materials, power and technically trained personnel and the possibility of their introduction into the area from outside without generating further imbalances in the already aggravated rural economy. Rural industrialisation has to contend with all these difficulties if it has to become really an effective programme to ameliorate rural poverty.

We are at the fag end of our Sixth Five Year Plan. Since the beginning of planning various projects and schemes for the development of rural industries have been implemented with varying degrees of success. Now it is time for stock-taking.

The Annual Number this year deals with this all-important issue and spotlights our achievements and failures in this very vital field of rural industrialisation. There is also an attempt to suggest remedial measures which will accelerate the process of rural development through industrialisation.

—Editor

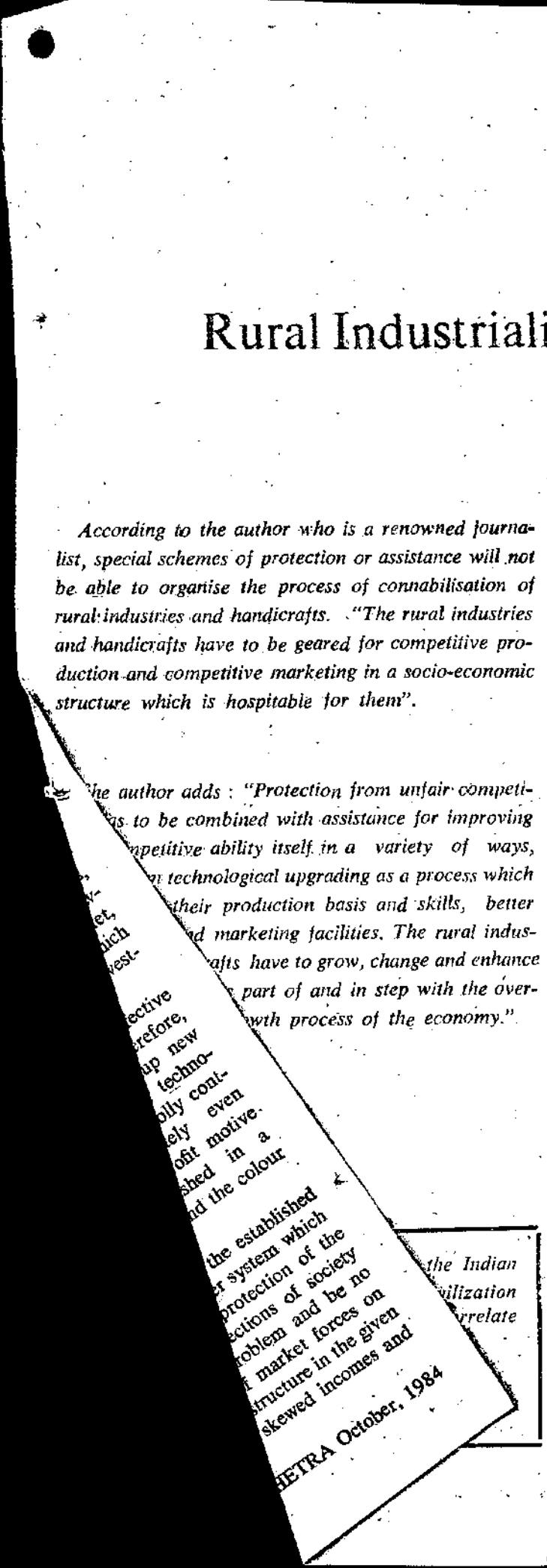
Rural Industrialisation—myth and reality

BALRAJ MEHTA

Freelance Journalist, New Delhi

According to the author who is a renowned journalist, special schemes of protection or assistance will not be able to organise the process of connabilisation of rural industries and handicrafts. "The rural industries and handicrafts have to be geared for competitive production and competitive marketing in a socio-economic structure which is hospitable for them".

The author adds : "Protection from unfair competi-
...s to be combined with assistance for improving
...petitive ability itself in a variety of ways,
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... part of and in step with the over-
...wth process of the economy."



IT IS GENERALLY AGREED that given the constantly deteriorating land-population ratio, the only way gainful employment, rising incomes and levels of living for the mass of the Indian people can be ensured is through rapid industrialisation. It is also admitted that the historical era has gone by in which industrialisation was initially associated with displacement of labour by capital in the production process and pulling out of impoverished peasantry from rural areas for creating armies of unemployed in urban centres to provide cheap labour for industry.

Such a path of industrial development was barred to India by the time colonial shackles were removed. This was well realised by development planners, scientists and enlightened political leaders, when, after gaining political independence, they charted the perspective and plans of economic and social development for the country. But that perspective has blurred to the point of being perverted over the last three decades of development planning and implementation of the plans.

The promise of maximising employment and income generation for masses through industrialisation has turned out to be a myth even as the painful reality of growing unemployment and mass poverty has mocked at the so-called modernisation process.

The "back to the village" ideology of Mahatma Gandhi with its emphasis on uplifting the poor and swadeshi was invested with a sound content and given a practical shape in the fifties by what is called the Mahalanobis model of economic and social development. The model is usually distinguished by the priority for capital-intensive heavy industry in the Second Five Year plan. But this is a partial view. Combined with capital-intensive heavy industry was the special emphasis in the model on the protection and development of labour-intensive rural and small-scale industries. The capital-intensive heavy industry was relied upon to build up capital stock in the economy

for the production of infra-structural goods and services for self-reliant and self-sustaining growth. The labour intensive rural and small-industries, including traditional handicrafts, were relied upon to produce goods and services for meeting the growing demand of current consumption, including wage goods, and in the process maximise employment opportunities and generate incomes. This was the design of development which was an integrated whole for economic growth and equity in a dynamic framework.

'The promise of maximising employment and income generation for masses through industrialisation has turned out to be a myth even as the painful reality of growing unemployment and mass poverty has mocked the so called modernisation process.'

'What has actually transpired during the last three decades is the growing hiatus under the influence of powerful vested interests in society and polity between precept and practice, promise and performance.'

In this design of development, the so-called modern, relatively more capital-intensive light industry based on imported technology and equipment for the manufacture of sophisticated articles of current consumption of interest largely to the upper income strata in the population was given a minimal role. To the extent such industry had already come up during the colonial era, it had to be reckoned with. But its future growth was planned to be strictly regulated so that it would not become competitive to small-scale and rural industries. It was, therefore, assigned only a supportive role in the growth process. Administrative and fiscal instruments were proposed to be fashioned accordingly.

THIS IS ONLY UNDERLINED BY the priority together with heavy industry, given to the rural and small-scale industry, including handicrafts, in the five year plans and reservation of the production of a variety of goods and services for them. The principle of common production programming with Mahalonobis model stipulated ban on expansion of capacity of the large-scale industry for the production of articles of current consumption and imposition of cess or excise duty on its products in order to protect rural and small-scale industries from competition of the large-scale industry in the market.

If the integrated design of development outlined in the Mahalonobis model had been pursued during the last three decades vigorously and sincerely in the spirit in which it was postulated, growth process would have made headway in an economically sound and socially meaningful manner. But this was not to be. The question here is not the familiar lags and shortfalls in the implementation of the Five Year Plans. What has actually transpired during the last three decades is the growing hiatus under the influence of powerful vested interests in society and polity between precept and practice, promise and performance. Hence the relentless decimation of rural industries and handicrafts and decay of small-scale industries together with growth mainly in elitist-oriented large scale industry catering to effective demand in a narrow domestic market based on a thin upper-stratum of affluence at the top of society.

Since this has happened in conditions of widening income disparities, growing unemployment and mass poverty, it is not fortuitous that growth of heavy industries too has remained stunted, development of indigenous technology has remained arrested and spirit of swadeshi in consumption and living styles destroyed.

What has gone wrong ? Many of the prescriptions for integrating rural and small-scale industries in the design of development are still formally accepted and continue to enjoy even statutory sanctions such as reservations for them of large lists of items of production and allocation of funds in the plans. There are also grand announcements of special programmes of integrated rural development, bank credit for the so called priority sectors and special employment scheme What is missed in all three plans and schemes, ho ever, is the pull of effective demand in the mar given the skewed income and wealth distribution w really determines the pattern of production and in ment in the country.

Private enterprise has to be sensitive to e demand in the market. It is not fortuitious, th that while making new investment, setting production capacity, choosing product-mix o logy private enterprise goes in directions wh rary to formal development priorities. La public sector enterprise, goaded by the p in a narrow elitist market is also being pu similar direction, witness the Maruti car a TV.

IN THE COMPELLING FRAMEWORK OF socio-economic order and the pow rests on it, special schemes for the interests and labour of vulnerable can touch only the fringes of the p more than palliatives. The play o investment pattern and production socio-economic order with highly

mass poverty is bound to prevail. Consequently and quite logically also, the social schemes ostensibily to succour the poor and the deprived too turn out in effect to be conduit pipes for cornering by the entrenched vested interests of the advantages which flow from them. The so-called leakages of plan allocations and bank credit for the priority sectors into the hands of those who own and control land and capital and their hangers on—the traders and contractors—is a well known phenomenon. Also well-established is the ancillary character and the hidden control and even ownership of big business interests of the so-called small-scale industries, many of which are highly capital-intensive and geared to the production of items of elitest consumption. In other cases, small-scale industries have been turned into low technology but lowly paid labour camps for production of and services which are commandered by big business interests for making super profits in the markets—domestic and foreign—under their control. Indian experience indeed shows that essential socio-economic pre-requisites for equitable economic growth and social development are established by radical reform of income and wealth distribution and restructuring of property relations as the starting point of planned development, the growth process is bound to get distorted and perverted. Since such radical reform and restructuring was avoided or evaded at the time of launching development plans, the Mahalonobis model too was basically flawed to begin with and was bound to suffer shipwreck in practice.

THE FATE OF HANDLOOM INDUSTRY—the biggest of the rural industries, which is supposed to have been extended the maximum protection and assistance in official plans and schemes, provides an illuminating case study in this context. It has been established by a recent paintaking examination and detailed study that between 1974 and 1981 alone, in spite of the much advertised schemes of reservation, protection and assistance, as many as 1.39 million handlooms have been put out of action, 2.86 million person—years of employment on these handlooms have been eliminated and 5.54 million persons have lost for this reason their means of livelihood in the rural areas. This has been the result of competition from the relentless growth of powerlooms. The ironic part of it is that official records and statistics have refused to take note of what the author of the study calls the "cannalisation of handlooms" bacause a substantial portion of production of cloth by handlooms is merrily shown in these records and statistics as handloom production.

Also ironic is the fact that even though the production of traditional rural industries during the last three decades has either declined or increased only marginally in some cases, their exports have been increasing at a much faster rate. These industries are indeed increasingly tending to produce exotic articles for the foreign tourist or export rather than produce for meeting effective demand in competition with large-scale industries in the domestic markets. Their relevance in the domestic production structure is thus fast eroding. Since, however, generation of alternative employment opportunities in the modern industries or modern services sector is just a fraction of the loss of employment in traditional industries, in rural as well as urban areas, there is growing unemployment and under-employment in the economy. Since official policy lately has tended to become even more markedly market-oriented and special priority is being given to what is called technological upgrading of manufacturing industries and economics of scale to meet effective demand in the market, the destruction of traditional industries will be only at a still faster rate.

IF THE PROCESS OF "CONNABILISATION" of rural industries and handicrafts is to be arrested, special schemes of protection or assistance will simply not do. The issue at stake involves the overall design of development itself and not tinkering with it. The rural industries and handicrafts have to be geared for competitive production and competitive marketing in a socio-economic structure which is hospitable for them. This can be done not merely by protecting them from unfair competition from large-scale industry even though this has to be an essential component, as the starting point of policy. Protecting from unfair competition has to be combined with assistance for improving their competitive ability itself in a variety of ways, among them technological upgrading as a process which is built into their production bases and skills, better management and marketing facilities. The rural industries and handicrafts have to grow, change and enhance their productivity as part of and in step with the overall and integrated growth process of the economy.

"Also ironic is the fact that even though the production of traditional rural industries during the last three decades has either declined or increased only marginally in some cases, their exports have been increasing at a much faster rate. These industries are indeed increasingly tending to produce exotic articles for the foreign tourist or export rather than produce for meeting effective demand in competition with large-scale industries in the domestic markets."

Some aspects of rural industrialisation

MOONIS RAZA, AMITABH KUNDU and YASH AGGARWAL

In the opinion of the authors, "The conservation and development of traditional household industries in villages need to be distinguished from the location of modern industrial units in rural areas. Rural industrialisation should be conceived of as an economically viable mix of the two wherein the share of the former decreases with time, and the weight of the latter increases."

They further add "It should be clear that rural industries of either kind cannot survive and should not be encouraged on ethical or philosophical grounds. Small is not always and necessarily beautiful. Only such programmes of rural industrialisation can flourish which are based on the economic viability of small and medium units in the villages at different levels of the settlement hierarchy and which do not require strong external props to support them."

In the old days man applied his plough and loom, his bow and arrow, his wheeled vehicles to the purpose of life's progress. So today should modern machines be made to serve the needs of humanity.

—Rabindranath Tagore

RURAL INDUSTRIALISATION CONSTITUTES the key link in the process of socio-economic transformation of underdeveloped social structures. It is, no doubt, true that in the case of dominantly rural countries, processes of transformation either germinating within the rural segment or bringing the latter within its orbit of influence will play a crucial role and should, therefore, occupy an important position in their development strategy. It is, however, equally true that rural and urban processes are inseparably interwoven in the socio-economic fabric and strategies of rural development cannot be operationalised outside of the total developmental process straddling the rural-urban continuum.

Rural industrialisation relates to the industrial sector of the rural segment. It constitutes a large component of the system of interdependencies wherein vertical shifts within the workforce from the primary to the secondary sector articulate the development process. Looking at the economic scene in India one notes that the secondary sector accounted for only 17 million out of a total of 180 million workers in 1971. The workforce of this sector was spread over the subsectors and the segments as follows :

TABLE 1

Workers engaged in Secondary Sector : 1971

(Figures in '000)

	Household	*Manufacturing*	*Total*
Rural	4,763	3,402	8,165
Urban	1,589	7,314	8,903
Total	6,352	10,716	17,068

The size of the work force engaged in rural industries in India approximates to the population of Syria or that of Sweden. It accounts for nearly 50 per cent of the total for the secondary sector in the country out

of which nearly 60 percent of the workers are in household sector alone. Any meaningful analysis of industrialisation in such a situation would be devoid of much of its relevance if the rural segment is not given adequate attention. At the same time the process of rural industrialisation cannot be properly examined in itself but only as an important segment of industrialisation as a whole.

The foundations of modern industrialisation in India were laid during the colonial period. The infirmities, inadequacies and limitations, which got deeply embedded in the industrial structure of the country in its initial phase of development, continue to exert a profound influence on industrial processes even in contemporary India. A meaningful analysis of the patterns of industraialisation in India should, therefore, commence with the identification of its main attributes during the phase of its gestation in colonial India. The main attributes of industrial development in colonial India were as under :

First, with a view to transform the Indian emonomy into a raw material appendage and a market for British manufactured goods, industrialisation was thwarted in India and only its stunted growth was permitted by the imperialist power controlling the destiny of its colony.

Second, the impulses of modern industrialisation that were generated in the colonial economy inspite of British obstruction and opposition, were so anaemic and weak that they were not even able to absorb the workers that were being squeezed out of the secondary sector due to the import of manufactured goods.

Third, the industrialisation process in colonial India was not only qualitatively weak but was also structurally inverted with a extremely weak capital goods sector and consequently with a low level of technology and of economic self reliance.

Fourth, regional structure of industrialisation in colonial India was highly distorted, with enclaves of dysfunctional underdevelopment around the ports and with resource rich regions being generally backward.

THE NON-ECONOMIC COMPULSIONS on the development process were removed on the achievement of independence in 1947, and the country faced the challenge of moving away from underdevelopment to development, of removing the constraints on vertical shifts within the workforce, and of organizing space in accordance with the requirements of the developing economy. The economic history of contemporary India—the era of the Five Year Plans—is the history of both successes and failures in meeting this challenge. It is of the essence to recognize that, in the light of the colonial heritage, the challenge of bringing about basic socio-economic transformation could not be met without breaking the constraints on the intersectoral diversification of the Indian economy and without accelerating the process of vertical shifts within the work force—a process which had been throttled during the whole of the colonial period. The debate around the different strategies of industrialisation, that was initiated in the colonial period itself and which continues unabated till today, is, therefore, of crucial significance. The advice to concentrate on agriculture and not to embark upon the 'poliuting' programmes of industrialisation was not accepted by Indian planners, for it would have led to the perpetuation of economic backwardness and the consequent conditions of hunger and degradation for the mass of the toiling people. Policy options with reference to appropriate technologies and to location patterns, however, led to serious controversies, which unfortunately, generated more heat than light.

'The process of rural industrialisation cannot be properly examined in itself but only as an important segment of industrialisation as a whole.'

THE CHOICE OF TECHNOLOGY in the developing countries is seriously inhibited by the weaknesses as well as the imperfections of the home market. While there can be two opinions about the *desirability* of large scale industrialization, the *possibility* of a complete change over to large-scale technologies in the light of the existing constraint may be ruled out. The history of thwarted technological change in underdeveloped economies exerts considerable influence on the choice of appropriate technologies. While in the developed countries of the West, the endogenous development of higher technologies led to the liquidation of the lower ones, which had been rendered obsolete in the process, the exogenous imposition of higher technologies in isolated enclaves of dysfunctional development in the colonial countries permitted the stagnant persistence of lower forms in a checkerboard of diverse levels of technologies which coexisted in the imperfectly integrated organism. The bullock cart and the jumbo jet, the wooden plough and the tractor, the *charkha* and the textile mill—all these exist simultaneously in the amorphous and fragmented system of modified underdevelopment. Whatever position one may take in terms of a long-range perspective, there is no escape in the years to come from the utilisation of a broad spectrum of diverse technologies at disparate levels, even within the same production system and certainly along the wide production spectrum.

The distortions of underdevelopment are also manifested in the disarticulation of the industrialisation process. It is revealed in the alarming lack of correspondence between spatially-linked clusters of industrial activity materializing through the market mechanism, with technologically-linked clusters. 'Disarticulation' and 'astructuration' or the 'extraverted' character of underdeveloped economies refer to the absence or weakness of convergent mechanisms through which 'any programme that begins in any centre of the economic organism is spread throughout the entire body'. Disarticulated structures of industrialisation, with weak and palsied multiplier effects, continue to dominate the economic scene. Territorial production complexes, with strong intra-regional linkages have yet not properly emerged on the economic map as integral elements of a territorial division of labour. While resource-based steel mills come up in a backward region, engineering industry, having strong technological links with the former, flourishes in relatively advanced regions. The territorial complexes are thus disrupted and fragmented by the 'kidnapping' of the innovative, profitable, and sophisticated elements of the production system from the backward to the advanced regions.

It cannot be assumed, as some Western theorists of regional development do, that there is a free flow, diffusion, or propagation of growth impulses from the industrial nodes to the periphery through the allocation mechanism of the market. The growth impulses generated at the nodes tend to get impounded therein and do not get diffused in the neighbourhood to any substantial degree. The Bombay-Ratnagiri or the Delhi-Mewat dualism, reflecting technological advance in the urban agglomeration and agricultural backwardness in the neighbourhood, is still duplicated on a fairly large-scale on the economic map of India.

historical hiatus between the twin processes of industrialisation and urbanisation, and between vertical shifts and horizontal mobility. The impact of this hiatus on the urban and the rural segments was, however, unequal. While the traditional industry was liquidated or forced into a condition of decaying stagnation along the entire spectrum of settlements, the village and the small towns had to bear a heavier brunt in the process. First, they provided refuge to the unemployed artisans of the city and, as a consequence, their dependence on agriculture increased to a considerable degree. Second, the exogenous imposition of modern industry on the traditional economy was almost entirely concentrated in a few of the large cities generally in port conurbations, which acquired the character of islands in a vast ocean of technological backwardness in the countryside. The inherited endproduct of the long-drawn process of horizontal mobility unbacked by the vertical shift in the colonial economy is characterized by serious distortions in the economic organization of space. There is, therefore, hardly any other option available, at least for some time to come, except to embark upon a strategy of combining the maximization of vertical shifts with the minimization of horizontal mobility. In other words, the problems related to vertical shifts within the rural segment itself acquire crucial significance. It is through the solution of these problems that the multi-layered system of appropriate technologies gets intertwined with the hierarchical system of settlements to provide a spatial organisation of the economy, which responds to the requirements of the present stage of development, and prepares the ground for its further advancement.

The conservation and development of traditional household industries in villages need to be distinguished from the location of modern industrial units

"The bullock cart and the jumbo jet, the wooden plough and the tractor, the *charkha* and the textile mill—all these exist simultaneously in the amorphous fragmented system of modified under-development. Whatever position one may take in terms of a long range perspective, there is no escape in the years to come from the utilisation of a broad spectrum of diverse technologies at disparate level, even within the same production system and certainly along the wide production spectrum."

THIS DUALITY EMERGES all the more sharply in the case of new centres of large-scale industrial activity which have been set up in the public sector with substantial investments. The gradients of these nodes are exceptionally steep. One moves from a node of most advanced ferrous metallurgy to a neolithic hinterland—the distance of three millennia being traversed, in some cases, within 16 Km.

It may be noted that the fragmentation of the urban-rural continuum is the direct consequence of the

in rural area. Rural industrialisation should be conceived of as an economically viable mix of the two wherein the share of the former decreases with time, and the weight of the latter increases, through: (a) the technological transformation of the former; (b) the rural projection of the backward or forward links of large-scale industries of the urban segment; and (c) the establishment of such modern industrial units therein, where economies become available even at a small-scale. It should be clear that rural industries

of either kind cannot survive and should not be encouraged on ethical or philosophical grounds. Small is not always and necessarily beautiful. Only such programmes of rural industrialisation can flourish which are based on the economic viability of small and medium units in the villages at different levels of the settlement hierarchy and which do not require strong external props to support them. It may also be noted that such programmes cannot be firmly rooted in the regional economy in isolation from or in antagonism with the large-scale sector in the cities but only through a system of backward and forward linkages with it. There need not be a contradiction between the two. The small-scale/large-scale contradiction is a false one and is being generally posed by a section of Western ideologies to distract the attention of the innocent of the Third World from the real problems of basic socio-economic transformation in the economies of modified underdevelopment.

'The Bombay-Ratnagiri or the Delhi-Mewat dualism, reflecting technological advance in the urban agglomeration and agricultural backwardness in the neighbourhood, is still duplicated on a fairly large scale on the economic map of India.'

WHILE LARGE-SCALE TECHNOLOGIES require and lead to agglomerated patterns of industrialisation small-scale technologies require and lead to dispersed patterns. It has been noted that regions with high values for agglomerated industrialization generally reflect the characteristics of an enclave type of regional development, wherein large-scale manufacturing is encapsulated in a few large cities, wherein the towns are less industrialised than the average Indian town, and wherein the household sector is weak and anaemic and becoming more so, particularly in the rural hinterland. In the regions with high values for dispersed industrialisation, the household sector is expected to do well particularly in the towns and the rural areas; but the cities would perhaps be less industrialised and would exert a weak impact on decentralized industrialisation, even within these regions.

It was considered advisable to undertake an empirical exercise within the framework of the National Sample Survey regions of India with a view to analyse the differential impact of these two patterns of industrialisation on the Indian space economy. The following three indicators were constructed with a view to identify and assess the phenomenon of agglomerated industrialisation :

a_1 the percentage of non-household (NH) workers in cities of the region to the total of the same in the region in 1971;

a_2 the percentage of non-household (NH) workers to total workers in cities in 1971; and

a_3 the percentage increase in non-household (NH) workers to average city population in 1961-71.

To measure the second process, which has been designated as 'dispersed industrialisation', a set of five indicators were constructed :

b_1 the percentage of household (H) and non-household (NH) to total workers in rural areas in 1971;

b_2 the percentage of secondary and tertiary to total workers in rural areas in 1971;

b_3 the percentage of non-household (NH) workers in towns;

b_4 the increase in non-household (NH) workers to (average) town population; and

b_5 the increase non-household (NH) workers to (average) rural population.

The indicators have been made scale-free by dividing each value in a series by its mean except in the case of b_3 where, in view of the high interregional disparity, the series have been divided by the standard deviation. Two sets of composite indices have been obtained by aggregating the scale-neutral scores. The National Sample Survey regions have been grouped into four classes and regions at different levels of dispersed industrialization have been cross-classified by levels of agglomerated industrialisation. It may be noted that the two spatial structures thus obtained, do not have much in common. The correlation coefficient between the two composite indices work out to be negative and significant at a 5 percent level. Even individually, most of the indicators of agglomerared development relate negatively with those of dispersed development. The indicators (b_8), however, shows positive correlations with the indicators in set (a), thereby suggesting that a few towns, well-integrated with the economy of the city in the neighbourhood, have a fairly developed industrial base.

TABLE 2.

Regions at Different Levels of Dispersed Industrialisation Cross-Classified by Levels of Agglomerated Industrialisation

Levels of Agglomerated	*Levels of Dispersed Industrialisation - Regions*				
Industrialisation	*High*	*Medium*	*Low*	*Very low*	*No. of Regions*
High	Coastal Maharashtra	Plains Gujarat	Saurashtra Gujarat	Southern A.P.	11
	Northern Punjab	Inland, Eastern Karnataka		Inland Tamil Nadu	
High	Delhi	Inland Western Maharashtra	Plains Central West Bengal		
			Coastal, Northern Tamil Nadu		
Medium	Inland Southern A. P.	Inland Eastern M.P.	Inland Western M.P.	Inland Eastern Karnataka	9
		Western M.P.	Northern Maharashtra	Eastern M.P.	
		South Eastern Rajasthan		Northern M.P.	
Low	Central A.P.	Mountainous J & K	Central U.P.	Jhelum J & K Valley	18
	Eastern Haryana	Inland Northern Karnataka		Inland Central Maharashtra	
	Coastal Ghats Karnataka	Manipur			
	Southern Kerala	Northern Orissa		Inland Maharashtra	
	Coastal Southern Tamil Nadu	North Eastern Rajasthan		Meghalaya	
				Western Rajasthan	
	Western U. P.			Southern Rajasthan	
Very Low	Northern Kerala	Inland Southern A. P.	Plains Assam	Hills A. P.	20
	Eastern Maharashtra	Western Haryana	Coastal Orissa	Northern Bihar	
		Himachal Pradesh	Southern Punjab	Central Bihar	
		Southern Orissa	Southern U. P.	Outer Hills J&K	
		Eastern U. P.	Himalayan West Bengal	Tripura	
				Himalayan U. P.	
			Plains Coastal West Bengal	Plains Western West Bengal	
No. of Regions	12	17	10	19	58

It is evident from the Table that agglomerated industrialisation is localised in a few selected regions only. A set of only eleven region emerges as highly-developed from the point of view of agglomerated industrialisation. It accounts for only 25 per cent of the total population and only 20 percent of the total rural population. It is possible to identify the following six cores :

1. the Calcutta conurbation;
2. the Madras conurbation, project into inland Tamil Nadu and inland southern Karnataka;
3. the Bombay conurbation, covering parts of Gujarat in the north, and inland Maharashtra in the west;
4. the Delhi metropolitan region;
5. the Jamshedpur-Dhanbad-Bokaro complex; and
6. the Ludhiana-Jullundhar complex.

It is important to note that all the six cores have come up like islands surrounded by regions of low or very low levels of industrialisation. The first three are based on the major port towns of colonial India and the persistence of agglomerated industrialisation therein suggests that the inherited industrial structure still constitutes the hard-core of the industrial base in the country and that the development impulses generated in independent India have not significantly affected some of the enclave characteristics of its space economy. The genesis of the Jamshedpur-Bokaro complex may also be traced back to the colonial period, although its phenomenal growth since independence is primarily due to massive public investment. As in the case of the port conurbations, in this case also, the impact of the agglomerated industrial process on the rest of the regional economy is feeble and anaemic. Delhi, the capital of the Republic, is primarily a service-oriented city receiving a disproportionately large share of public expenditure. The sixth region, situated in the heartland of the green revolution is a category by itself and needs to be studied in greater depth.

The impact of the process of dispersed industrialisation, based on towns and rural settlements is more evenly distributed over the regions as a whole, and the process itself shows much less interregional disparity. Twelve regions have been identified as belonging to the highest class. These extend over parts of Andhra Pradesh, Kerala, Karnataka and Tamil Nadu in the south; Delhi, parts of Uttar Pradesh, Punjab and Haryana and Jammu & Kashmir in the north; and parts of Maharashtra in the west. Kerala provides a good example of rural industrialisation and the pattern seems to be emerging in other southern regions as well. In the so-called heartland of Green Revolution in India, Eastern Haryana and Western Uttar Pradesh have made a breakthrough in dispersed industrialisation, and this can in no small way be attributed to the high rate of agricultural growth in these regions during the sixties. It is interesting to note that only three regions—namely, Coastal Maharashtra, Delhi, and Northern Punjab—belong to the first category in terms of the indices of both paterns of industrialisation. The inclusion of the first two regions, i.e., Delhi and Coastal Maharashtra in this category, however, is a purely statistical phenomenon, as the town and rural component in their composition is marginal. Punjab appears to be the only region where the two patterns have coalesced to provide a sound base for regional development.

THE EMPIRICAL EXERCISE clearly brings out that on technological as well as spatial considerations both the agglomerated and dispersed pattern of industrialisation are by themselves, partial and fragmented. Agglomeration without dispersion leads to the emergence of dysfunctional enclaves; dispersion, without agglomeration, leads to technological stagnation. It is only the integration of the two along the rural-urban continuum that can lead to healthy regional development. Northern Punjab, the cradle of the green revolution, emerges as the only region in India wherein agglomerated and dispersed patterns of industrialisation have proceeded hand in hand with each other. A detailed study of the process of industrialisation in this region, particularly in relation to agricultural development, would not only be theoretically rewarding, but may also indicate meaningful policy formulations of great value to the rest of India and the developing world.

'It may be noted that the pragmentation of the urban-rural continuum is the direct consequence of the historical hiatus between the twin processes of industrialisation and urbanisation, and between vertical shifts and horizontal mobility.'

Need to revive village industries

P.R. DUBHASHI

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According to the author what is urgently needed is the linking up of the process of agricultural development with the process of industrial development in the rural areas.

He further opines : "What is needed is a steadfast, continuous and organised effort to work out strategies, identify and plan projects and execute them successfully. In this effort, administration, institutions and the rural people at large have to work together."

I have often felt that the real industry for the rural areas is agriculture. It is in fact the biggest industry for the cultivator, for the farmer and for others who live in the villages. Developing agriculture should mean helping the kisans to earn more ..... attention to greater production of foodgrains should also be considered a part of rural industrialisation.

—Lal Bahadur Shastri

ONE OF THE IMPORTANT FEATURES of Indian economy is its lopsided structure with agriculture constituting the preponderant sector in providing employment opportunities. Seventyfive per cent of the people were engaged in agriculture at the beginning of planning and even today this holds good. This means that the non-farm employment opportunities have not grown sufficiently to make any significant change in the occupational structure.

A chronic feature of the pattern of employment in agriculture is that it is either seasonal or only few hours of the day or at a level of productivity which is too low. This kind of employment is otherwise known as disguised unemployment.

This feature of our economy accounts for its backwardness and was the result of colonial domination.

Before India came under the colonial domination, Indian villages had self-sufficient economy. There were traditional industries which provided goods and services to the rural community, many a time on a barter basis. These were the industries in which the traditional artisans like carpenter, mason, cobbler, blacksmith, etc., were engaged. In addition, there was the widespread spinning and weaving industry. Besides, handicrafts provided a high level of employment opportunities. Exquisite products of handicrafts found a market in the urban centres. There was thus a balanced economy where both agriculture and industry flourished.

The advent of British rule broke this balance. The music of the Charkha and the handloom which was there in every village ceased and the products of the British textile industries started flooding the Indian market. The British also did every thing to give a setback to traditional industry. The story of the manner in which the thriving Dacca muslin industry

was killed by the Britishers by chopping off hands of the weavers is all too well known and symbolises the discouraging environment in which the village industries and handicrafts rapidly declined. Professor D. R. Gadgil's *Industrial Evolution of India* documents the story of the decline of village industries and handicrafts during the colonial regime. Growing monetisation put an end to the barter system of which the cottage industry was an integral part. The expansion of the market economy led to growing penetration of the products of modern industry in the rural areas and the cottage industries wilted under the onslaught. Mahatama Gandhi made a heroic effort to revive village and cottage industries. It was he who discovered the Charkha and made its popularisation a part of the constructive programme which in turn was a part of the struggle for Swaraj. Mahatama Gandhi promoted Charkha not because he was an obstructionist but because he thought that it was only the means of providing gainful employment opportunities to the vast manpower in rural areas which was chronically unemployed or under-employed. It is his inspiration which led to the formulation of the programmes for the development of Khadi and village industries as a part of our five year plans, in spite of the fact that simultaneously we decided to move in a big way with the establishment of modern and heavy industries based on advanced technology and use of machinery. A Gandhian like late Shri Vaikunth Mehta was at the helm of affairs of Khadi and Village Industries Commission. The Commission had its counterpart in the shape of khadi and village industries boards in various States.

In spite of the organisation of the Khadi and Village Industries Commission and its Various schemes and programmes, it was not possible to halt the decline of khadi and village industries at least in the relative sense.

DESPITE THE PROGRESS in our five year plans, the position has not very much improved today. The lopsided employment structure continues. Seventy percent of the population continues to depend upon agriculture and the employment potential of modern industries is still very limited. The disguised unemployment persists and so does mass poverty.

The revival of village industries is, therefore, still one of the means of providing gainful employment opportunities and wherewithals of life to the masses of people in the countryside. The subject has, therefore, once again received attention at the hands of the National Committee on Backward Areas which has issued a special report on village and cottage industries. In analysing the present status of our economy, it has pointed out that because of various inherent limitations to the growth of the organised industry sector and insufficient potentialities of agricultural development and the migration of rural people to urban areas where opportunities are already limited, the role of village and cottage industries is significant.

THE PRINCIPAL RECOMMENDATIONS of the Committee to revive cottage and village industries are on well known lines, namely :

(i) Making available raw materials at reasonable prices;

(ii) Upgradation of technology;

(iii) Promotion of market for the products of khadi and village industries;

(iv) Supply of credit at reasonable rates of interest; and

(v) Organisational support.

"Despite the progress in our Five Year Plans the position has not very much improved today. The lopsided employment structure continues, 70 per cent of the population continues to depend upon agriculture and the employment potential of modern industries is still very limited. The disguised unemployment persists and so does mass poverty."

The Committee has recommended that the efforts should be directed towards upgradation of technology so that it is possible to overcome one feature of these industries namely, drudgery without adequate return. The technology has to be upgraded so that artisans move out of the poverty trap and are able to raise their productivity and earning capacity. It is necessary to introduce modernisation of the techniques and improve the skills of artisans. In doing this, mechanisation should not be a taboo. Even Mahatama Gandhi was not opposed to machinery per se. The technology to be introduced is often referred as "appropriate technology" where the existing artisans and their skills are not only retained out at the same time upgraded. The Committee has made a case for introduction of "intermediate technology" on a crash basis but this is not possible without greater research effort and a larger programme of training for artisans and field level officers to propagate more productive technology. The Committee has also recommended a composite training centre in every district where the artisans should be trained in intermediate technology. The Committee has said that once training and equipment are passed on to the artisans, they become a

self-employed unit with much higher level of productivity and are able to go above the poverty line. This optimism of the Committee would be justified provided there is a back-up support for the supply of raw material and the sale of finished products.

FOR THE SUPPLY OF RAW MATERIAL, the Committee has recommended the establishment of State Rural Industries Development Corporation and district supply and marketing society which should be given the responsibility for procurement of raw material. It has also recommended that the system of supply of raw material already existing in industries like khadi and handloom should be continued and streamlined till the proposed new organisation comes into being. As regards marketing of products, the Committee has recommended that the organisational set-up for the supply of raw material should also undertake the functions of marketing. The private retail shops could be fully brought in the chain of distribution. The Committee hopes that if appropriate marketing strategy is evolved, it would be possible to sell the products of village industries in new and distant markets in the country and even abroad.

As regards the organisational side, the Committee has recommended a group approach. Technical support to the artisans should be provided at a group centre which should cover all artisans in the area connected with specific rural industry. It has recommended a Directorate of Rural Industry in every state with its own technical hierarchy. At the district level, it has recommended a nucleus such as one provided by the district industry centre. While the Committee expects the Khadi and Village Industry Commission to go on with its programmes, it has recommended that the State Government should play a leading role in directing, monitoring and coordinating various aspects relating to development of rural industry in the State as a whole.

The Committee has not brought out the role of cooperative organisations. This may be because industrial and weaving cooperatives have not been of much success. The Damry Study Group had made several recommendations for the strengthening of industrial cooperatives. There is no doubt that the best form of group approach such as the one commended by the National Committee on Development of Backward Areas is the cooperative approach but the Committee does not seem to have confidence in the cooperatives. That is why perhaps it has recommended an alternative structure. However, it is somewhat naive to expect that other organisations would succeed where cooperatives have failed. This has happened in the field of agricultural finance also. The Farmers Service Societies have not been more efficient than the primary cooperative societies. The commercial banks have not shown better recoveries than the cooperatives. It would be a mistake to introduce new organisations without examining why the erstwhile organisations have failed. Bringing new organisations into existence does not by itself solve old problems.

EVERY GROUP APPROACH requires a long process of education of the members of the group and instilling in them a sense of confidence. It also requires sound leadership and dedicated workers. Where these are not available a mere creation of a wide network of organisations will not succeed. It is true that dedicated workers are difficult to find but that is where a start has to be made in the field of village industries.

Apart from traditional village and cottage industries and handicrafts a big avenue for the promotion of rural industrialisation has been opened up in the field of agro-industries. The scope of agro-industrialisation is two-fold. Firstly, industries to cater to the requirements of agriculture and secondly, industries for the processing of agriculture produce. There is a vast scope for the development of rural industries to manufacture modern tools and equipment required for progressive agriculture. For areas under irrigation, farmers need tools for levelling and reshaping of land like bunds-formers, buckcrapers, etc. The need for seed and fertiliser drills is also very great. The scope for seed processing, soil testing and fertiliser mixing is also considerable. These enterprises require skilled workers and managers. The scope for agro-processing is even greater. The successful examples of agro-processing are cooperative sugar industries in Maharashtra and dairy processing in Gujarat. But there is a vast scope for replication of similar process in other States. Cooperative sugar

"Every group approach requires a long process of education of the members of the group and instilling in them a sense of confidence. It also requires sound leadership and the dedicated workers. Where these are not available a mere creation of a wide network of organisations will not succeed. It is true that dedicated workers are difficult to find but that is where a start has to be made in the field of village industries."

(*Contd. on page* 40)

'Ruralising' industries—a Gandhian perspective

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Was Mahatma Gandhi anti-machine and anti-growth? Is Gandhian economics on ethico-mystical mish-mash or can we deduce from it rational inferences applicable to industrialisation of rural India?

In this article, the author who has been closely associated with the collection, collation and editing of the 90-volume series The Collected Works of Mahatma Gandhi, *brings to fore from Gandhian core selective insights on the relevance of Gandhiji's stance on the subject.*

> *I will give you a talisman.....Recall the face of the poorest and the weakest man whom you may have seen, and ask yourself if the step you contemplate is going to be of any use to him. Will he gain any thing by it? Will it restore him to a control over his own life and destiny? In other words, will it lead to swaraj for the hungry and spiritually starving millions? Then you will find your doubts and yourself melting away.*
>
> —*Mahatma Gandhi*

MANY PURITANS AMONG GANDHIANS may read in "Rural Industrialisation" a crying contradiction in terms. 'Was not Gandhiji consistently opposed to any form of industrialisation in the modern sense of the term?', they may ask.

Hence, some may argue, anything "rural" in Gandhian equation would not admit of industrialisation and the onslaught of machinery that goes with it. For, once any large-scale industry creeps in, the region would lose its rural base and balance.

It is partly true that the Mahatma in a sense abhorred industrialism founded on exploitation as "a curse to mankind". In theory he was against the monster machines of the "factory civilization" which was primarily violence-based in as much as "exploitation is the essence of violence". "To be rural-minded, you have to have faith in the spinning-wheel", Gandhiji had said.[1] In his specific programmes of economic reconstruction he accorded no role whatsoever for Indian industries. Hence it is believed that there is no place for big industries in the dreamy panorama of the Mahatma's peaceful, self-reliant, autonomous cluster of villages with their economic activity revolving round the simple charkha-khadi coaxis supplemented at the most by labour-oriented cottage and small-scale industries.

Critics of Gandhiji, therefore, find in him an unpractical and utopian preacher whom we can revere but not follow in programmes of economic activity.

A biased or peripheral study of Gandhiji would lead no one anywhere near the core of true Gandhian stance on current issues. Gandhiji discussed political as well as economic problems from a higher moral

1. *Harijan*, 4-11-1939

and humanistic point of view. He viewed life as an integral whole. To him, as also to great thinkers of the past, human life is synthesized with Nature. He sought to blend the material and the spiritual, the individual and the collective life.

Hence arises the difficulty of extricating and labelling a set of principles as Gandhian economics in the sense of a pure economic science. Again, though Gandhiji was undoubtedly an original thinker on a variety of topics, he would not mould his precious pourings into a cogent and coherent philosophy. For, he was least concerned with correlating his statements and propositions to evolve a "scientific" approach to any problem—economic, social or political. He used to say briefly the truth as he saw it in isolated contexts, almost in aphorisms. He did not bother himself with academic explications. Rather, he nurtured an uncanny aversion for academic approach—an attitude born of his innate distrust of jargon-producing academicians with scant experience of basic problems of dump masses.

GRANTING THAT GANDHIJI was not "built for academic writings", do his numerous pronouncements and basic stance project him as one squarely opposed to industrialisation?

'If Gandhiji, instead of using the terms 'Village and Cottage Industries' which the masses understood, had used the term decentralisation of industry, he would have been perhaps better understood by the educated . . . . Gandhiji's advocacy of decentralised industry is, by partial, unconnected quotations from his writings, made out to be opposition to all centralised industry, conducted under favourable conditions.'

'He chided individual critics for reading his writings with a distorted eye, and unequivocally declared: We do want machines, but do not wish to become their slaves. We should make the machine our slave.' *Our slave* means slave not of the rich but of the poor.'

For a brief and pointed answer at the very outset, let a Gandhian stalwart speak out. The late Acharya J. B. Kripalani had this much to say categorically:

"If Gandhiji, instead of using the terms 'village and cottage industries' which the masses understood, had used the term decentralization of industry, he would have been perhaps better understood by the educated . . . . Gandhiji's advocacy of decentralized industry is, by partial, unconnected quotations from his writings, made out to be opposition to all centralized industry, conducted under favourable conditions. It is also complained that he is against all scientific knowledge and discovery because he advocates the pre-eminence of human values over mere physical conquest of nature and the multiplication of material wants and goods . . . He wanted the everyday requirements, as in olden days, to be provided by the decentralized industry . . . . . .

"It is also wrong to believe that Gandhiji was against technology. He had no objection to the use of mechanized power to increase production and diminish the drudgery of workers."[1]

The impression that Gandhiji was an anti-machine moralist trying to turn back the clock of progress against all odds of modern technology owes its origin to his first little book titled *"Hind Swaraj"* or *"Indian Home Rule"* published in 1910. The first ever sketch Gandhiji drew of his basic ideal in this booklet got him the worst critics in the years to come.

The polemical tract in this book was a direct attack —at places below the belt—on modern civilization and the civilized professions as a whole. Its central theme depicted today's man as an "emasculated victim of a huge humbug" that is kept alive by present education, lawyers, doctors, legislators, armies, hospitals and railways. The whole thrust of dialogue therein was that the Western model of civilization and "progress" deserved to be rejected. For, it eroded the sense of community life, divorced urban from rural life, and forcibly alienated man from nature. Western modernism underlined utilitarianism and commercial values rather than the nexus between man's work, leisure, habitant and happiness.

It is this pamphlet that invited later the bogey of medievalism against Gandhiji and was used by some to discredit his leadership in the eyes of educated classes. Even Gopalakrishna Gokhale, whom Gandhiji esteemed as his political *guru*, thought *Hind Swaraj* to be so crude and hastily conceived that he prophesied in 1912, during his South African visit, that the author himself would destroy the book after spending a year in India.

But, even thirty years after he wrote it, Gandhiji saw "nothing to make me alter the views expounded in it". However, he admitted that the picture he conjured up in *Hind Swaraj* was to remain a sweet

1. *Gandhi—His Life and Thought* by J. B. Kripalani

dream for him. "I shall never reach it myself and hence cannot expect the nation to do so", he wrote in 1939. Nevertheless, it continued to loom large as a nightmare to many a critic.

DESPITE HIS VIRGIN vision in *Hind Swaraj* and his continued assertions against the dangers of "factory civilization", Gandhiji mellowed into a more practical dreamer over the years. The barrister Gandhi who clad in conventional tight-fitting European attire in 1909 snarled silently through the pages of his Gujarati articles that constituted *Hind Swaraj* at any machines as evil-incarnate, rapidly mellowed into a Mahatma and, wearing a mere khadi loin-cloth to cover his bare body, benevolently countered his critics that he could never be against all machinery "when I know that even this body is a most delicate piece of machinery". What he objected to "is the craze for machinery, not machinery as such", he said in an interview to G. Ramachandran in November 1924.

"Today", he added, "machinery helps a few to ride on the back of millions. The impetus behind it all is not the philanthrophy to save labour, but greed. It is against this constitution of things I am fighting with all my might. The supreme consideration is man."[1]

One and half years hence, he came out with a clear-cut definition : "That use of machinery is lawful which subsene the interests of all"[2]

In the Bombay Congress of 1934, he chided individual critics for readnig his writings with a distorted eye, and unequivocally declared : "We do want machines, but do not wish to become their slaves. We should make the machine our slave. 'Our slave' means slave not of the rich, *but of the poor.*"

"I never said that. This belief is one of the many superstitions about me. Half of my time goes in answering such things... Your question is based on loose newspaper reports and the like. What I am against is large-scale production of things villagers themselves can produce without difficulty."

"Do you think that cottage industries and big industries can be harmonized?", was the other crucial question put to Gandhiji, to which he replied :

"Yes, if they are planned to help the villages. Key industries, which the nation needs, may be centralized. But then I would not choose anything as a 'key-industry' that can be taken up by the villages with a little organizing....."

"Under my scheme, nothing will be allowed to be produced by cities which can be equally well-produced by the villages. The proper function of the cities is to serve as clearing houses for village products."[3]

Again, the Independence Pledge for 26th January 1940 drafted by the Congress Working Committee under the influence of Gandhiji incorporated in it a belief in social order for free India with "charkha and khadi as an integral part of our constructive programme for the resuscitation of the seven hundred thousand villages of India and the removal of the grinding poverty of the masses". Dr. Ram Manohar Lohia of the then Congress socialist Party questioned whether the pledge thereby bound every Congress man to base the economy of free India only to charkha, Khadi and other items of Constructive Programme to the exclusion of other industries.

In a public reply published in Harijan issue dated 27-1-1940 Gandhiji clarified :

"The pledge is not exhaustive... It will include everything that promotes the well-being of the villagers. It will not exclude industries ... so long as they do not smother the villages and village life. I do visualize electricity, ship-building, ironworks, machine-making and the like existing side by side with village handicrafts."

'The general impression that Gandhiji was anti-growth and hence not keen on material development in the economic scene of the country is also far from the concrete facts. It needs mention here that even on his own stringent terms, Gandhiji's concept of a minimum standard of a *living income* calls for very rapid economic growth in today's cost of living.'

THIRTY OF THE ECONOMISTS attending the Economic Conference at Nagpur in December 1938 had gone to Wardha to meet Mahatma Gandhi. Confronted by their repeated question whether he was against large-scale production, Gandhiji replied (which he later reproduced in his weekly *Harijan* dated 28-1-1939) thus :

1. *The Collected Works of Mahatma Gandhi* Volume 25, p. 251.
2. *C.W.M.G* Vol. 30, p. 292.
3. *C.W.M.G.* Vol. 68, pp. 258-9.

As late in April 1947, in a recorded talk in Gujarati with Manu Gandhi and a few others, Gandhiji had conceded that "machine power can make a valuable contribution towards economic progress."[1]

It needs however to be stressed that in any mode of industrial production befitting rural India of Gandhiji's conception, his refrain was "simple living and high thinking". He longed for limiting the wants and reducing disparities in income. To this extent, he was opposed to "mass production" in the purely technological sense of the term, in as much as such a system of blind production feeds and speeds on multiplicity of wants, more often fancied than real. On the other hand, he was all in favour of production by the masses and for the masses, in accordance with their real needs.

"A certain degree of physical harmony and comfort is necessary", Gandhiji told a Polish interviewer in 1936, but he added that "above a certain level, comfort becomes a hindrance instead of help. Therefore, the idea of creating an unlimited number of wants and satisfying them seems to be a delusion and a snare." Addressing a Christian audience at Colombo in December 1927, Gandhiji had warned :

> 'A time is coming when those who are in the mad rush today of multiplying their wants vainly thinking that they add to the real substance, will retrace their steps and say 'What have I done ?' Civilizations have come and gone, and in spite of all our vaunted progress I am tempted to ask again and again 'TO WHAT PURPOSE ?'

IT IS THUS EVIDENT THAT a strict yardstick of economic priorities in production is an essential ingredient of Gandhiji's approach to the nature of industrial production.

To judge the validity and relevance of Gandhiji's moralist production-consumption themes strewn all over his writings of nearly 40 years, one can profitably look at the re-thinking among some recent Western economists of repute.

German-born British economist E. F. Schumacher (who died in 1977) has been acknowledged world over for his profound insight into the present global economic situation. In his widely-known collection of essays entitled 'Small Is Beautiful', he inveighs against the monstrous and inhuman scale of modern production and its lack of concern for human and spiritual values. He convincingly argues instead for the development and use of small-scale technology which he says "is conducive to decentralization, compatible with laws of ecology, gentle in its use of scarce resources, and designed to serve the human person instead of making him the servant of machine." To use again the very words of Schumacher : "we should begin to see the possibility of evolving a new life-style, with new methods of production and new patterns of consumption... In industry, we can interest ourselves in the evolution of relatively non-violent technology, technology with a human face, so that people have chance to enjoy themselves while they are working, instead of working solely for their pay-packets."

In a later book, 'A Guide for the Perplexed', this renowned economist emphasizes that the real crisis confronting the world is not economic but moral. Its cause lies not in a lack of oil but in the deficiency of virtue. Escape from the moral crisis "must come from within and cannot come from without".

SCHUMACHER NEVER DISGUISED the fact that much of what he was saying had been derived from Gandhiji's writings. His essays are sprinkled with quotations from Mahatma Gandhi.

Another noted social thinker Kirk Patrick Sale, in his recent book 'Human Scale' gives an account of the art making useless commodities and augment unwanted wants. "It is 'sobering' to realize", he writes, "that how much of present technology is not only dangerous and unhealthy, not only costly and indulgent, but downright *unnecessary;* it exists, more often than not, to correct some other previous technological or social error. We have all these devices around us, in other words, mostly because we *created* the need for them !"

Hence for people in the helter-skelter of technological era, "the pursuit of happiness has become the happiness of pursuit", as a noted American historian once remarked.

Aldous Huxley says in his book 'Science, Liberty and Peace' : "In applying the results of disinterested scientific research, inventors and technicians have paid more attention to the problem of equipping large concerns with expensive machines of mass production and mass distribution than to that of providing individuals or co-operative groups with cheap and simple but effective means of production of their sustenance and for the needs of the local market."

The new kind of thinking on the lines, or parallel to, Gandhiji's is shared by many contemporary writers and wisemen in other countries—Arthur Morgan, Herman Daly, Dr. Gunnar Myrdal, Paul Goodman, Relph Borsodi, Hazel Herderson, Lee Johnson, Ivan Illich, Wendell Berry and Walter Weisskoph, to mention a few.

The general impression that Gandhiji was anti-growth and hence not keen on material development in the economic scene of the country is also far from concrete facts. It needs mention here that even on his own stringent terms, Gandhiji's concept of a minimum standard of a "living income" calls for very

1. C.W.M.G. Vol. 87, P 249.

rapid economic growth in today's cost of living. As far back in 1930, Gandhiji visualized an income of one rupee per day per head as a "decent minimum" for living requirements. This works out to Rs. 365 per year at 1930 prices. At current prices and cost of living index, Gandhiji's one rupee of 1930 has to be multiplied at least five times, if not more, which means Rs. 1,825 per year per person. Remember this too is the 'minimum' as per Gandhiji's estimate and not the *per capita* average income of an Indian. The *per capita* income has been calculated at Rs. 1,749.5 for the year 1981-82 at 1970-71 prices. Hence, translated into 1930 level, we may safely assume that we are not even half way through today to reaching the 'austere' standards of economic growth set by Gandhiji over 50 years ago.

It has also been pointed out[1] that in the ultimate analysis, there is nothing 'metaphysical' about Gandhiji's plea for giving up the production of luxury items. It is an arithmatical truism that an employment-biased growth leads to rapid increase in consumption of basic necessities and a slow growth in the luxury elements of consumption. In this sense, it calls for the limiting of production and consumption of luxury goods and services as the *summum bonum* of life.

FROM THE FOREGOING GLIMPSES of Gandhian economic approach with reference to rural industrialisation it will be realized that his principles do not constitute a system but a perspective an attitude of mind growing out of what can be called moral assumptions. What is involved, then, is a stance—a very real stance if considered in terms of its consequences in human decisions in planning for rural India.

But, in rawest terms, certain basic inferences can be drawn for application to rural industrialisation policies :

1

In Gandhian perspective, rural industrialization is welcome as it promotes decentralization of industry and it is not city-based.

2

Gandhiji was not against mechanized industries—big or small—provided they subserve the overall interests of the ruralites.

3

Priorities of production have to be planned and implemented to suit the real needs of the masses.

4

Industries should be labour-intensive, generating more employment provided.

5

The village and cottage industries should be encouraged side-by-side.

6

Industries should be labour-intensive, generating ecology of the region but should promote the quality and well-being of the rural masses.

7

Application of new technologies should be appropriate to the regional needs, making use of indigenous resources.

8

Efforts should be made to reduce the disparities in income, with a guarantee of reasonable minimum 'living income'.

In short, from the Gandhian view-point, 'Rural Industrialisation' should not merely amount to industrialisation of rural India. It should in fact lead to 'ruralization' of Indian industries wherein production apparatus and technology suitable to Indian ethos and culture and rural needs and aspirations would play a decisive role in generating and sustaining real happiness while ensuring harmony with Nature.

1. Amritananda Das in *Foundations of Gandhian Economics.*

* * *

Employment : a challenge before KVIC

A. M. THOMAS
Chairman, Khadi and Village Industries Commission, Bombay

The Government of India has accorded priority to cottage and village industries programmes in the overall development of the country. The author who is the Chairman of the Khadi and Village Industries Commission, says that the KVIC has set itself an employment target of 23.21 lakhs in cottage and 40.52 lakhs in village industries during the Seventh Plan.

The author adds, "The KVIC has thus set for itself a social objective of providing employment opportunities where none exist and retain artisans earning low wages in their trade with more remunerative returns. Combined with this social objective is the objective of producing saleable articles thus providing the needed confidence and self-reliance."

> *However much we might develop our big industries there is still considerable scope for expansion of village industries in a country like India. The question is one of coordinating the small industries in the overall economy of the country. We are all anxious to develop khadi and other small industries, not for the sake of a 'show' or for any exhibitionist reason but because we want to achieve concrete results!*
>
> *—Jawaharlal Nehru*

POVERTY IS AN EXCRUCIATING EXPERIENCE anywhere. The third world countries in particular are virtually in agony with poverty ruling the roost. Many problems of poverty are due to emphasis on wrong priorities which create economic compulsions that are neither of any use to the poor nor to the welfare of the country. Keeping this in view the Government of India has accorded considerable priority to the programmes meant for alleviation of poverty.

All through the Five Year Plans, there was emphasis on alleviation of poverty with new schemes and programmes. However the accelerated population growth has to some extent reduced the pace of progress. Therefore, while tackling the problem of poverty it is also essential that we take cognisance of the problem of mounting population.

While preparing plans to alleviate poverty it is essential that productive job opportunities are created on an extensive scale, taking into consideration the geographical aspects as well as the capacity of the people to undertake a particular programme. In this context low cost technologies requiring less gestation period and suiting the people of different regions would have to be found out. Self-employment with needed motivation would be an ideal approach besides cooperative endeavour by a group of well-meaning people. Self-employment may mean an avocation which enables a man to find the resources to maintain himself and his family without being an employee of another man. This will not require him to remain cut off from his immediate surroundings, his society and his hearth. In fact he has to be a part of all these three to enable himself to have a reasonable standard of living.

The phenomenon of self-employment schemes thriving in prosperous societies, i.e., in big cities and towns is different from the self-employment schemes in the rural areas. Whereas in the cities and towns there are ample opportunities for self-employment,

the opportunities that come in one's way in rural areas are few and limited. That is why we find the enormous growth of cities and towns to the detriment of the villages and rural areas as also the growth of slums in the cities.

The lure of the cities is too great to be wished away. Whereas a visitor, totally unskilled, arrives in a city all prepared to face the future and adopt himself to unknown skills, quickly overcomes his antipathy to new skills, a village artisan, in spite of new technology being brought to his door steps, finds himself apprehensive of his own capacity to make a success. It is here that motivation plays a major role. It is universally accepted that unless suitable technologies are evolved to suit the man and his environment in rural areas it is not possible to make the scheme worthwhile. While choosing a technological innovation, it is given to man that he would choose what is most suitable to him not only to remove drudgery but also to give him a litle of comfort and mental satisfaction besides providing him a remunerative wage.

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THE KHADI AND VILLAGE INDUSTRIES COMMISSION has to deal with and work in such a situation. It has, therefore, given great importance not only to the evolution of technology that suit different regions but also to their utilisation at proper levels. The KVIC is responsible for planning, organising and implementing and for the promotion and development of khadi and village industries. It provides training for rural artisans engaged in the production of khadi and village industries. The KVIC has thus set for itself a social objective of providing employment opportunities where none exist and remain artisans earning low wages in their trade with more remunerative returns. Combined with this social objective is the objective of producing saleable articles thus providing the needed confidence in self-reliance. It is also constantly engaged in improving tools and equipment through research and field trials and wherever it was felt feasible and desirable, power operated machines have been introduced and the artisans have responded as expected to this approach by accepting and adopting these machines.

Coupled with this the KVIC has created an organisational base for development of khadi and village industries with 26 State Khadi and Village Industries Boards, over 1100 registered institutions and more that 30,000 industrial cooperatives with 13,000 sales outlets throughout the country offering products of khadi and village industries. Today the KVIC has spread its activities to over 1.3 lakh villages.

The Sixth Plan visualised a big leap in production and employment in this sector. The production was expected to be of the order of Rs. 1200 crores providing employment to 50.50 lakh persons by 1984-85. Of this the production of Rs. 300 crores and employment of 10 lakh persons would be under the Integrated Rural Development Programme (IRDP) which is implemented by the State Governments. The KVIC component comprised Rs. 900 crores of production and employment of 40.50 lakh persons. The Commission is confident of reaching these targets in its purview.

The Government of India has accorded priority to khadi and village industries programmes in the overall development of the country. The industrial policy statement announced in 1980 was emphatic in putting forward the purpose of the development of this sector. The new 20-Point Programme of the Prime Minister has come as a short in the arm for this sector, which laid emphasis on up-grading technology as an important factor in the programme.

THE SEVENTH FIVE YEAR PLAN envisages greater employment opportunities in the rural sector that encompasses a large segment of the traditional khadi and village industries artisans not yet covered and ensuring them continued and fuller employment in their present occupations. Another aspect taken care of is an attempt to prevent displacement from the existing activities. While widening the employment base in the non-farm sector it is necessary to create the same in the backward areas where incidence of poverty is great. The KVIC has set itself an employment target of 23.31 lakhs in khadi and 40.52 lakhs in village industries. This means that 63.83 lakh persons will be engaged in khadi and village industries activities in full-time as well as part-time jobs. As for production, the KVIC expects a production of Rs. 320 million square metres of khadi valued at Rs. 460 crores. Similarly village industries products worth Rs. 2400 crores will be produced. Thus in this sector the production alone will be to the tune of Rs. 2876 crores.

This is a challenge before the KVIC. However this challenge has a direct bearing on the removal of poverty, a difficult task from any standard, and the KVIC is determined to contribute its share.

Project linkage—integrating industrial and rural development

ANIL C. SHAH

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The author is of the opinion that the employment angle is not given due importance in our policy of industrial development of backward areas. He was perturbed to find that the rural poverty was as acute in the blocks near the fast developing industrial estates as in other blocks.

According to him this was so because "the way policies are being implemented there is no doubt that the intended spread effect would not be achieved" for want of necessary linkages between the industrial estates and the villages around them. The author started a pilot project "Project Linkage" in two industrial estates of South Gujarat to ensure that the villagers get the maximum benefit of the industrial development around them.

> *As the nation building work progresses villagers are shedding old prejudices and learning to help themselves with new implements and fresh ideas. It is the prosperity of this section of the community which is our foremost hope.*
>
> —*Rajendra Prasad*

SINCE EARLY SEVENTIES the Government of India and almost all State Governments have been pursuing the policy of industrial development of not only backward districts but also backward areas of the districts where industrial development has taken place in a concentrated manner in selected towns. Achievements are quite impressive, particularly in some States which have sound policies and appropriate organisations.

In Gujarat alone till 30th June, 1984 central cash subsidy of Rs. 45 crores had been sanctioned for about 4,000 units of which about Rs. 27 crores had been disbursed. From middle of 1977 Government of Gujarat evolved its own scheme of incentives for industries being located in backward districts as well as in new growth centres. By 30th June, 1984 subsidy had been sanctioned for 9,600 units amounting to Rs. 67 crores of which Rs. 50 crores had been disbursed. Thus by middle of 1984, Rs. 112 crores had been sanctioned by Central and Gujarat Government, and Rs. 77 crores disbursed by way of cash subsidy. In addition, the State Government has been giving the benefit of Sales Tax exemption/deferred payment to the units in the backward districts of new growth centres. By June 1984, 2,800 units had been given this benefit amounting to Rs. 98 crores. Taking both cash subsidy and Sales Tax exemption together, the benefit given to industrial units for locating industries in backward districts and new growth centres amounted to Rs. 175 crores. I do not know if data would be available about cash subsidy and Sales Tax exemption benefit in all the States of the country taken together. That amount must be at least 10 times the amount of Gujarat.

What is the objective behind the policy of dispersal of industries ? Why are incentives being given for the

location of industries in backward areas ? Who benefits and who should benefit ?

It may look surprising that no serious thought is given to these issues even though it is fairly known that location of large industrial units or complexes in backward areas does not necessarily ensure development of the area. The experience has been that new industrial units or complexes become islands of modernity suhhounded by the sea of rural backwardness and poverty. Examples are too many—exceptions are not known, not known at least to this author. In any case despite growth of industries in selected locations in backward areas if people remained as backward and poor as before, what has been accomplished ? What is development if its benefits do not reach the masses of people ? This is exactly what is happening all over the country and the industrial administrators in the Centre and the states continue to get credit for high achievements in terms of number of industrial units located and capital invested, etc, in backward districts.

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What about employment—employment of local people in the work and jobs the unskilled rural youths can do or which they can be trained to do in short employment linked courses ? This is no one's concern. Even if all the machinery comes from outside and so also raw material, if all the finished products go to urban markets, most of the managers, technicians, supervisors and skilled labourers are brought from outside, the industrial administrators would not feel concerned if they have achieved the targets of number of units to be established and the targetted amount of subsidy sanctioned and disbursed against the capital invested.

OUR POLICY OF INDUSTRIAL DEVELOPMENT of backward areas does not have employment angle, is not known even to the policy makers and administrators in charge of Labour and Employment at the highest level in the country. After spending about a decade of my service in the organisations responsible for industrial development, I returned to rural development in 1980. I was somewhat perplexed to find that the problem of rural poverty was as acute in the Blocks near the fast developing industrial estates in backward areas, as in other Blocks. Unconcerned with the opportunity of self-employment and wage-employment in the rapidly growing large industrial estates of Vapi and Ankleshwar in South Gujarat, the same rural development activities were pursued in the Blocks close to such estates as in other Blocks. There were some glaring contradictions in the situation. A survey carried out in 1982 in Ankleshwar Industrial Estate revealed that 61 percent of the employees belonged to unskilled and semi-skilled category. Sample units reported shortage of workers of whom more than 25 percent belonged to semi-skilled and unskilled category. Next 10 year's estimates indicated that there would be 1300 industrial units employing more than 33,000 workers, 25 percent of whom would be again unskilled and semi-skilled. A simultaneous survey in the hinterland of this estate revealed that 90 percent of the 4,000 families contacted live below the poverty line, 52 percent of the 4,365 rural youths contacted were unemployed and 45 percent under employed and only 2.57 percent were fully employed. It is interesting to know that as many as 3,900 of these mostly tribal youths desired better employment opportunities.

A small study of the educated unemployed youths in the villages within 15 KM radius of Vapi Industrial Estate (South Gujarat) brought out that 72 percent of the youths were unemployed and 27 percent had only seasonal employment. At the same time more than 96 percent showed interest in taking up jobs in the industrial estates. Only 27 percent had any experience of working in the industrial estates.

In fact even so called developed districts have features of modern industrial development only in selected towns. Large parts of these districts such as Ahmedabad and Vadodara districts are as backward and poor as those districts which are declared as backward. If dispersal of industries is pursued vigorously even in such 'developed' districts by giving encouragement for location of industries in new growth centres as is done in Gujarat and some other States they would also throw up scope for providing employment to rural youths who are unemployed. A survey commissioned by Directorate of Employment and Training, Government of Gujarat for Vadodara district revealed that between 1981-86 there would be 1.30 lakhs new jobs of which as many as 28 percent may be unskilled and additional 13 percent semi-skilled. All this shows not only the potential from which the rural poor can benefit but also the rationale for providing incentives for location of industries in backward areas. However, the way policies are being implemented there is no doubt that the intended spread effect would not be achieved unless necessary linkages are provided. It was with such an intention to realise the maximum benefit of industrial development for the rural poor

that I thought of working on forging the missing links and gave to this project and efforts name of "PROJECT LINKAGE".

FOUR MISSING LINKS WERE identified in the Project Linkage which came in the way of the rural areas taking full benefit of industries being located in their midst.

(i) Communication—roads and transport.

(ii) Training—according to the requirement of industrial houses.

(iii) Housing for those villagers living beyond cycling distance.

(iv) Organisation to enable the producers of eggs, vegetables, fruits, milk to supply these to markets of industrial townships.

Beginning with early 1981 the Project Linkage was launched on a pilot basis for industrial estates in Vapi and Ankleshwar which are both in South Gujarat with extensive hinterland of poor tribal villages. In fact South Gujarat provides stark example of maximum public investment and deepest poverty existing and even growing side by side. Project Linkage initiated work on the missing links and the experience gained in the last over 3 years has been very instructive.

With the support of the Finance and Planning Minister of Gujarat Government, it was possible to persuade the Road Department to undertake extensive construction of rural roads which would provide road links to the villages within 15 km radius of industrial estates, so to enable the unemployed rural youths to avail of the job opportunities. The survey revealed that it was necessary to construct about 173 kms of all weather roads to provide necessary links to 115 villages which would be within 15 kms radius of both these estates. By combining funds of NREP with the funds of Road Department, more than half the work has been done at the cost of Rs. 84 lakhs and the remaining would be done during 1984-85.

It was also decided that the Industries Association of Ankleshwar Industrial Estate would start active bus service for bringing the unemployed rural youths in the villages to attend to their work in the factories of the Estate. A consultant who was engaged to prepare the feasibility report opined that with 2|3 subsidy in the capital cost of second hand buses to be purchased from the State Road Transport Corporation, the project would not only be viable but generate resources for the expansion of the fleet. Rural Development Department sanctioned Rs. 2 lakhs as its own contribution to purchase the fleet of 6 buses and the same amount was sanctioned by the Gujarat Industrial Development Corporation. All the initial difficulties have been overcome and if everything goes according to the plan the bus service would be inaugurated on the 1st January, 1985.

Communication facility itself would work as booster which would enable the unemployed rural youths to reach the factories in the industrial estates where there are employment opportunities for unskilled and semi-skilled workers. This needs to be ascertained to find out the cost-benefit ratio. Assuming that it will be positive, it would be useful if in the planning of industrial estates development of roads includes not only within the estate but also covering the villages which are within the cycling and busing distance.

Keeping in view the requirements of skilled manpower in factories in these estates, the Directorate of Employment and Training of the State Government, supported by TRYSEM and GIDC which has provided free sheds, has been organising short term courses for chemical plant operators and helpers, helper fitters, welder fitters, wiremen helpers and other courses of masons, wire-men, garment making, etc., are being started. It is planned to conduct training of 200 unemployed rural youths at the same time and in different vocations in each of the estates from the current year.

HOWEVER, NOT ALL WHO ARE trained have taken up jobs in the factories. Though unemployed, rural youths are choosy. They prefer large factories where wages are higher and conditions of work better. They have fear of pollution in chemical factories. The Labour Department will have to ensure extension of minimum wage legislation to all industries and enforce it particularly in small factories. After providing appropriate precautions against harmful effect of handling chemicals, the rural youths will have to be properly taken in confidence. Above all the trainers, the industries and the rural development officers will have to work in coordination to ensure that appropriate courses are designed, willing youths

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are selected for training and training imparted to them in a useful practical manner and placement ensured after training which would provide them reasonable wage and reasonable working conditions. It is encouraging to note that so far 715 youths have been assisted to find industrial employment under the aegis of Project Linkage. That this has to be said indicates in what manner our industrial training activities are being conducted so far.

I may add that the syllabus for industrial training should also include inculcation of the spirit of industrial discipline as experience shows that the industrial workers remain absent on the slightest pretexts. Absenteeism is common during festivals days and marriage season even in textile industry which is 100 years old.

Provision of cheap housing within the cycling distance of an industrial complex is crucial for extending the catchment area of the industrial opportunities. Village upgradation with new housing colonies to accommodate those living beyond cycling and busing distance would also restrain the growth of slums which always spring up in the centres of rising employment opportunities. Such planned development of housing facility for the local labour will also restrict the usual flow of unskilled people whom the labour contractors bring from distant places, creating social tension.

DESPITE SUCH APPARENT advantages, developing housing colonies in villages selected for upgradation has so far been beset with many problems Even though 8 villages have been selected close to the industrial estates of Vapi and Ankleshwar and village panchayats have agreed to spare land for such housing colonies, only 54 housing tenements have been constructed so for in one village, whereas the need is for thousands. The main problem has been the procedure of the State Rural Housing Board which requires the list of eligible applicants alongwith the deposits. For Project Linkage on the other hand housing is the third step after necessary skill formation and experience in industries, after which the employers would be willing to take responsibility for providing deposits as well as give assurance for recovery of the instalments of deposits. It is essential that without waiting for these steps tenements are constructed as an advance action. In a recent review of progress it has been decided that Housing Board may agree to initiate construction activity on the application of the DRDA which will also provide funds by way of deposits and for mobilisation. It has also been decided that hostels will be constructed near the industrial complexes where Project Linkage is launched to provide accommodation to outsiders during the phase of industrial training and familiarisation.

IN THE NEW AND RELATIVELY prosperous townships that emerged in the areas of new industrial estates, there is a large demand for farm produce such as vegetable, fruits, eggs, milk etc. Such demand should boost production activities in the surrounding villages. This does not happen unless appropriate linkages are provided for transport and marketing. Project Linkage envisages setting up organisations of producers to derive maximum benefit of marketing of their products in industrial townships. There are many other self employment opportunities in the industrial townships which should help particularly educated unemployed youths of the surrounding rural areas to set up their own small shops for selling and services. Unless energetic advance action is taken these opportunities are seized by people who are already in such business in other towns.

So far Project Linkage has not been able to make any contribution in this area.

It will be seen that though conceptually Project Linkage is unassailable and the need for various links is obvious, despite commitment on the part of the State Government the progress has been rather slow. In fact only Rs. 1.62 lakhs could be spent out of Rs. 5 lakhs provided for Project Linkage in the budget of 1983-84. The provision for 1984-85 is of the order of Rs. 25 lakhs and ample financial support is being provided for the scheme in the 7th Plan of the State Government. It has been found that such commitment of the State Government to be translated into satisfactory results for the benefit of rural poor requires on the one hand coordination at district and state levels of various government agencies, industries and panchayats and on the other hand, and perhaps more important, placing of officers in-charge of the Project Linkage who have proper understanding of the scheme, initiative and capacity to overcome inevitable frustrations and disappointment. Gujarat administration is determined to make such effort to make success of this pioneering approach to ensure that industrial development of backward areas leads to the intended results—increase in employment and income of the people, particularly the poor living in the hinterlands.

Alternative model for development : AIRD'S experiment

M. V. RAJASEKHARAN

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"Rural and cottage industries have always been very important to rural economy in particular and the country's economy in general, but they are much more important today than ever before. It was only the circumstances of history that relegated them to background to satisfy the needs of alien colonisers whose greed for raw material and whose desire to develop a competitive strength of their own manufactured goods ruined the Indian economy", says the author.

And he adds, "It was because of this that Gandhiji laid stress on the revival of rural and cottage industries to provide economic content to the Independence movement. Unfortunately, as already mentioned, efforts made since Independence to rejuvenate rural economy by promoting village industries amounted to just tinkering with the problem. In absolute terms, statistics in this regard might look big and impressive, but compared to the huge dimensions of the problem and the vastness of the country they are just minimal."

> *I do not think there will be any conflict between big industry and village industry provided there is proper co-ordination.*
>
> *—Jawaharlal Nehru*

RURAL INDUSTRIALISATION IS basically a question of properly linking the rich but idle natural resources with idle manpower resources. The gigantic problem of unemployment still remains unsolved because the powers that we have doggedly refused to accept the limitations of large industries as instruments for creating sizeable employment opportunities. Atleast some people have now realised that the village industries are a very dependable medium for providing employment to large numbers in rural areas which have a capital-scarce and labour-surplus economy. This is not to denigrate the importance of large industries. They have their own role to play in certain spheres of national economy. But their sophisticated technology and continuous efforts for their rationalisation strictly limit their ability to create employment potential. There is, therefore, no alternative to rural industrialisation based on local resources, if the unemployment problem, specially in rural areas, is to be fruitfully tackled.

That India lives in her villages has become an oft repeated cliche. But in the context of the continued neglect of villages, non-percolation of the benefits to the rural poor in spite of the so-called special programmes for them in the plans and the illusion that urbanisation and urban development is country's development, the cliche continues to be relevant. It can stand any amount of repetition until the fact is driven home to those who matter that the country's progress in real terms (not just statistical) cannot be achieved until the problems of acute poverty and unemployment in rural areas are effectively solved. This has to be attempted not by paying attention only to agriculture and allied activities, but also to systematic deve-

lopment of rural and cottage industries and traditional crafts.

No doubt, India has made impressive progress in certain fields. But in the overall context, the progress is lopsided. Notwithstanding the headway made in the sectors of science, industry and technology, agriculture continues to be the mainstay of our economy and life in villages is woven around agriculture and its allied activities. Some people seem to suffer from a misnomer that agricultural development is rural development. This is one of the basic faults which have made the villages remain backward. If agricultural development, which is no doubt very vital, was in itself rural development, the substantial gains made in agricultural production through green revolution should have indeed made a big dent in rural poverty. But on the contrary, poverty is acquiring new dimensions. If after decades of planned development, rural poverty is only spiralling, there must have been serious lacunae in comprehending the depth, the needs and the tasks required for tackling the poverty syndrome.

RURAL AND COTTAGE INDUSTRIES are totally different from Small Scale Industries. They are distinct and have their own identity and there should be no mistaking. It is not as if there were no provisions in the Six Five Years for village industries and that no steps were taken institutionally for implementing the provisions. The complaint is that they have been totaly inadequate and a drop in the ocean. Besides, implementation has left much to be desired. Sometime ago, the bank credit for decentralised industries in the rural sector was just about 0.55 percent of the credit provided for the large and other categories of industries and this, in spite of the fact that the decentralised industries in rural sector could provide employment to 2½ times more number of people. The situation does not seem to have changed very much even now.

of the most important reasons for the present critical poverty situation, specially in rural areas, is the neglect of human factor. The target groups of beneficiaries were not taken into confidence and importance of people's participation was neglected. Also, no notice was taken of the actual needs of the people, the need to utilise the local physical and human resources and the necessity to plan integrated development covering all aspects like animal husbandry, rural industries, etc., at micro level. As a result, the rural poor are becoming poorer and more are joining their ranks.

This leads to the question of the need to motivate and enthuse the rural poor to involve themselves in the implementation of developmental activities. But how and why should they involve themeselves and participate in the implementation of schemes in the formulation of which they have never been consulted?

There are many in positions of power who talk about people's participation without understanding its significance. People's participation does not mean formulating schemes based on assumptions and presumptions of reports and statistics in a capital far away from the area of action, imposing them on the people and then asking them to participate in implementation. This is a wrong concept. Actually, people's participation means a role for the people in decision making. This is very important. This involves identification of local resources, micro-level planning of the programmes meant for the rural people and monitoring and evaluating such programmes. It is only when they think that they are also a party to decisions that the people will develop a real sense of involvement.

But who will motivate the people to participate? Obviously, it is not the government going by the experience so far. There has to be a link between the

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In the case of any development including development of rural industries, there are two important aspects which have, by and large, been ignored and about which, of late, there is some sort of blinking awareness. One is the need for people's participation and the other is the need for involvement of voluntary organisations in implementing programmes. The realisation has dawned after costly failures that one government and the people and only service-oriented voluntary organisations can be such links. They act as catalytic agents and can secure people's participation at every level. In fact, people's participation can come only in an institutionalised manner in the form of voluntary organisations (NGOs) working at grass-roots level. Ours is a welfare state and the governments both Central and State, have become

the biggest sources of funding rural reconstruction activities, specially in promoting rural and cottage industries in villages. Over the years, there has been a phenomenal increase in the spatial character of rural development. The number of action points has enlarged considerably. It is, therefore, well nigh impossible for governments alone to handle the stupendous task of rural development. This emphasises the need to promote actively the role of voluntary organisations and seek their cooperation in implementing rural welfare programmes. Here lies the relevance and utility of volutary action in all the spheres of rural development activity including rural industries.

organise this without looking to the government though at the appropriate time or stage, financial support from the Government could be sought. The attitude of looking to the government for everything has developed among the people the habit of dependency and has ruined their initiative. This must be set right. They must be roused and awakened to the need for self-reliance and self-help.

This calls for mobilisation of the people and setting up of people's organisations in each village or atleast in a cluster of villages where villages are very small to take action for reviving village industries. This involves identification of local resources, micro-level planning of programmes by the people themselves and also evaluation and monitoring by their own organisations. Of course, they need direction in this task and this is where voluntary organisations have an important role to play enabling the rural people achieve self-reliant development and progress.

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RURAL AND COTTAGE INDUSTRIES have always been very important to rural economy in particular and the country's economy in general, but, they are much more important today than ever before. It was only the circumstances of history that relegated them to background to satisfy the needs of alien colonisers whose greed for raw material and whose desire to develop the competitive strength of their own manufactured goods ruined the Indian economy.

It was because to this that Gandhiji laid stress on the revival of rural and cottage industries to provide economic content to the Independence movement. Unfortunately, as already mentioned, efforts made since Independence to rejuvenate rural economy by promoting village industries have amounted to just tinkering with the problem. In absolute terms, statistics in this regard might look big and impressive, but compared to the huge dimensions of the problem and the vastness of the country, they are just minimal.

With the rising population, tremendous pressure on the limited land resources and the ever escalating number of the landless and unemployed in rural areas, revival of village industries and traditional crafts has now acquired great importance, calling for immediate attention. It is all the more so when we realise the urgent need to prevent unwarranted exodus from rural to urban areas in search of employment adding to the spread of slums.

IN INDIA, IN THE OLDEN DAYS, each village mobilised its own resources, both human and material, to provide for its people the basic necessities of life. It was essentially a self-help operation. Economically and socially, the villages were more or less self-governing. There is now a dire need to revive and revitalise this culture in a suitably modified manner so as to create employment potential and generate income. People themselves should be motivated to

ASIAN INSTITUTE FOR RURAL DEVELOPMENT, Bangalore (AIRD's), own experience in this regard is an eye-opener. It has been planning to help developing cottage and rural industries and crafts based on local resources in the village of Kanakapura taluk, one of the backward rural pockets where it has been operating. The Project called 'Kanakapura Project' as envisaged by AIRD aims at promotion and organisation of people's institutions at village level, getting them legally registered and bringing them in contact with governmental and financial institutions. AIRD's own role is that of a facilitator. For this purpose, the first step taken was to call a taluk level meeting of the people's representatives of the concerned villages. It was held at Kanakapura, the taluk headquarters town in December 1983. Beside the large number of invitees, it was made known that the meeting was open to every one in the concerned villages. For the people it was a new experience and the response was overwhelming. In addition to the Panchayat Chairmen, local opinion leaders of villages and Legislators, a large number of other people also attended the meeting. The way some people, not very literate and not belonging to the category of local leaders, spoke was very revealing.

Notwithstanding the fact that an NGO like AIRD organised this people's consultation meeting, it was attended on invitation by Bank Officers, a very Senior Officer of the Khadi and Village Industries Board Officers of the District Rural Development Society (DRDS) and District Industries Centre (DIC), a

representative of NABARD and senior local officers like the Tahsildar and the BDO. Being a Taluk level meeting, it took some broad decisions based on people's suggestions on how to go about the task of reviving and developing village industries and traditional crafts. One of the decisions was that for more detailed planning and consultation, AIRD should hold similar meetings at Hobli level in each of the six hoblis of the Karnakapura Taluk. Just as a district is divided into taluks, a taluk is further sub-divided into revenue units called 'Hoblis'. Each hobli usually comprises 25 to 35 villages, hamlets and a couple of small towns.

IN ACCORDANCE WITH THE DECISION taken at the Kanakapura meeting, AIRD organised the first hobli level meeting at Maralawadi village, the headquarters of Maralawadi hobli in June 1984. This was the actual decision-making grassroot level meeting. So its purpose was to involve the village people in decision making process and seek suggestions from them on the village and cottage industries that could be set up and developed in that hobli. Another purpose was to enable the people to set up an institution to implement the decisions taken. Over 500 people from all the 32 villages of the hobli participated in the meeting. They comprised farmers, village panchayat chairmen, craftsmen and political leaders irrespective of party affiliation. A large number of them, though illiterate, gave very useful and intelligent suggestions which reflected their common sense and homespun wisdom. They not only spoke on the raw materials, resources and talent available in their villages, but also on how to make use of them in setting up village industries and developing home crafts. They also referred in their speeches to the bottlenecks and problems they were facing. Based on the suggestions, the meeting took some decisions on the village industries that could be developed in the area.

As regards the institution to be set up to implement the decisions, the people elected 8 members to the Executive Board and 12 members to the Advisory Board comprising elders and knowledgeable persons in the area. The eight members of the Executive Board comprise 2 representatives each of small and marginal farmers, landless persons, local craftsmen and women. A representative of AIRD who is the ninth member, acts as the Secretary of the Board. The People's institution called "Maralawadi Hobli Grameen Abhivriddhi Samsthe" in local language, has since come into existence and steps are being taken to have it registered so as to give it a legal status and enable it to avail facilities from DRDS, DIC and financial institutions. The maralawadi meeting was by no means a programme of entertainment. It was a people's consultation meet called to discuss serious matters. Yet, over five hundred people who attended, showed exemplary patience and discipline and took keen interest in the proceedings which lasted for five hours. This indeed, is People's participation. The lesson one can draw from this is that people are interested in participating fully in programmes for their development and contribute their mite to overall development too, provided they are properly guided and approached with genuine desire to help them with due respect and without condescension. Similar meetings have since been held in other hoblis with similar experience. There also people institutions have been set up. People's enthusiasm and interest have only to be seen to be believed.

THE PEOPLE'S CONSULTATION MEETINGS were held to help formulate micro-level schemes to develop village industries which are next only to agriculture in their importance. But they were not an end in themselves. On the basis of people's suggestions, AIRD has already identfiied some industries based on locally available raw materials and local talent which could profitably come up in the area. They include: spinning from reeled waste silk and cut-cocoons, manufacturing of leaf cups and plates, mini-bakery, polyvastra, extraction of fibre from sisal and rope making, coir making and related industries based on plenty of coconut fibre available in the area, sericulture development through silkworm rearing and reeling, pottery with diversified products of new designs, leather goods, hand-made paper etc.

The rural people have over the years developed a cynical and sceptic attitude towards promises. Only prompt action can instil in them a sense of confidence and trust. So, as a first step, the Maralawadi Hobli has been taken up for development. In Maralawadi village, AIRD with the cooperation of the people has already set up, two pilot units, one for making leaf cups and plates from areca bark, and the other for spinning silk thread from reeled waste and out-cocoons. For both these, gadgets with simple technologies have been installed. They are manually operated and do not need electric power. The waste silk spinning project when fully developed will provide employment to 360 persons mostly women in the area.

(*Contd. on page* 50)

"The attitude of looking to the Government for everything has developed among the people the habit of dependency and has ruined their initiative. This must be set right. They must be roused and awakened to the need for self-reliance and self-help."

Appropriate technology for rural industrialisation : a study

G. VENKATARAMANAN

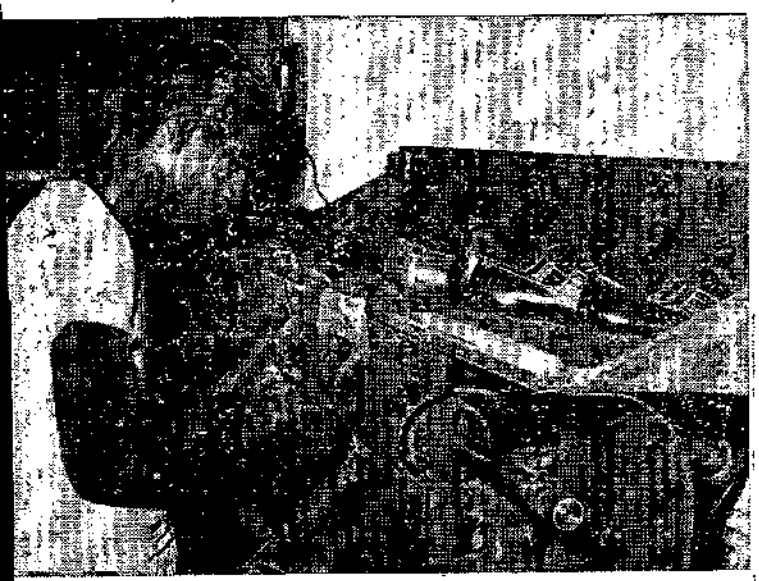
Joint Secretary, Dept. of Industrial Development, Ministry of Industry, New Delhi

The author in this study has taken the instance of blue pottery, which is revolutionising the rural scene in the State of Rajasthan, and thus brings out how appropriate technology can link the villagers to the industries which in fact have indigenous origin.

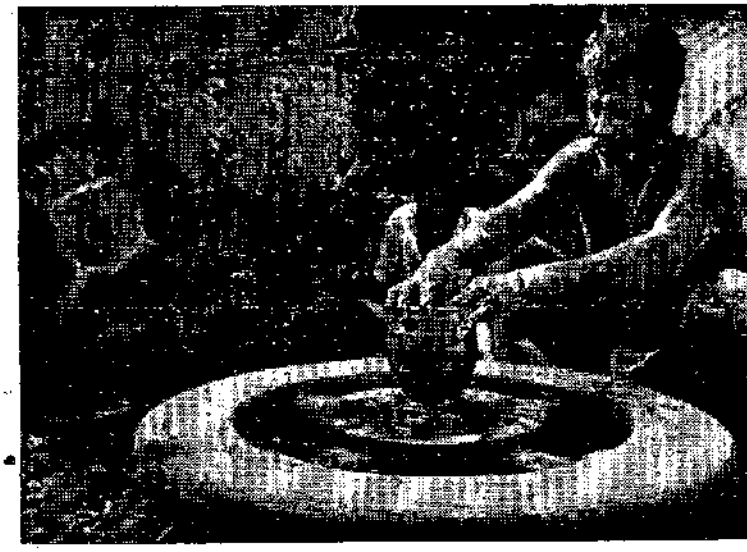


Famous Jaipur finished blue cut pottery ware.

I PROPOSE TO HIGHLIGHT in this article the role of appropriate technology in rural industrialisation by taking one concrete example—a success story. Application of appropriate technology has resulted in increasing productivity and returns and in a sense opened a new vista in this case. It indeed provides food for thought.



Leather work is acquiring an important place in village industries. The introduction of modern machinery suits small tanneries and small finishing units.



Village pottery is a very big means of providing earnings. During 1982-83 village pottery earned a sum of Rs. 50.90 crores through sales.





The cottage match industry provided full time employment to 0·32 lakh persons during 1982-83, including women workers specially in the backward areas.



The coir industry is an important cottage industry. The National Coir Training and Design Centre imparted training to candidates from all over India in coir extraction and processing, besides running courses on coir technology and coir handicrafts.



Jute is also an important fibre which provides earnings and employment to a large section of rural population.



As a part of its efforts in implementation of New 20-Point Programme and the Sixth Plan, the KVIC has intensified its work in specific areas with a view to developing certain industries, including toilet soap units on selective basis.

Cane, gur and khandsari form an integral part of the village in 1982-83, 36·01 lakh quintals of cane, gur and khandsari was Rs. 84·91 crores.





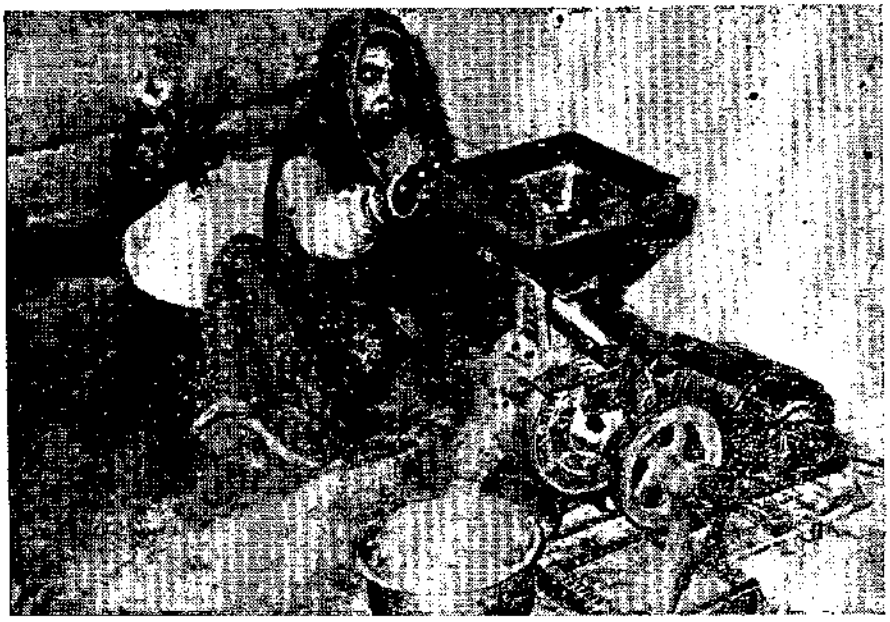


The earnings from bamboo and cane amounted to Rs 2·10 crores under village industries sector during 1982-83.



During 1982-83, the village industries of carpentry and blacksmithy have provided full-time employment to one lakh persons and part-time employment to 0·40 lakh persons.

With the introduction of the modern technology it has become easier for the rural woman to grind the grain.

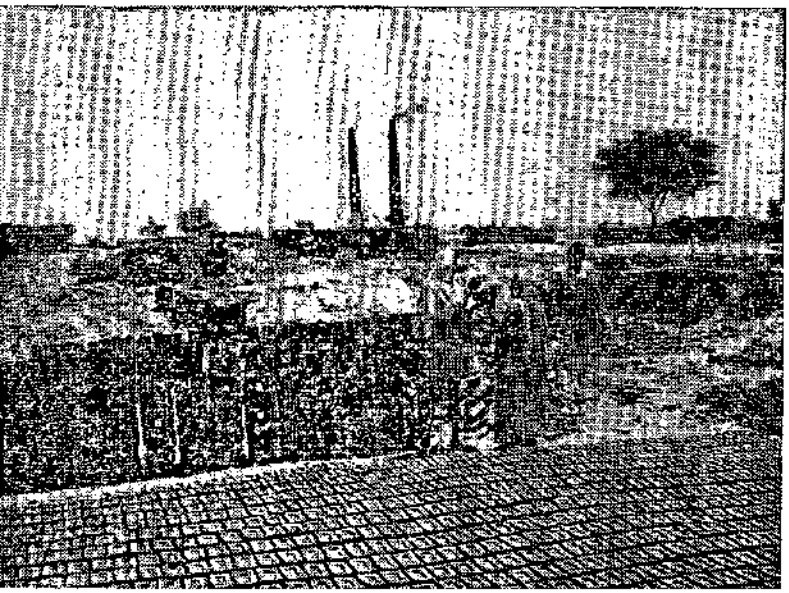


es under KVIC. During
ced which amounted to



In spite of development and introduction of technology the traditional crafts like rope making, mat making and metal work are still being given utmost attention and assistance to continue.





The construction of houses in rural areas has given enough scope for the development of brick making which provides employment as well as earnings to the villagers.

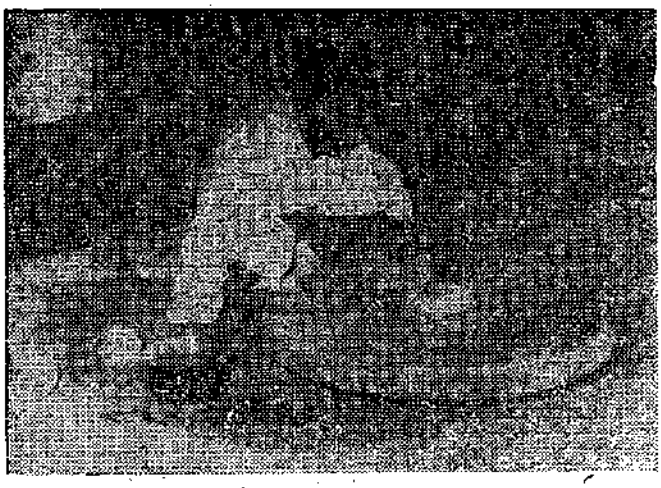


The weavers who form part of the weaker sections of the society, are given all possible assistance in producing and marketing their goods.



The household spinning and block printing on textiles are remunerative occupations. In this respect the rural people are helped not only in securing raw materials but also in marketing their products.

In 1982 it was decided by the Appropriate Technology Unit in the Department of Industrial Development to select the Art Pottery of Jaipur for productivity and technological improvement. Apart from the fact that this industry had been studied earlier, the fact that technological upgradation and productivity improvement were relatively easily influenced the selection. For the success of the programme, it was decided to adopt an integrated approach in which the technology was first demonstrated. Then a few selected artisans were motivated and trained after which buyer-seller meetings were arranged so that there was better understanding of the needs of the customer. Once the success of the idea was established, further dissemination of the new technology became easy.



Body making by using a traditional potters wheel.

The blue pottery of Jaipur is known for its designs, colour combinations and stony character. However, it suffered from major drawbacks like porocity, lead poisoning, heavy breakage during firing, etc. Because of porocity it could not be used as flower vases thereby shutting out a vast market. The product was banned in European countries as the use of lead oxide (Sindhur) in the glaze mix made it poisonous. The traditional kiln lead to heavy breakage.

THE PROBLEM OF POROCITY has been solved by modification of the body composition in which a combination of a coarse and fine quartz instead of quartz of one mesh was used; green glass was replaced by white glass; Multani Mitti was substituted by china clay; and talc was introduced.

The combination of coarse and fine quartz may give resistance power and prevent cracks; and small quantity of talc will give falling, bending and smoothening effect; ball-clay|china clay will help in filling up pores; while glass is cheaper than green glass and is also available in plenty. Pounding of mixture after mixing helps in giving compactness to the body and reduces breakage rate. As a result of these changes the problem of porocity has been completely controlled.

Poisonas (Poisonous) lead oxide glaze has been replaced by borosilicate glaze. The advantages of borosilicate glaze are that it gives clear shining to the body and does not cause cracking. It was found that the present oxide colours are not only expensive but also their availability is limited. Therefore, serious attempts were made to make available cheap colours which are readily available and also different shades in each colour. This has eliminated the drudgery and delay involved in the preparation of their (entrepreneurs) own colours.

EARLIER, DUE TO DEFECTIVE heating systems there were twin problems of smoke effect and heavy breakage which are inter-related as both of them occur during final firing only. These defects are caused because the artisans operate the kiln without any measuring instruments and exercise little control over the firing rates. An analysis showed that the bigger pieces were prone to heavy damage. Some of the specific ideas to control these problems were identified as follows :

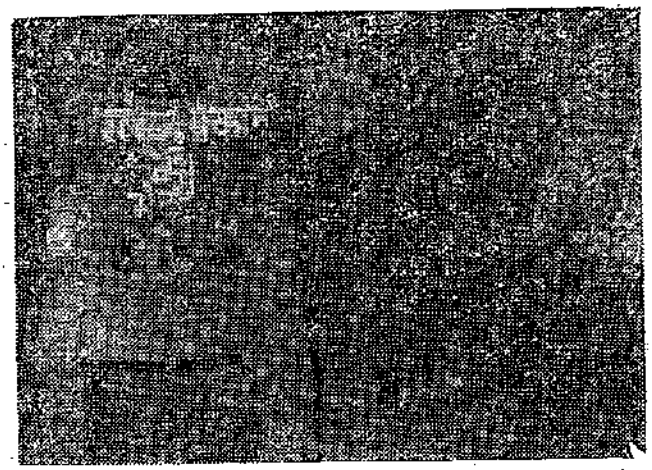
(a) use of thermo-couple during the firing of the kiln;

(b) uniform inspection of holes with proper fittings;

(c) peripherical opening between side wall and the hearth should be made uniform;

(d) the fireman should try to maintain the fires at both the ends; and

(e) the fire wood used for firing these kiln, varied in size and length. Size from 3" thickness to logs of 12" thickness were commonly used. This variation affects the firing rate. It is recommended to use firewood of 3-4" thickness as far as possible with the length of the wood as 1-2 feet. This also helps in controlling burning rate.



Traditional domestic kiln for burning the raw pots.

directly assist and support the rural industries programmes of Tilonia. We believe any rural industries programme in isolation is not likely to be economically viable or socially acceptable in the long run. Quite apart from the fact that rural artisans face numerous problems in the procurement of raw materials, improved tools, good quality products, timely credit and an assured marketing outlet, we must not forget that they are also farmers for a couple of months, they are fathers who also have to think of their women and children and their welfare and the family as a unit needs to have the basic human minimum needs—water, housing, health facilities, clothes to wear and freedom from hunger and fear. More than the tangible development that we always insist on is the intangible support that we have never been able to give.

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The intangible support that is essential needs a great deal of preparation and it cannot be provided overnight. At the outset it is necessary that we start thinking of rural industries as a part of the larger package instead of the compartmentalised way we are handling it today. The package that we need to provide is basically supposed to cover all his basic needs.

The first serious organised attempt to work with rural artisans was made with support from the State Khadi Board and the Government of Rajasthan in 1974-75. This involved a survey of 17 villages in and around Tilonia and helped us identify some leather workers in Tilonia and Harmara, a village 3 kms from Tilonia. It was the start of a long professional and personal relationship with a group of leather workers in Harmara whose leader Suda Lal took the initiative to diversify their products and start thinking of new ideas, new designs and new technologies. The first few years were a disaster. Their products did not sell, the leather they used was of poor quality and in the monsoons used to be full of fungus. They were hesitant to use the period earmarked for catering to the needs of the village to start experimenting with new products but Suda persevered and now in 1984 the story of Harmara is a success story whichever way you look at it.

In 1977-78 an attempt was made with assistance from the All India Handicrafts Board to identify rural artisans in Silora Block under the scheme of Rural Marketing Centres. It was found that 1290 families were engaged in eight major individual skills in a Block of 110 villages and 3 population of just over 100,000. The skills identified were carpentry, pottery, leather work, handloom weaving, basket making, rope making goldsmithy and blacksmithy. They are to be found in 92 of the 110 villages. An analysis of the data revealed :—

—24 percent of skills employed 65.4 percent of artisans pursuing two skills namely pottery and leather work;

—37.5 percent of the skills employed 25.4 percent of the artisans pursuing three skills namely carpentry, weaving and basket making;

—37.5 percent of the skills employed 9.2 percent of artisans pursuing three skills namely rope making, goldsmithy and blacksmithy.

THE CASTE SYSTEM involving rigorous caste segregation is still strong in the area. The caste occupation relationship is Khati (carpentry), Kumar (pottery), Regar (Leather), Balai and Bhambhi (weaver), Gavaria (rope making), Sunar (goldsmithy), Luhar (blacksmithy). However there are some signs of the caste rigidity breaking up in some cases. There are regars now engaged in carpentry and khatiks (butchers) engaged in weaving. There are Rajput women doing weaving in their homes and families from lower castes taking to traditionally higher caste occupations.

Tilonia has been working primarily with leather workers, weavers and rural women ever since the rural industries programme started in 1974. Most of the artisans have agricultural land. The land holding pattern of the rural artisans surveyed is as below :—

Percentage of land holding families	Landless	0-2 bigahs	2 5 bigahs	5 8 bigahs	8 12 bigahs	above 12 bigahs
	23.3%	—	3.7%	11.8%	26·7%	34·5 %

Tilonia's agricultural development programme of helping scheduled caste farmers who have been allotted land by the Government is concentrated on the artisans who have been identified by the rural industries section. It is an attempt at integrating technical and socio-economic services to support only those families we consider the poorest of the poor. We have found that the number of days the artisans are engaged in a year are gradually decreasing.

Carpentry	148 days in a year
Pottery	173
Leather Work	220
Handloom Weaving	178
Basket Making	182
Rope Making	145
Goldsmithy	200
Blacksmithy	215

There are a number of reasons for this decline of mandays of labour. The one significant reason which evidently we are not prepared to accept is the introduction of power and electricity in villages. In the name of higher productivity and introducing new simple technologies we are actually depriving the poorest rural artisans of a steady market. When electric pumps are installed in the name of increasing productivity, the artisans most affected are leather workers who make traditional leather buckets and the rope makers; when plastic shoes and glasses are seen in the villages we do not stop to think that we have actually deprived potters out of a market and leather workers who made shoes for the village; when powerlooms are seen in villages so that cheaper cloth is made for the rural rich and the urban population we may pay little attention to the fact that the most hit are going to be the weavers, the artisans sweating away in handlooms and pit looms, whose only alternative seems to be to migrate to cities, live in slums and work as daily labourers. The study on the Impact of Rural Electrification conducted by the PEO of the Planning Commission says as much but we have spawned monsters in the form of State Electricity Boards that we have to live with.

Tilonia's policy always has been to see that the maximum number of artisans spread over the Block they need at the minimum possible are reached with the sort of assistance time period. Thus by 1981 within a radius of 20 kms to Tilonia leather workers' families were contacted and provided support in the villages of Tilonia (2 families), Bandersindri (1) Harmara (30) Relavta (6), Chota Narena (5) Karkeri (1) Amarpura (1) and Raghunathpura (1). The assistance included technical and professional skills in the areas of design, improvement of tools, tanning leather, quality control and training in supplementary skills. As a result of this input leather families increased their working days by at least 5 days in a month. Similarly the number of weavers whom we reached were located in the following villages, Tilonia (9 families) Phaloda (1) Kadampura (1) Khandach (1) Harmara (13) and Buharu (2). In Chota Narena some weavers were trained in punja durries. In Village Morda 8 families by making punja durries managed to increase their income of Rs. 12 per day for men and Rs. 7 for women, 5 families in basket making were assisted in Salemabad and one family making toys in Kotri 60 kms from Tilonia, 3 Harijan families were given orders for baskets in Kotri. In totality by last count Tilonia is working with over 250 women who have been trained in some supplementary skills under TRYSEM and are earning between Rs. 7-Rs. 10 per day as part time wage by making items for sale without moving out of their homes. For the first time since we started the rural industries programme in Tilonia the effort has become self supporting.

CONCEPTUALLY THERE IS NOTHING BEING NEW about what is happening in Tilonia. What is in fact new is that we are managing to practice what we preach. As a result of which there are interesting innovations in the programme that would be worth sharing.

We like to think that the success of the rural industries programme is largely due to our efforts at integrating it with other programmes. Hand pumps have been installed for safe drinking water where rural artisans and their families are having to do without this basic need or have to fetch it from over 2 kms. In this direction more than 200 hand pumps have been installed for scheduled caste communities. The children of these rural artisans go to one of the 30 evening schools being run for drop out children where over 1500 children attend every night; the wives of these artisans are given additional skills under TRYSEM

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and receive medical attention on a priority basis during deliveries. Surveys of the families indicating the potential cases for family planning are followed up by the health section; those suffering from TB or need to be innoculated or need to have cataract operations are given attention. Artisan families who have been allotted poor land are given technical assistance so that they can get at least one good crop a year if not two; Loans from banks are arranged not only for tools and raw materials but also for wells, goats, agricultural inputs and sheep.

We call this integration. But for the rural artisan it means *accessibility*. For all round development he needs assistance on many fronts and that assistance should be available to him from one location. We like to think this is what Tilonia has managed to do in a small way.

Most of the illiterate or semi-literate women have had to start their own bank accounts in Tilonia. Their payments are made in cheque not in cash. It is deposited in their accounts where their husbands cannot get hold of it and waste it away in drinking and gambling. This independence has done wonders to their morale and has also, in a very direct and tangible way, emphasised the importance and need for literacy. Unless they know how to sign their names they will not be able to take their money out. More than 200 accounts are in operation.

After much effort 6 women's associations have been formed where work and profits are distributed. Though it is too early to say how effective this group is likely to be, we expect it to become a force to reckon with especially when most of the women are scheduled castes.

The purpose of establishing a Revolving Fund was to increase the income of rural artisans by providing them easy access to credit as and when required; to provide technical and professional inputs like new designs, process of quality control, identification of new markets and selection and promotion of institutional credit schemes; to hold exhibitions where such designs would sell thus generating more income for the rural artisan and show them at the same time marketing techniques; to provide loans to craftmen in areas and activities where the banks would be reluctant to step in without proper security and with proper formalities which meant they would never get the money in time; to see that funds once taken out for a specific purpose was also put back into the general pool so that many more artisans could benefit from this common resource and it would revolve for the purposes mentioned above as many times as possible.

In terms of *actual utilisation* the Revolving Fund has been used for the following purposes:

(a) Handicrafts beneficiaries	300 rural women
(b) Fabric-raw materials	12 weaver families
(c) Printing & Dyeing	6 women
(d) Leather	20 families
(e) Equipment	15 women sewing machines. 3 women-handlooms
(f) Seeds & Fertilisers	2 weaver families
(g) Training	145 trainees—men and women.

The amounts are usually withdrawn for (i) raw materials, (ii) labour, (iii) purchase of equipment, (iv) designer's costs, (v) training and (vi) agricultural inputs during the season. But there have also been *bad debts* where rural artisans are not able to pay back. The Harmara Cooperative took a loan for the construction of their 200 sq. ft. building where they contributed their labour. They took a loan of Rs. 40,000 and they have not been able to pay back so far.

"The technology at the expense of social justice leads to exploitation. Technology at the expense of human development leads to inequalities and Tilonia does not want to be a party to this inhuman approach to rural technology."

The recovery has been encouraging. Out of Rs. 2 lakhs in the Revolving Fund 164,043.65 was recovered in 1981 and in 1982 it increased to Rs. 377,842. In 1983 there were indications to support many non-income generating activities of Tilonia meant for the socio-economic development of rural artisans.

IN THE INITIAL PERIOD THERE IS no doubt that the rural artisans need support of all kinds and it is necessary that they have a godfather|godmother or a 'big brother' looking after their interests. But at the same time there should be a move from the very beginning to get them to work together, to get them to start thinking of standing on their own feet, to get them to start forming cooperatives and associations and even plan for failures as a part of the total educational process of the community. During these Various stages of doubt, hesitancy, hostility and shaping of ideas, the function of the big brother should be to be at the background but always be around so that they do not feel neglected, deserted or ignored. For forming such cooperatives there can never be any fixed time plan. This strategy has worked so far in Tilonia. The

Harmara Cooperative possibly the only active leather cooperative in Ajmer District and has acquired a degree of maturity beyond our expectations. They now realise the power they have. They have elected one of the cooperative members on to the Village Panchayat, something they never thought was ever possible in their life time. They have established their own contacts, they do their own marketing and negotiate their own loans with the bank. They even know own contacts, they do their own marketing and negotiment which takes a great deal of practice and experience.

In Bandersindri a leather association has been formed and within the last year 6 more women's associations have been established. Tilonia has now taken a decision that orders for items will be given to the associations, the profits from the sales in exhibitions will be distributed to the associations and not be given individually. This will heighten the importance of the associations and will motivate women to join it for their own self interest and welfare.

ON PRINCIPLE TILONIA will not support any technology that encourages the use of power and electricity. This may limit options, keep production down but at least it will not deprive existing artisans of work. Technology at the expense of social justice leads to development leads to inequalities and Tilonia does not want to be a party to this in human approach to rural technology.

There is a great scope for using ball bearings for potter's wheels, for *chakkis* that women use in homes, for bullock carts that carpenters make and for rope making. This is being tried in Tilonia but not on any significant scale. Low cost housing materials have been used to house handlooms. In the field of communication technology traditional communicators are being trained in how to make better colourful and cheaper glove puppets for them to show in the villages and generate income. The bell that comes with the 'bell tota' made by rural women and sold by the thousands Tilonia used to purchase in bulk for Ajmer. Now village blacksmiths have been identified who could be given some more improved tools to make it. The first one contacted could not make it. Another attempt is being made. If the blacksmiths can make these simple inexpensive bells then it should be possible to give employment to at least half the identified blacksmiths in the Block for 6 months of the year.

Last year some carpenters from nearby villages were called for a training programme in how to make simple aids like crutches and carts for handicapped children. Physiotherapic exercises that need simple wooden structures in the village to exercise hands and legs were needed and we felt the carpenters in the village could make this instead of getting them from outside. Toys for children in balwadis could be made at cost and employment generated.

We must not took on the rural industries programme with blinkers. What is required is an infusion of new ideas to use the knowledge and skills

'We must not look on the rural industries proramme with blinkers. What is required is infusion of new ideas to use the knowledge and skills available in the village.'

There is no point introducing a technology that the artisans themselves do not understand or appreciate—so we have proceeded slowly in this direction. In 1976 because of the high cost of leather, because of the poor and primitive process of tanning which meant underutilisation of hides a scientific process of tanning leather was introduced in Harmara with the help of the Central Leather Research Institute at Rajkot. It reduced the time period, it produced a better smellless product which some started calling 'Brahmin' leather and it was a technology that was immediately accepted since it directly affected their bread and butter source.

In the past some experiments were tried with handlooms made of materials other than wood but after a while it did not catch on so it was discarded. Now it is used for training purposes in the Centre itself.

available in the village. Get carpenters to make handicapped aids for the health programme or toys for the balwadis supported by social welfare or crude wooden boxes for rabbit rearing appears an absurdly simple proposition but we are so compartmentalised in our thinking that it is virtually impossible to make it happen at the village level through the water tight goverment delivery systems. They say their job is not to think but to follow instructions and orders. That is much safer in the long run.

NO VOLUNTARY AGENCY CAN AFFORD to think in terms of doing work in the rural industries section in isolation. Just as the community cannot possibly develop itself without government support, just as the rural industries section programme cannot progress without linkages with health, education, drinking water and agriculture similarly voluntary agencies

cannot be arrogant enough to say they have been successful without government assistance. That is a short sighted policy.

Tilonia's success in the rural industries programme has been largely due to the support we received from Government. It started with the Khadi Board in 1975 and contacts have been developed over the years with a number of agencies :-

(i) The Central Leather Research Institute at Rajkot in Gujarat, which assisted the regars in the scientific process of tanning leather at the village level;

(ii) The District Rural Development Agency (DRDA) Ajmer assisted in the identification and training of rural artisans, under TRYSEM-more than 200 women have been covered in this scheme;

(iii) The All India Handicrafts Board's scheme of Rural Marketing Centres and holding exhibitions for rural artisans and covering their costs, this has, helped immensely;

(iv) The Department of Science and Technology for implementing programme for removal of drudgery of rural women. Many women from artisan families were identified in this project;

(v) The Ministry of Home Affairs for funds, for the installation of hand pumps, for drinking water;

(vi) The Health Department in the State of Rajasthan for giving medicines for the control of TB and giving vaccines in time;

(vii) The Ministry of Rural Development and PADI for the agricultural development programme of developing unused and underutilised land allotted to families below the poverty line. A large number of them are rural artisans.

For the first time in 1984 the rural industries section of SWRC has generated enough income to be self supporting. The income from this section will be ploughed back to support the health and education section, where families of these rural artisans could get the technical and professional services they need.

Much still remains to be done. But we feel we have made a good start and it is in the right direction.

(*Contd. from page* 16)

industry has promoted rural entrepreneurship in Maharashtra. But in a State like U.P. cooperative industry has not made much headway. Similarly, while under 'Operation Flood', dairy industry on cooperative basis is established in several States, the other States have yet to reach the standard of cooperative dairying of Gujarat. As regards processing of other commodities like fruit, vegetable, potato, onion, oilseeds, cotton etc., the potential has hardly been touched. In the absence of fruit processing preservation facilities, it is estimated that 25 percent of the total fruit production goes waste. If we succeed in dotting the rural areas with agro-processing enterprises, we would have taken big strides in total transformation of the rural economy. What we have to do is to link up the process of agricultural development with the process of industrial development in rural areas. What is needed is a steadfast, continuous and organised effort to work out srategies, identify and plan projects, and execute them successfully. In this effort, administration, institutions and the rural people at large have to work together.



Self-employment through rural industrialisation

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With steady increase in the population, the labour force has continued to grow at a fast rate. Though the rate of growth of population has just started to decline, the rate of growth in the labour force probably will be reflecting this trend only after another decade and a half. Till then, according to the author, we will continue to face the collossal task of finding gainful part and full-time employment for the increasing rural labour force.

The author is of the view that the solution to the problem lies in providing self-employment through rural industrialisation. "Self-employment, probably, would continue to be the more permanent and desirable solution to the problem of unemployment and advances promoting self-employment would need to be isolated and strengthened, particularly so when more and more of the unemployed fall into the category of educated, whether in rural or urban areas. One sure means to promote self-sustaining self-employment, which is the key to the solution of unemployment and under-employment in the country, is industrialisation, emphasising small and village industries. More directly a solution could be referred to as rural industrialisation."

We sincerely believe that small industries can help considerably in the economic advancement of the nation. Unemployment presents utmost difficult problem today and the development of the village industries could certainly play a prominent role in solving it.

—Jawaharlal Nehru

THE COUNTRY IS PRESENTLY in a demographic phase in which the rate of growth of population has just started to decline, but the rate of growth in labour force probably will be reflecting this trend only after another decade and a half. The rapid growth in population in the last three decades was the consequence of interference with the nature's process of adjustment of the population to the resources available, or in other words by effecting a decline in mortality rate due to improved health services, conquests of diseases like malaria, cholera, plague, smallpox, etc., and an improved level of satisfaction of basic physical requirements. The combined effect of these factors has been to set off a population explosion.

The population has been steadily growing since 1921 and between 1951 and 1961 the rate of growth was 24.80 percent and this rate of growth continued during the decade 1961-71 but slightly declined in the decade 1971-81, to 24.4 percent, though the expectation was that the rate of growth would have declined to 21.4 percent by 1976. The Sixth Five Year Plan adopted the estimate made by an expert group appointed by the Planning Commission and the projected growth of population for the country was as follows :

Projection of population—1971 to 1996

(Millions)

Period	*Population at the end of the period*	*Rate of growth*
1971-76	609	21·4
1976-81	672	19·7
1981-86	735	17·9
1986-91	799	16·6
1991-96	864	15·6

It could be seen that the actual population according to the 1981 Census (658 million) was not far removed from the projections made. However, the annual rate of growth during 1981-86 is placed at 1.79 percent, at 1.66 percent during 1986-91 and at 1.56 percent during 1991-96. Such steep decline in the rate of growth would depend on a substantial suc-

cess of the family planning efforts and other steps to limit the rate of growth.

One specific feature of growth of population as estimated above is that the age composition of the population will show certain progressive change. This is reflected in the data below :

Age structure of the population 1980-1996
(As on 1st of March)

Age-group	1980	1985	1990	1996
0—4	14·08	12·91	11·96	11·18
5—14	25·59	24·33	22·78	21·32
15—59	54·85	56·02	58·94	50·59
60 plus	5·48	5·84	6·32	6·91
Total	100·00	100·00	100·00	100·00

Source : *Sixth Five Year Plan*, Govt. of India, Planning Commission 1981, p. 20.

The progressive decline in the population below 15 years of age implies a declining dependency ratio, but the steady increase in the age-group 15-59 reflects a trend of steadily increasing number that would be seeking employment.

AT ANY POINT OF TIME the labour force in the economy would depend upon a number of factors. These factors and their influence were brought out in a set of projections of labour force that was accepted by the National Commission on Agriculture. The estimates of labour force under different assumptions are given below :

Labour-force actuals for 1971 and projections for 1986 and 2001 A.D.

[Millions]

Year	*Labour force (excluding child labour)*					
	Projection I		*Projection II*		*Projection III*	
	Total	*Rural*	*Total*	*Rural*	*Total*	*Rural*
1971	170·0	148.4	170·0	148.4	170·0	148.4
	(31.1)	(31.6)	(31.1)	(31.6)	(31.1)	(31.6)
1986	248.0	194.0	257.7	203.7	245.8	191.8
	(33.8)	(34.7)	(35.2)	(36·5)	(33.5)	(34.4)
2001	339.9	249.9	328.9	243.5	334·0	244.0
	(35·9)	(37.4)	(34.8)	(36.5)	(35.3)	(36.6)

Figures in brackets indicate the participation rate.

The assumption underlying these projections are :

1. the overall participation rate of rural labour force will increase, though age-group 15-19 may decline which may be more than offset by the increased female participation and increased participation in the age-group 30-59 as a result of improved medical and health care (Projection I).
2. The participation rates adopted by the Planning Commission in the draft Fifth plan for projecting labour force till 1986 are taken to be constant till 2001 AD (Projection II).
3. The third assumption is that the age-sex specific participation rates observed in 1971 census are taken to be constant till 2001 AD (Projection III).

Sources : The Report of the National Commission on Agriculture, Part 13, Rural Employment and Special Area Programmes, Govt. of India, Ministry of Agriculture and Irrigation, New Delhi, pp. 61-62.

One specific advantage of these projections is that estimate of addition in rural areas are separately given. By 2001 AD that total labour force would increase by 169.9 million, 158.9 million and 164.0 million according to the 1st, second and third projections, respectively. For rural labour force the estimates were 101.9 million, 95.1 million and 95.8 million respectively. Whichever projection is accepted the size of additional labour force appears to be so large that the problem of absorbing them in the gainful occupations requires systematic planning in advance.

It may be recalled here that the NSSO in its 27th and 32nd Rounds adopted a sophisticated method of measuring employment and unemployment in terms of person years and as usual, weekly and daily status. On the basis of usual status the Planning Commission made the following estimates of labour force during 1980-1995. The details are given below :

Projected Labour Force (15-59 age-group)

Year		Male	Female	Total
1980	Rural	130·04	58·51	188·55
	Urban	39·34	9·06	48·40
	Total	169·38	67·57	236·95
1985	Rural	145·16	65·66	216·82
	Urban	46·51	10·89	57·40
	Total	191·67	76·55	268·22
1990	Rural	160·92	73·01	233·93
	Urban	54·77	12·97	67·74
	Total	215·69	85·98	301·67
1995	Rural	176·49	80·27	256·76
	Urban	73·87	15·21	79·08
	Total	240·36	95·48	335·84

Source : *Sixth Five Year Plan* 1980-85, Op. cit. p. 22.

These estimates have an advantage that they throw up data coinciding with the plan periods. It is clear that in the rural areas between 1980 and 1985 the labour force would rise by 28.27 million and the total labour force by 31.27 million, an increase of over 6 million per annum during this period. The above data show that the annual increment in labour force keeps on rising till 1995—at the overall level, increase being 6.2 million for 1980-85, 6.6 million in 1985-90 and 6.83 million in 1990-95.

PROBABLY WE HAVE TODAY a better understanding of the concepts of unemployment and quantification thereof. The NSS adopted three concepts of unemployment viz., usual status, weekly status and daily status. The seasonal unemployment and under-employment are effectively brought out by the weekly status and daily status unemployment. Those represent the average number of person days unemployed per week or per day respectively during the survey period. Usual status on the other hand indicate relatively long-term unemployment often referred to as chronic unemployment and is measured in terms of number of persons. The concept 'daily status unemployment' is considered as more inclusive and significant indicator of the magnitude of unemployment.

Adopting daily status unemployment as the basis of unemployment at the beginning of the Plan, we have a large backlog to be taken care of during the 1980-85 Plan period. To this should be added the net-addition to the labour force during the Plan period. This would give an idea on the total employment that should be generated during the Plan period. The details are given below :

Backlog of unemployment in 1980 and net additional Labour Force during 1980-85

(daily status)

Age-group	Backlog	Net addition	Total
			(Millions)
5 +	20·74	34·24	54·98
15 +	19·77	33·66	53·43
15 — 59	19·17	31·27	50·44

The indication is that at least 50 million jobs should be created during the Plan period to clear the backlog and the net addition to labour force.

AS AGAINST THIS COLLOSAL SIZE of the problem, the Sixth Plan, in the light of the 5.2 percent growth rate perceived, expected an annual growth rate of 4.17 percent in employment, resulting in the addition of 34.279 million person years of employment in

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The Planning Commission estimated the size of unemployment at the start of the Sixth Plan, using the trends revealed by the data from the 32nd Round of NSS data. The results are as given below :

Estimated unemployment in 1980-85

(million per year)

Concept	5+	15+	15-59
Usual status	12·02	11·42	11·31
Weekly status	12·18	11·64	11·36
Daily status	20·74	19·77	19·17

It was noted that the usual status unemployment referred to above, takes into account only the principal activity of the individuals and excludes secondary activity, if any. Of the 12.02 million, 4.19 million were having some gainful subsidiary work.

all the sectors taken together. Past experience showed that at best the rate of growth in employment was about half that of the rate of growth of the economy, which would imply that under most favourable conditions, the rate of growth in employment cannot be more than three percent annually.

We have already seen that the bulk of the additional labour force belong to the rural areas. In planning for employment generation for rural labour force, unemployment among which group is a major factor that explain the size of the population below the poverty line in the rural areas, it is important that some of the special characteristics of the unemployment in rural areas should be borne in mind. In the first place, rural labour force is basically unskilled, the semi-skilled forming only a small fraction. Secondly, the degree of mobility of rural labour force is significantly low, and most of them would like employment

in their own village, or nearby village. Thirdly, a considerable proportion of rural labour force seeking employment is women, another sizable chunk being children. This imposes special problem in finding employment for them. Yet another feature is that the rural labour force, particularly those seeking employment or who are unemployed, belong, predominantly, to the rural labour households. Round 32 of the NSS showed that 26.4 percent of the total population that constituted rural labour households accounted for 54.9 percent of the total unemployment in the country. A tendency noted by the demographers, viz., that the poorer sections grow at a faster rate than the relatively better off sections, further implies that the annual rate of growth among the unemployed poor people is bound to be much higher than the national average figures.

The Sixth Plan recognised the vast potential for creation of additional employment in agricultural sector which accounted for 43 percent of the additional employment generated during the period. The other major contribution to employment generation is expected from the service and other activities, being 33.3 percent. Only after these two sectors do manufacturing appear to be a source of employment, which would provide 16.8 percent of the additional employment during the Plan.

In the framework of the Sixth Plan for generating employing and income the strategy adopted lays emphasis on IRDP, Operation Flood II, development of fish farming, village and small scale industries, NREP/RLEGP, works on environmental sanitation, slum improvement, tree plantation, construction of houses, the other components of minimum needs programme, TRYSEM, and special employment guarantee programmes launched by states. No doubt that employment generated under these and related development programmes would still be far short of the requirements to cover the backlog and net addition to the labour force that would need be given employment.

Self-employment, probably would continue to be the more permanent and desirable solution to the problem of unemployment and advances promoting self-employment would need to be isolated and strengthened, particularly so when more and more of the unemployed fall into the category of educated, whether in rural or in urban areas. One sure means to promote self-sustaining self-employment, which is the key to the solution of unemployment and underemployment in the country, is industrialisation, emphasising small and village industries. More directly the solution could be referred to as rural industrialisation.

FOR THE FIRST TIME the theme of rural industrialisation was spelt out clearly in the Second Five Year Plan, wherein emphasis was placed on providing involvement for infrastructural development, especially through a programme of subsidies. This was not backed up with effective regional planning. During the Third Plan, and the subsequent Annual Plans and the Fourth Five Year Plan a rural industrialisation policy centered round the concepts of rural industrial estates giving a fillip to entrepreneurs to move to the rural location. But it was the industrial policy statement 1977, that gave a definite shape to the comprehensive rural industrialisation policy emphasising reservation for production of certain items to small and cottage industries. The multipurpose district industries centres that were sought to be set up were a definite step forward in rural industrialisation. In the Sixth Plan while retaining the basic approach the emphasis has been on the ISB and TRYSEM components of the IRDP as a source of more employment and income to the rural poor. This emphasis was in line with the avowed policy for eradication of rural poverty. Where the ranks of the poor go on expanding by displaced artisans and craftsman the appropriate approach would be to rehabilitate such people in self-employment ventures taking the best advantage of their basic technical capabilities and where possible by improving them. The Seventh Plan approach paper in this context says : "The traditional skills in the villages and the rural areas and a not inconsiderable part of the services and goods in demand at that level the village blacksmith, the silversmith, the tanner, the cobbler, the potter, the carpenter, the weaver, the Dai and the Vaid, had been omitted in the sweep of development at the grass roots level.....resulting in a widening of rural-urban gap." The skills existing at these base levels will need to be fully developed. For this these people should be exposed to modern techniques in their respective fields through specialised institutions like ITIs.

'It is apparent that for the industrial sector one will have to evolve the counterpart of T and V system of extension now applied in agricultural sector. This and related organisational requirements of rural industrialisation calls for properly trained field staff.'

This emphasis in the approach paper highlights the technical and technological gaps that are becoming wider every-day that ought to be bridged if rural industrialisation is to be successfully achieved and this brings us to the question of the basic requirements that ought to be taken note of for making rural industrialisation a reality. Apart from the appropriate policy formulation at the various levels and its implementation the basic requirements are training, credit, marketing and guidance.

Self-employment through rural industrialisation should be conceived as a poverty alleviation programme and to ensure its success not only should there be training organised on a massive scale but necessary upgrading of technology also be ensured. Technology in its broad sense would include managerial and organisational capabilities as well. All what we have at this stage seems to be only the ITIs to bank upon for this purpose. In view of the massive size of the problem involved it is inevitable that more effective coverage should be provided so that the training can be more universally available and there is an effective rehabilitation and development of human capabilities in the rural areas. Cannot the concept of peoples' polytechnics be revived at this stage to provide the required thrust to upgrade skill in various productive avenues?

Experience in the working of TRYSEM in the past few years has shown that the training facilities provided are inadequate, imperfect and in many cases defective. Post-training follow-up measures needed to establish the trained into self-employment were lacking, with the result most of the ventures failed to take off as studies on the implementation of TRYSEM programme showed. The failure to give the linkages and the essential counselling did adversely affect most of self-employment schemes under IRDP in the past and lessons have to be drawn from such experiences and the defects rectified.

employment units are the basic issues in the matter of credit. Commercial banks and special corporations have come up to help the more attractive areas of investment, while the rural small and cottage industries are still not adequately supported. In the financing of industrialisation the role of specialised agencies which can provide funds for machines, tools, etc. on easy terms can hardly be over-emphasised. Institutions like State Agro-industries corporations, Leather Development Corporation, Handloom Development Corporation, Handicrafts Board, Forest Development Corporation, etc. are only examples in this context. In spite of all these bodies the small man, the less sure ones among them and the beginner are always left out and finance for them do not become easily available. It is in this context that the NABARD should step in a more effective manner, either for direct financing, or for refinancing. Support to these types of people is open to heavy risk and that calls for more competent guidance and technical advice, the financing agency taking a keen interest to contribute to the successful establishment of the schemes and of the beneficiaries. It is in the context of these complex problems of financing rural entrepreneurs that the country should now think of a specialised credit institution rather than to depend on NABARD, for meeting the requirements of rural industrialisation, like National Bank for Rural Industrial Development.

MARKETING PROBLEMS APPEARED to be one of the most intractible problem in the process of promoting self-employment through rural industrialisation. Unlike in agricultural sector, the manufacturing activity depend on a variety of external factors and use of borrowed resources makes it imperative that the marketing facilities should be developed. Marketing in this context should take care of not only the disposal of the final products but also the supply of the basic inputs like raw materials. Marketing also calls for intensive research in demands and tastes and changes therein,

'In the industrial sector favourable employment generation is sought to be realised by allocating the production to the small scale or to medium scale units alongwith an appropriate policy of product and the technology mix, where labour intensive technologies and processes are preferred if productivity is not unduly affected'.

CREDIT FACILITIES IS an essential ingredient in the present strategy to promote self-employment. The agency that provide credit, the type of credit made available, the quantum and terms and conditions for providing credit, linking of some of the essential services with credit and adequate servicing of credit amounting to counselling of the industrial/self-

quality control, packaging, storage, transportation and sales promotion. Such comprehensive coverage of marketing facilities are rarely found in the rural industries sector and that accounts for the relative disadvantages of rural industries, especially when they have to compete with products from the organised sector.

Studies in the experience of implementation of TRYSEM in several states, in the country, revealed that the new beneficiaries need continued guidance and updating of technological capabilities. It is apparent that for the industrial sector one will have to evolve the counterpart of the T and V system of extension now applied in agricultural sector. This and related organisational requirements of rural industrialisation calls for properly trained field staff.

The objective of this paper is not to prescribe remedies for all the ills the rural industrialisation process face in this country. The limited objective of this paper is to focus attention on the feasibility of using rural industrialisation as an instrument to generate employment for poverty alleviation. In the context of the growing labour force and of the mixed economy the policy measures have necessarily to cover not only the direct employment generation in the public sector but also the entire gamut of economic activity in the public, cooperative and private sectors. The scope for absorption in the public sector being limited the policy measures have to emphasise private demand for manpower and its utilisation in all sectors, sectors that would ensure greater multiplier effect, being given more importance. It is in this context that emphasis is placed on self-employment in agriculture, village and small scale industries and allied activities in non-farm occupations.

ANOTHER ESSENTIAL COMPONENT of the policy for employment generation has to be the emphasis on productivity per unit of labour. This is sought to be achieved in agricultural sector by the promotion of irrigation, selective mechanisation, improved cropping pattern, supply of inputs to the small farmers, etc. Such measures would promote employment as well as the productivity of labour. In the industrial sector favourable employment generation of employment is sought to be realised by allocating the production to the small scale or to medium scale units along with an appropriate policy of product and the technology mix, where labour intensive technologies and processes are preferred if productivity is not unduly affected. Continued emphasis on more and more people being employed with higher and higher productivity should be the basic approach for sometime to come. In this context self-employment is particularly relevant, as success in such endeavours mean higher income and more employment and it is in this sector that there is an unending scope for appropriate technology product mix that would ensure rising levels of income and multiplication of employment opportunities in the rural sector itself. Viewing from such an angle rural industrialisation is an imperative and should be ensured at any cost. For this the public institutions should provide assistance by way of training, credit marketing and general guidance. Much would depend, ultimately, on how well the State takes care of these elements that would help to promote rural industrialisation.

NATIONAL RURAL EMPLOYMENT PROGRAMME

PROVIDES JOB OPPORTUNITIES

IN AND NEAR YOUR VILLAGE

Needed : a comprehensive approach to rural industrialisation

P. SRINIVASAN
Freelance Journalist, Madras

According to the author "the village and small industries, taken together, contribute nearly half of total industrial production. The lion's share of this, however, goes to the small scale sector, which is largely mechanised. The handloom industry is next only to agriculture in providing employment, about 10 million persons depend on it for their livelihood. The production target of 4100 million sq. metres of cloth was fixed for the handloom sector under the Sixth Plan, and it is likely to be achieved."

The author says, "Under the Seventh Plan it is proposed to undertake construction projects on a big scale as an employment-generating measure. The manufacturing of construction materials like bricks and fittings by rural artisans can be fitted into these projects. If this is found to be difficult, at least the rural artisans and workers can be recruited and taken to the construction sites. Rural industrialisation need not be confined to carrying industries to rural areas; it can also carry villagers to suitable industries in the nearby towns and cities."

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FOR THE PAST THREE-AND-A-HALF DECADES we have been developing the industrial and tertiary sectors in our country in a planned manner, so that the excessive dependence of our people on agriculture and the resultant poverty are progressively reduced. We have been, at the same time, modernising agriculture also for making it more productive and profitable.

Our industrial policy is different from that of other centrally planned economies in two important respects : (1) Instead of laying too much stress on basic and heavy industries, we give due importance to light industries of all types—large, medium, small and tiny. This enables us to provide employment to more people and to avoid scarcity of consumer goods. (2) Instead of giving monopoly to the public sector, we have given enough scope to private sector so that both sectors add to the prosperity of the country. The relative performance of the two sectors enables us to correct the defects in both, as and when they arise, such as malpractices in the private sector and inefficiency in the public sector.

The importance of cottage industries in our over-populated country was emphasised by Gandhiji during the freedom struggle, and he developed them in an organised manner, without government help and even in the face of government hostility. After Independence, the modern economists, who prepared the five-year plans, recognised the continuing relevance of these industries and allotted more and more State funds for nourishing them. Though the cottage industries might be considered 'inefficient' in modern economic terms, their decline would have rendered millions of people destitute and reduced production and export earnings to a significant extent.

We have so far concerned ourselves with (i) a review of the government programmes and policies aimed at promoting rural industry and (ii) providing an overview of the structure of industry in rural areas. It is clear that the government has taken several specific measures to take industry to rural areas with a view to provide employment to both unemployed and underemployed as well as to contain migration to urban areas. Also both spatial and sectoral aspects have been taken into account in evolving rural industrialisation policies. Besides, other programmes of promoting industry of country-wide nature were initiated which also have had positive impact on rural industry, although indirectly. A survey of the structure of industry revealed the preponderence of household industry in rural areas. Also the traditional sector accounted for more than half of the total output and employment. The modern sector contributed less than 10% output and provided employment to even a smaller percentage. Also over the period, despite many programmes of rural industries, the rural industrial scene apparently has not shown any perceptible change.

In the absence of evaluation studies relating to rural industrialisation policies, it is difficult to indicate precisely to the extent to which this reflects the success or otherwise of Government policies and programmes. But one thing that does stand out is that the various agencies engaged in promoting rural industry have contributed substantially to (i) providing and updating skills of the artisans (ii) effecting improvements in product design, (iii) creasing a new class of entreprenuers from within the rural areas, and (iv) modernising industry through the use of power and improved tools and machines. As a consequence these governmental efforts have gone a long way in enabling the village and artisan-oriented units to adapt themselves to meet new emerging demand arising out of changes in consumer tastes. Also while it is difficult to assess the contribution of these policies towards creating new job opportunities, nevertheless it is very likely that in the absence of these measures many of the traditional units in the rural areas would have found it difficult to survive competition from the urban mill sector.

In conclusion it would be pertinent to mention the results of a study of the Rural Industries Projects Programme by the author at the Institute of Economic Growth, which on the basis of social benefit cost analysis found the programme to be socially beneficial. The study further indicated substantial substitution possibilities between labour and capital. In a region with high wages, a policy of providing capital subsidy, for example, is bound to promote the growth of capital-intensive industries. If employment is the objective, clearly, capital subsidy has no place. However, if the objective is the expansion of modern Small-Scale Industry, we are persuaded to suggest subsidising the use of capital. Basic dilemma highlighted by our analysis is while rural small industry arguably played a key role in developing new skills, it is not clear whether any mechanism exists within the existing policy framework whereby accrual of benefits to the rural areas through these skills could be ensured. Over a period of time some thought will have to be given to this question so that the dilemma may be resolved in a manner consistent with the objectives of rural industrialisation. A third issue which deserves much greater attention than it has received from policy makers so far relates to the viability of demand for the products of rural industries. Underlying the viability of demand is the question of generation of income and its disposition. Serious difficulties may arise from a failure to understand this linkage. Specifically, unless we know how much income is likely to be generated and the associated pattern of expenditure, demand for rural industries cannot be ascertained. For the strategy of rural industrialisation to be a self-sustaining one, policies may have to be evolved to strengthen the linkages.

"Why rural small industry arguably played a key role in developing new skills, it is not clear whether any mechanism exists within the existing policy frame-work, whereby accrual of benefits to the rural areas through these skills could be ensured."



Smt. Mohsina Kidwai inaugurating the conference of the State Ministers of Rural Development in New Delhi, on September 4, 1984. Also seen in the photograph are the Finance Minister, Shri Pranab Mukherjee, the Minister for Agriculture, Rao Birendra Singh and the Minister of State for Science and Technology, Shri Shivraj V. Patil

The Father of our nation, said "India lives in its villages." His cherished desire was that the quality of life in the villages should be the same, if not better than that of urban habitations. He also felt that the village people should not only be self-sufficient and self-reliant but they should fully participate in matters of their own development. We have, therefore, to do every thing possible for realising the dreams of providing better quality of life to the village people all over the country and this has to be done with a sense of utmost urgency and dedication.

The architect of modern India, Pandit Jawaharlal Nehru, had realised the importance of community development in rural areas and that is why he laid so much emphasis on this programme. His memorable words regarding this programme are still of great relevance. I quote "I have no doubt that in spite of all that has happened, and our numerous slips, the Community Development scheme has changed and is changing the face of rural India. And that is more important in the final analysis than any number of factories."

*On rural development, therefore, depends the development of this country. More than 70 percent people live in rural areas and a large number of them are below the poverty line. 37 years have passed since the country gained Independence. Looking at the rural scenario, one however feels that not much has been achieved so far. There is no doubt that, of late, lot of efforts have been made in this direction. We have, therefore, to analyse the factors responsible for not achieving the objectives fully and to find out ways as to how we can overcome the difficulties and hasten the pace of rural development in the country.**

*From her speech while inaugurating the conference of State Ministers of Rural Development in New Delhi. The full text of the speech appears in the next issue.

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'I am sure everyone will remember this old man one day when it is realized that India has no alternative except to develop village industries. Any government formed by any party—Congress, Socialist or Communist—will be forced to accept this truth. We do not realize this today, but we shall realize it after we stumble in our attempt to compete with America or Russia.'

—Mahatma Gandhi

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Needed : a comprehensive approach to rural industrialisation

P. SRINIVASAN
Freelance Journalist, Madras

According to the author "the village and small industries, taken together, contribute nearly half of total industrial production. The lion's share of this, however, goes to the small scale sector which is largely mechanised. The handloom industry is next only to agriculture in providing employment, about 10 million persons depend on it for their livelihood. The production target of 4100 million sq. metres of cloth was fixed for the handloom sector under the Sixth Plan, and it is likely to be achieved."

The author says, "Under the Seventh Plan it is proposed to undertake construction projects on a big scale as an employment-generating measure. The manufacturing of construction materials like bricks and fittings by rural artisans can be fitted into these projects. If this is found to be difficult, at least the rural artisans and workers can be recruited and taken to the construction sites. Rural industrialisation need not be confined to carrying industries to rural areas; it can also carry villagers to suitable industries in the nearby towns and cities."

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Our industrial policy is different from that of other centrally planned economies in two important respects : (1) Instead of laying too much stress on basic and heavy industries, we give due importance to light industries of all types—large, medium, small and tiny. This enables us to provide employment to more people and to avoid scarcity of consumer goods. (2) Instead of giving monopoly to the public sector, we have given enough scope to private sector so that both sectors add to the prosperity of the country. The relative performance of the two sectors enables us to correct the defects in both, as and when they arise, such as malpractices in the private sector and inefficiency in the public sector.

The importance of cottage industries in our over-populated country was emphasised by Gandhiji during the freedom struggle, and he developed them in an organised manner, without government help and even in the face of government hostility. After Independence, the modern economists, who prepared the five-year plans, recognised the continuing relevance of these industries and allotted more and more State funds for nourishing them. Though the cottage industries might be considered 'inefficient' in modern economic terms, their decline would have rendered millions of people destitute and reduced production and export earnings to a significant extent.

The village and small industries, taken together, contribute nearly half of total industrial production. (Of course, the lion's share of this belongs to the small scale sector, which is largely mechanised.) The handloom industry is next only to agriculture in providing employment, about 10 million persons depend on it for their livelihood. A production target of 4100 million sq. metres of cloth was fixed for the handloom sector under the Sixth Plan, and it is likely to be achieved. Handloom exports increased to about Rs. 3309 million in 1982-83 as compared to Rs. 116 million in 1967-68.

Though khadi and handloom industries have made considerable progress in terms of production and sales, they continue to face periodical problems of shortage of raw materials and accumulation of stocks. They are also permanently dependent on government's subsidy. Further, they are not able to absorb all the available weavers, with the result many have to abandon their traditional occupation and seek other sources of livelihood. For example, a large number of former weavers from Tamil Nadu are working as domestic servants in cities like Delhi. The shortage of yarn can be overcome by establishing more cooperative spinning mills. The recent government schemes to set up yarn banks in various regions will also relieve this shortage. But the need for subsidy may continue for a long time since the handloom cannot compete with the organised mill sector, and in recent years, the power looms have become a worse menace to the handlooms. The new Bill introduced in the parliament to reserve certain varieties of cloth for the handlooms and to award stringent punishment to erring powerloom owners can help the former on a long-term leases. But it may be difficult to enforce its provisions effectively, in view of the ubiquitous dispersal of the powerlooms, the devious methods of their operators and the weaknesses of the inspecting staff.

On the whole, the khadi and handloom are not "growth" industries and their future will depend on their capacity to satisfy sophisticated customers in India and abroad with their unique individuality and innovative designs. The persistence of the handloom silk saree industry shows the superiority of individuality in designs to the mass-produced varieties. Yet it will be difficult for the handloom sector to withstand modernism in the long run. By establishing more spinning mills and powerlooms in the comparative sector, with employment in them restricted to former handloom weavers, and by discouraging new additions to the number of weavers, the switchover to modernism can be made less painful.

THERE IS, ON THE OTHER HAND, scope for the continued growth of handicrafts. Formerly they were in a miserable condition, many crafts facing extinction. Thanks to the steps taken by the government through the All India Handicrafts Board, the production and sales of handicrafts have increased phenomenally. They provide employment to more than two million persons. The exports of handicrafts, which were negligible before planning, increased to about Rs. 11790 million in 1981-82 and to about Rs. 13620 million in 1982-83. The sales can be further increased to the visiting tourists and in the newly rich countries of West Asia and North Africa. More creative artists should be associated with the craftsmen for constantly innovating the designs and motifs while retraining the traditional roots.

Products of big factories and mechanised small industries have been replacing those of rural artisans and household industries. For example, factory-made farm implements have adversely affected the occupation of village blacksmiths. To compensate this loss they should be trained to repair and maintain modern agricultural equipment and should be helped to set up small workshops for the purpose. Similarly, hand-pounding of rice, *chakki* grinding of wheat flour and oil crushing by *ghanis* have been replaced by machines. (Though these hand-made products are still being sold in khadi emporia, they are only of symbolic value and cannot compensate the loss of work to a large number of rural men and women.) While this process may be unavoidable and irreversible, it can be turned into the advantage of villagers, if cooperative rice and flour mills and oil-crushers are set up in the villages. In fact, small units for semi-processing many farm

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products can be established in rural areas. This will also enable the agriculturists to profitably invest their surplus money. This may not be a difficult task since even bigger factories for producing fertilisers and sugar have been established in the cooperative sector by farmers.

Under the Operation Flood project dairy farming is fast spreading in the rural areas as a lucrative subsidiary occupation. But this mostly consists of collecting milk at odd hours from the villages and rushing it to the urban centres for processing. If small chilling centres and creameries are set up for clusters of villages these products can be preserved for longer duration and the villages can get some new industries. Depots for the supply of cattle feed, including nutrients, can also be set up in such clusters.

There is a growing market in urban centres for poultry products. At present most of the big poultry farms are located in urban and suburban areas, while the rural households breed only a handful of birds. Medium-size cooperative poultry farms can be organised in rural areas, with common facilities for collecting, transporting and marketing their products. Piggery, which has a growing export market can also be developed on modern lines in the rural areas.

workers can be recruited and taken to the construction sites. Rural industrialisation need not be confined to carrying industries to rural areas; it can also carry villagers to suitable industries in the nearby towns and cities.

In recent years the prices of some factory-made products like washing soap, leather sandals, etc., have become prohibitive, and cottage industries are able to make and sell them at cheaper rates. Apart from the khadi emporia, individual artisans are also selling these items in the cities. The workers engaged in rural development work can advise the village craftsment like cobblers to take advantage of such opportunities.

In fact, the extension of modern facilities like electricity, roads, bus and truck transport, communications, education, etc., to rural areas, has made it possible to disperse many consumer industries in them. Electricity, for example, has been extended to 56 percent of villages by 1982-83 and is likely to cover 62 percent by 1984-85. So far this energy has been mainly used in running pumpsets; it can also be used for industrial purposes. Many of the educated persons, including technicians, have rural origins, and at least some of them will stay in the villages if they can get jobs there. Further, the national scheme—

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THERE IS EVER-INCREASING DEMAND for wooden fittings for the new housing colonies in urban areas; furniture is also in great demand. While the rural carpenters are without sufficient work, their urban counterparts are earning a lot of money, and many of them even emigrate to West Asian countries on contract basis. The fittings and furniture can be made at cheaper rates in the villages and transported to the nearby towns. Since most of the housing projects are undertaken by government agencies and cooperative societies it may not be difficult to have contractual links with them if rural artisans are organised into cooperatives. Similarly, there is an insatiable demand for bricks in urban areas and a large number of villagers can be engaged in brick-making. Under the Seventh Plan it is proposed to undertake construction projects on a big scale as an employment generating measure. The manufacturing of construction materials like bricks and fittings by rural artisans can be fitted into these projects. If this found to be difficult, at least the rural artisans and

Training of Rural Youth for self-employment (TRYSEM) has been training and equipping thousands of rural youth in modern occupations. Therefore, there may not be any paucity of technical personnel for rural industrialisation. In countries like Japan, Denmark and the Netherlands big industries form out many of their activities to the decentralised sector, even down to family units.

In our own country, the match industry in Sivakasi area of Tamil Nadu and the beedi rolling industry in parts of Tamil Nadu, Kerala, Karnataka and Maharashtra show how the cheap rural labour force can be used in modern industries, to the benefit of both the villagers and the entrepreneurs.

THANKS TO THE VARIOUS INCENTIVES provided by the Government, a large number of small industries have been springing up in the country in the past few years. But the mortality rate among them is also quite high. This is mainly due to the lack of markets

for their products, which should have been foreseen before starting the units. Under the new scheme of District Industrial Centres about 395 centres with 3,08,000 new units, including a large number of artisan-oriented units, are said to have been set up till last year. They were expected to provide employment opportunities for about 9.57 lakh persons. It is too early to say how these units are faring. But in view of the past experience of small industries, one can assert that dispersed industries can be successful only if they are comprehensively planned —from means of production to marketing facilities—and if they are coordinated at state and national levels. If the units are set up just to fulfil targets they may not be able to thrive well. Regarding this scheme and yet another scheme for establishing industries in 'No-industry' regions, sufficient care should be taken about the viability of the units. Geographical justice should not result in starting uneconomical units. It will be better to move the workers of such regions to the industries in other areas than to start high-cost units in those regions. After all our labour force has always been mobile, both within and outside the country, as can be seen in the Indian settlements from Guyana in the West to the Fiji Islands in the East.

In conclusion, some of the necessary ingredients of successful rural industrialisation may be briefly stated as follows: (1) The industry should be based on locally available resources. (2) There should be rural-urban, local-national, and, wherever possible, even foreign trade, linkages. The concept of "village republics" is no longer valid. (3) There should be comprehensive planning, especially with regard to the availability of ready markets. (4) There should be a nation-wide organisation, with separate sections for each product or group of products which are produced in the rural industrial sector. The existing organisations like the Khadi and Village Industries Board, Handlooms Board and Handicrafts Board can be utilised for the products which they are already handling. (5) Uptodate technology should be used so that the industrial units can be competitive; obsolete technologies should not be adopted in the name of "appropriate technology" etc. (6) While the government may provide necessary benefits, the units should be set up on a cooperative basis or through individual enterprise, and not by government departments.

(*Contd. from page* 31)

At present, some 10 women are being trained in the pilot project. Work on the construction of a building to house the mini-bakery is in progress and orders have been placed for the required simple machines. This unit is expected to start production soon. Measures are under way to start a Training Centre for villagers in Sericulture at Kankapura. Orders have been placed to procure mechanical gadgets for extracting fibre from sisal and making ropes from them. In the whole scheme the approach is to help the people reap the benefits of new technology so that their skill results in better products and better returns.

THE PEOPLE'S ORGANISATIONS viz., "Grameena Abhivriddhi Samsthe" set up in each hobli will bear the major responsibility for production, supply of raw materials, improving skills and local marketing. AIRD in cooperation with these institutions will also assist isolated individual artisans in improving their skills. It will also look after marketing of surplus. What AIRD has envisaged is a strategy for integrated development. It is laying emphasis on development education, people's consultation, self-reliance and replicability.

What it is aiming at is to evolve an alternative model based on people's own ideas. Obviously, one institution or even a few institutions or for that matter, even the government alone with all its resources cannot do everything in a vast country like ours. The model which AIRD is trying to evolve is an experiment which, it has reasons to believe, will succeed because it is based on people's own determination and will to help and develop themselves. It is for others to see, if it can be replicated in other areas.

Poverty alleviation through rural industrialisation

K. V. BHANUJAN
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According to the author, "The age-old technology used in village industries like pottery, tannery, expulsion of oil, weaving, carpet making and other crafts should be improved, redesigned and reorganised by evolving appropriate technology. A dangerous development is that the big units based on modern technology are superseding these units in production of these items."

The author adds "The strategy to develop these traditional industries has to be radically revised injecting a new life based on modern scientific methods including technology, product selection and design as well as appropriate manufacture and marketing."

> *The villagers should develop such a high degree of skill that articles prepared by them will command a ready market outside. When our villages are fully developed, there will be no dearth in them of men and women with high degree of skill and artistic talent. There will be village poets, village artists, village architects, linguists and research workers. In short, there will be nothing in life worth having which will not be in villages! Today, the villages are barren and desolate and are like dungheaps. Tomorrow, they will be like beautiful gardens and it would be difficult to deceive the people there.*
>
> *—Mahatma Gandhi*

REMOVAL OF POVERTY and reduction of inequality have been the main concern of successive Five Year Plans in India. Not only the Government but also those out of Government have been swearing by the poor. A number of schemes and programmes have been implemented for the amelioration of the condition of the poor. Yet as one looks at the poverty scenario in the country, one has to admit that the attempts so far have been fragmentary and the achievements short of what was aimed at. Is it because our schemes are not effective or is it because there are too many schemes going around leading to overlapping and confusion? The question also arises whether basic requirements of an integrated anti-poverty programme have not been put into a coordinated mosaic? Thematically we have been strident because a progressive reduction in the incidence of poverty and unemployment, improving the quality of life of the people, strengthening the re-distributive bias of public policies and services in favour of the poor and a progressive reduction of regional disparities have been stated as the major objectives of the Sixth plan. Specifically the following three major instruments for relieving rural poverty have been included in the Sixth plan :

1. Resource transfer and income generating programme for the rural poor.
2. Special area development programme; and
3. Work programmes for creation of supplementary employment opportunities.

It is expected that the basic thrust in poverty alleviation during the Seventh Plan will continue to base on the strategy devised for the Sixth Plan. The question is what modifications and improvements in this basic strategy will be needed during the Seventh Plan to consolidate the gains on the one side and to accelerate the programme on the other. It is stipulated in the

approach to the Seventh Five Year Plan prepared by the Planning Commission that the "guiding principle of perspective of the Seventh Plan should continue to be growth, equity, social justice, self-reliance and productivity. There must be assured focus on employment and poverty alleviation. This will help people to stand on their own foot and work with self-confidence and self-respect which is essential for ensuring their participation in developmental task. However, employment can be sustained only if it is productive and on a comprehensive basis." Hence, the Seventh Plan strategy aims to generate productive employment through increase in sectoral activities and through measures to make the rural development programme more effective in the growth of productive assets, through the expansion of labour incentive constructional activities for providing housing, roads, social infrastructures, etc.

The emphasis laid on integrating the various components of the rural development efforts is a timely step, because a host of programmes useful in themselves, but being implemented without effective coordination will lead to overlapping and duplication. Mere transfer of asset will not achieve the result of poverty alleviation unless the back up and infrastructural support needed to the successful management of the assets are provided. The IRDP which is now an individual-oriented programme will have to be therefore conceived as the main plank of a network of activities. This is especially so in the case of enterprises of village and cottage industries sector. These programmes should be implemented with close linkages as far as possible with the development in the field of infrastructure such as roads and other infrastructure required for growth of small scale enterprises.

them above the poverty line. The efforts so far have been mainly concentrated in primary sectors like minor irrigation, agriculture, animal husbandry and allied activities. However, it should be realised that though substantial income generating and employment opportunities could be created through agriculture and allied programmes, the solution to the rural poverty on a sustained basis is in the diversification of activities by which it will be possible to divert more rural poor from farm to non-farm sector. TRYSEM (National Programme) for Training of Rural Youth for Self-Employment was initiated in August 1979. The main thrust of the scheme is on equipping rural youth with the necessary skills and technology to enable them to seek self-employment. After expansion of IRD Programme in the entire country, TRYSEM has been integrated into the IRD Programme.

It has been envisaged that as we go along during the 6th Plan there will be a shift of emphasis to the Industry Services and Service Sector in selecting the project for the beneficiaries. The Corporate Sector was also expected to play a significant role in realising this shift. While considerable achievements in this regard could be noticed, for the future, we will have to plan for large network of project and service industry to come up in rural areas. This should be essentially small ventures providing self-employment. Small investment, simple technology and quick return have to be the norms for such units. This involves development of entrepreneurship among the rural poor. In the first instance, technical skills relevant to the rural areas have to be transmitted on a massive scale to the rural youth. All the inputs required to set up such ventures have also to be arranged. For the success of this programme, the development of the training infrastructure as well as

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IT IS ENVISAGED THAT by the end of Seventh Plan, the percentage of people below the poverty line would be less than 23% and by the end of the Eighth Plan around 10%. The question is whether the present strategy and programmes have the inherent capability for achieving this goal. While larger investments of course is the main requirement for this purpose, a lot depends upon identifying more and more productive activities which the poor can undertake on a massive scale and realise an income which will raise

marketing infrastructure is very necessary. The establishment of Vocational Training Centre and other method for updating the existing skills and imparting new skills to the village artisans and craftsmen has to be undertaken on a large scale.

THE RURAL INDUSTRIALISATION PROGRAMME should lay emphasis on development of village and cottage industries, which can create large scale employment at low capital cost. They will be an important

tool in dispersing industrial locations to rural side. These industries which today depend mainly on traditional technology are facing decay gradually. The age-old technology used in village industries like pottery, tannery, expulsion of oil, weaving, carpet-making and other crafts should be improved, re-designed and re-organised by evolving appropriate technology. A dangerous development is that the big units based on modern technology are superseding these units in production of these items. The strategy to develop these traditional industries has to be radically revised injecting a new life based on modern scientific methods including technology, product selection and design as well as appropriate manufacture and marketing. A large net work of industries with low capital investment and improved technologies should be developed in the rural areas.

successful management would be higher than what is called for in managing agricultural projects, and so, it is necessary to carry out the required exercise to identify the correct beneficiaries and impart them with training before replication of the projects. Unless this is done, it is quite likely that the same kind of project will be repeated to a large number of beneficiaries thereby resulting in diseconomies and glut.

For the successful rural industrial development, it should be realised that the rural industrial development is an integral part of other sectors of rural life. Therefore, the policy towards this should take a total view which will include the removal of legal restraints, redesigning of physical measures and introduction of technical skills. An integrated approach should provide also for marketing research and development

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What is called for is a revised and enlarged strategy for rural industrialisation. Opportunities for rural industries may include manufacturing, processing, servicing and constructing. In addition to providing employment and income, and hence effective demand, rural industries can also make a significant contribution to the supply of basic needs for rural communities. In several areas, for many living below the poverty line, rural industrial development may be the only opportunity to come above the poverty line. The question is to be considered on a regional basis, depending upon the resource inventory of the area rather than on a strait-jacket method which will aim at standardization. The project for rural industrialisation should take into consideration the local inputs and markets. Based upon the local possibility after detailed investigation, the resources and the market should be identified and the poor beneficiaries should be associated right from the beginning in project formulation for Integrated Rural Development. In the industrial ventures, the level of expertise needed for the services, technical services, training programme, extension services and infrastructural support.

LASTLY, IT SHOULD BE REALISED that while very small units could be run in all rural areas, concentration of industrial activity in growth centres is unavoidable in any industrial dispersal strategy. Growth centres let off ripples of economic activities around them. Here what is required is to see that the rural hinterland of the growth centres take advantage of the industrial activity. Identifying the requirements for taking advantages of the spread effect of industrial development to the rural areas, by appropriate linkages, should receive systematic attention in this regard. Such linkages may include transport and communication and captive training programmes. A growth centre should not remain as an island of prosperity, but should act as a focal point for development of a cluster of villages and this would be responsible only if the linkages are identified and developed.

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Required : an integrated approach to rural industrialisation*

S. P. VISHNOI
Joint Secretary (IRD) Ministry of Rural Development

"The problems of rural artisans and others, who are in the rural industrial and cottage and village industries sectors, are yet to be solved satisfactorily. "In-spite of sustained attention and efforts, through the successive plan periods, the progress in the rural industrial sector has been slow", says the author.

And adds, "The administrative set-up which is evidently weak must be strengthened by the creation of new or restructuring of present specialised institutions to take care of the various rural artisans. There must be convergence of efforts at the delivery point. The administrative set-up must be responsive and sensitive to the needs of the target group."

> *The task before every lover of the country is how to prevent the decay or, which is the same thing, how to reconstruct the villages of India so that it may be easy for anyone to live in them as it is supposed to be in the cities.*
>
> *—Mahatma Gandhi*

THE PROBLEM OF PROVIDING EMPLOYMENT to dispersed rural population served by poor infra-structural facilities has been receiving constant attention of the planners and the Government. Persons, who basically depend on agriculture, animal husbandry and allied sectors have, to a large extent, been benefited by the developments in those fields, both in this country and outside. However, the problems of rural artisans and others, who are in the rural industrial and cottage and village industries sectors, are yet to be solved satisfactorily. In spite of sustained attention and efforts, through the successive plan periods, the progress in the rural industrial sector has been slow. The reasons for this slow progress are complex. There are many interacting factors. It is an extremely vast and varied sector which has different characteristics depending on not only the socio economic but also historical and other factors. The rural industrial sector in any State requires not a generalised thrust as has been the policy so far, but specific attention and specially designed package of programmes related to its own characteristics. Past policies have at best achieved uneven success. It is obvious for any such package to be developed and implemented, there has to be a detailed survey, adequate data base and indepth analysis. Unfortunately, these are conspicuous by their absence in respect of the rural industrial sector in most of the states.

Rural industries are characterised by wide dispersal of their production, decentralised action, use of family labour and dependence on local produce and also

* Views contained in this article do not necessarily reflect the view point of the Ministry of Rural Development.

local markets. Rural artisans are often semi-skilled or possess degraded skills and depend on obsolete technology and use of old or obsolete tools. Their products often suffer from distinct disadvantages related to quality and durability. These face competition not only from machine produced goods but also from products of small industries sector located in semi-urban areas. Surprisingly, there is no statutory or specific definition of the rural industrial sector. These broadly include traditional or non-traditonal cottage and village industries. Various policy pronouncements

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ncluding the material incorporated in the plan documents when read together give in fair idea of the so-alled rural industrial sector. The absence of definition has adversely affected this sector inasmuch as he persons working in it have not been able to fully enefit from the various facilities provided by the Government for them. It seems absolutely necessary hat the rural industrial sector be clearly defined and here should be a specific demarcation of activities. Government has in the past given many financial ncentives and other preferential treatment both in espect of supply of essential commodities including redit and purchase of products. Unless and until he production sphere is clearly reserved and the proosed incentives and facilities specifically earmarked nd quantified, there is always a danger of those being iphoned off by others.

THE VERY DIVERSITY OF this sector and varying characteristics have meant efforts being made by many different departments and agencies for the welfare f rural artisans in different areas. There is an mperative need to rationalise the policies in respect f this sector and to ensure convergence of efforts. his should be followed by greater cooperation and oordination between the various agencies presently perating for the betterment of the rural artisans. ome of these specialised agencies (viz. Khadi and illage Industries Commission, Handloom Board, etc.) ave served the target group in different areas xtremely well. This experience should be utilised. An tegrated approach should be adopted and implemend by specialised institutions. It is not necessary at new specialised institutions should be set up for e various sub-sectors in the rural industrial sector. fact, some of the important sub-sectors are already ing served by specialised institutions. Their activities d organisational set up could be reviewed and recast, if need be, to bring the concerned sub-sector in close focus. As for the remaining sub-sectors, which need attention, depending on the local situation a new specialised institution may be set up or one of the present institutions strengthened or restructured to serve the target group. The pattern of working of such institutions has fairly stabilised viz. centralised direction, strong organisational set-up and constant interaction with the target group. They should take care of supply of various inputs including credit and technology, training and marketing, etc.

Inputs supply arrangements should include supply of raw material and controlled commodities. These efforts of the specialised institutes would be based on optimal use of the local resources, man, material and natural. In fact, they should adopt an integrated approach in respect of the supply of various inputs. They may maintain raw material banks and operate an effective system for the flow of raw material to the performers in the rural industrial sector. Quite often these do not reach the genuine producers adversely affecting the entire process. The arrangements would have to be adequately tied up with adequate flow of credit.

In respect of credit, the basic job would be to ensure that earmarked credit facilities and concessions do flow to the target group. The special needs of the rural artisan have to be appreciated. A major part of his requirements relates to the acquisition of raw material and inputs. A small part may be needed for acquisition of technologies and equipment. His need for consumption credit is often overlooked. It should be the responsibility of the specialised institutions to secure and pass on to the target group composite credit so as to take care of the financial needs of the target group.

IN RESPECT OF TECHNOLOGY, the institutions should be the medium for identification and transfer of appropriate technology. This technology may be the adoption or adaption of any prevailing small, medium or large technologies or a mix of the same. The identified technology could also be the revival of a traditional technology or the continuation or variation of a present technology in the same or in different areas. In any case, it should be responsibilty of the specialised institutions to get these identified, having regard to the needs and organise the transfer of the same to the target group. This process may require

investment of substantial funds. It may not be feasible for the specialised institutions alone to set apart such funds from their own resources in the beginning and naturally it should be the responsibility of the Government to earmark funds for the research, development and transfer of technologies. This would be perhaps one of the most difficult tasks which the specialised institutions would be required to undertake. The process of transfer of technologies from lab to the field is a difficult task and needs sustained efforts by a set of devoted persons. The technologies must not only be fully appreciated and absorbed by the target group but these must also be fully integrated in the current processes as well as in the socio-economic set-up of the area.

In fact, the institutions would be expected to take over the traditional role of the middlemen without its exploitative features. It must be appreciated that rural artisans are weak and have a weak bargaining power in respect of these inputs.

Apart from a basic orientation of the rural artisans in respect of the various development programmes and their rights and duties under the same, there is need for a regular training programme for them to upgrade their present skills or to acquire new ones. They have traditionally depended on non-formal learning by repetitive use and work without appreciating the basic principles. This training or acquisition of skill is also related to their tools and equipments which may be absolete or degraded. In the context of new appropriate technologies, there would be an urgent need for a massive specially designed training programme, which would succeed only if these institutions or the concerned departments took necessary interest. Greater use should be made of TRYSEM.

MARKETING OF THE RURAL industrial products has been one of the difficult areas. Quite often the relative success of certain rural sub-sectors in the elite or urban markets or the foreign or export markets distorts the picture causing undue emphasis to be laid on producing items for those. Millions of the rural artisans are involved in this sector and produce exceptionally large number and variety of products which may defy categorisation and standardisation. These cannot easily face the fierce competition from machine-produced items. The marketing of such industrial products is assisted not only by mass media blitz but also by massive networks spread all over. For the rural industrial products, the local rural and semi urban markets should be the basic target. The rural industrial sector would have to essentially depend on these markets so as to confer the benefit of large turnover on its artisans. It must, of course, constantly strive to capture whatever urban and foreign markets it can for traditional and other products, but its salvation would lie basically in it regaining its rightful place, in the rural and semi-urban markets. The rural artisans would need advice for better appreciation of market trends. They would have to be assisted in securing bulk orders and executing it in a timely manner. During periods of sluggish demand, these institutions may have to arrange for storage and temporary credit, etc. etc. It may be essential for the Government while reserving certain industrial activities for exclusive production by the rural industrial units, to create a suitable mechanism and implement some effective scheme which would materially reduce if not eliminate, the availability of competing alternative machine-produced items in the rural markets. It may hurt some small unit sector but in the larger interest it has to be done. There may be even losses in the operation of the proposed institutions. The Government should be prepared to underwrite these.

FOR IMPLEMENTING SUCH AN integrated approach it would be essential that the political commitment given so far to the welfare of the rural industrial artisans is continued. The administrative set-up which is evidently weak must be strengthened by the creation of new restructuring of present specialised institutions to take care of the various rural artisans. There must be convergence of efforts at the delivery point. The administrative set-up must be responsive and sensitive to the needs of the target group. The latter must be motivated to have greater faith in their abilities to regain their rightful share of the market. If they can organise themselves and create a powerful lobby, they same can protect their interest better. There is no reason why this should not succeed. However, for each area and each of the rural industrial product, the integrated thrust has to be specifically worked and wherever possible, these efforts and activities aggregated on geographical, product or any other rational basis.

"Unless and until the production sphere is clearly reserved and the proposed incentives and facilities specifically earmarked and quantified, there is always a danger of those being siphoned off by others."

Rural industry in India : need, policies and prospects

DEVENDRA B. GUPTA

Professor, Institute of Economic Growth, Delhi

The author says, "Apart from the numerous steps itiated by the Government to assist traditional indus- to 'survive' competition from modern sector, the tting up of District Industries Centres can be termed perhaps a momentous decision towards rural dustrialisation."

And adds "It is now time to evaluate the function- g of these centres and to take such measures as ould ensure their success. It would indeed be a pity they were to meet with the same fate as the Rural dustries Projects Programme."

The responsibility to disseminate scientific knowledge and technical know-how in rural areas devolves on the scientists and the technologists. The villages must receive the benefit of the scientific advancement.

—Acharya Vinoba Bhave

DURING THE COURSE OF planned development in India a number of programmes aimed at promoting rural industries have been sponsored by both the State and Union Governments. Among the important ones, mention may be made of (i) Village artisan-oriented programmes, (ii) Village and Khadi Industries Programme, (iii) Pilot Projects (small scale industries) under the Community Development Programme, (iv) Rural Industries Programme, (v) Rural Industrial Estates, and (vi) District Industries Centres. The main focus of these programmes has been to provide the existing and potential entrepreneurs with various incentives and facilities to overcome some of the problems specific to industry in rural areas. These have generally consisted in providing (i) assistance to overcome shortage of capital, skilled labour and raw materials, and (ii) adequate infrastructural facilities.

The rationale of these programmes is to be sought in the limits to the absorption of labour by agriculture in the long-run and the increasing importance of non-farm activities in the process of rapid rural development. In fact, the rural industries account for a sizeable proportion of both employment and output of the non-farm sector in not just India (where for example, the share of manufacturing employment in total non-farm employment, excluding mining and quarrying, in rural India is nearly 40 per cent) but in several other densely populated, developing economies. In the context of the increasing pressure of population on land in rural areas and its manifestation in underemployment, the abject poverty of the rural masses, unending flow of migrants from rural to urban areas, etc., a strategy of rural industrialisation which seeks to exploit the interdependence between agriculture and industry assumes vital role.

Rural industries are not only capable of better utilising relatively abundant locally available resources but can also help in modernising agriculture through provision of certain inputs (e.g. farm equipment and machinery such as forks, levellers and threshers). The state inevitably has a crucial role to play in this not only as an 'investor' in terms of creating infrastructure and providing credits but also in offering technical, marketing and other forms of assistance. Implicit in this strategy is the shift in emphasis from redistribution of income alone to questions relating to ensuring a larger participation of economically weaker sections in rural investment, as well, over time. In the Indian context, the following specific considerations appear important : availability of economic and social infrastructure, manual and entrepreneurial skills, investible resources, various inputs including machinery and equipment, marketing facilities, and an efficient development administration.

'The basic purpose of various Government measures for the development of village industries was to provide encouragement to village artisans to produce goods with improved design and quality through the use of more modern techniques of productions.'

BEFORE REVIEWING governmental policies aimed at stimulating industry in rural areas, an overview of the structure of manufacturing industries in rural India is provided. Since, at present, there is hardly any reliable data available on regular basis for the unorganised manufacturing sector, which dominates the industrial scene in the rural areas, in what follows, we present a brief account of the structure of manufacturing industries using mainly the data on industrial establishments collected decennially by the Registrar General of Census Operations, and the 29th round of the National Sample Survey data relating to the unorganised manufacturing sector.

In 1960-61*, total number of workshops and factories in India was 2.4 million out of which 1.69 million (or 70.4%) were located in rural areas. Also they provided a total employment to nearly 25.23 million workers of which 16.94 million were in rural areas. It may be interesting to point out that out of a total of 1.69 million rural units, 1.57 million were single person or 2-5 persons establishments employing 9.24 million workers.

Also only about 1.22 per cent of the rural establishments used electricity; this percentage being 14 for urban establishments.

The total number of establishments increased from 2.4 million in 1961 to 3.48 million in 1971, a rise of 1.08 million or 45%. No corresponding figures are available as yet for 1981. Out of 3.48 million manufacturing establishments, 2.27 million (or 65%) were located in rural areas.

An analysis of the data available on the volume of employment for 1971 shows that while there were over 98% of the rural establishments in the unorganised sector (comprising household industry and unregistered enterprises) they offered employment only to about 70 per cent of the rural industrial workers. Some results of the 1981 Census are also available now. They show that in rural areas the number of persons employed in the household industry were 40,81,689 when compared to 60,58,938 in the non-household manufacturing sector.

Manufacturing, Processing or Servicing Establishments by type 1971

Total		Registered Factories	Unregistered Factories	Household Industries	Percentage units to total units		
					Registered	Unregistered	Household
3,484,042	Total	89,238	13,14,750	20,80,054	2·56	37·74	59·70
	Rural	35,658 (39·96)	5,45,960 (41.53)	16,85,846 (81.05)	1·57	24·08	74·35
	Urban	53,580	7,68,790	3,94,208	4·41	63·19	32·40

(Figures within brackets indicate percent number of rural units to the total.)

SOURCE : Registrar General *Establishment Tables* Census of India 1971, Series 1-India, Part III-B (i)

Also about 40 percent of the total main workers in rural areas were engaged in household industry. The corresponding percentage in urban areas is nearly 16.7. They do not include marginal workers, and hence not comparable with the 1971 figures. The corresponding number of marginal workers in household and non-household industries, respectively, are 680748 and 405645.

The 1961 and 1971 census figures relating to employment are not strictly comparable because of the differences in the concept of the worker used in these two censuses. However some attempts have been made to make them comparable. These studies show that employment in the rural household industry sector experienced a decline of 1.6 percent per annum during 1961–71, while the non-household rural industry indicated an increase of 4.1 percent per annum in the same period, suggesting an eventual demise of traditional manufacturing sector despite protection and support given to it. One obvious policy implication for the cause of rural industrialisation is that on one hand the decline of household industry is to be checked, and on the other, efforts have to be made to step up the growth of non-household manufacturing sector so that the latter can absorb the surplus labour from agriculture, as well as the labour displaced from the household industry sector. Later we will see how various government programmes and policies have contributed to achieving the goal of rural industrialisation.

SOME FURTHER IDEA ABOUT the structure of rural industries in rural areas is provided by the results of the 29th round of the National Sample Survey relating to the unregistered sector in manufacturing. An added advantage of this survey is the availability of data on output and capital. The following table gives the number of estimated enterprises and workers.

The estimated number of enterprises and workers in the unregistered sector 1974-75

	Rural	Urban	Share of rural in total
(i) Estimated number of enterprises	64,92,078	23,17,708	73·69
(ii) Estimated number of workers	115,55,899	47,53,031	70·86
(iii) Workers per enterprises	1·78	2·05	—

Source : Gupta D. B., Rural Industry in India : The Experience of the Punjab Region, Hindustan Publishing Corporation, Delhi, 1982, P. 29.

It would be seen that nearly 73.7 percent of the enterprises were located in rural areas and employed 70.9 percent of the rural workers. Also the average number of workers in the rural establishments was lower than in the urban ones.

According to the data collected in the 29th round of the National Sample Survey, the following are indicated as major industries (that is, those industries whose share in the enterprises is more than 5 percent) : Textile Products; wood, cork and products; other manufacturing industries; food products; cotton textiles; beverages and tobacco products; non-metallic mineral products; wood, bamboo and cane furniture; edible oil, tea processing, and coffee curing. But their ranking gets somewhat altered when we analyse their shares in employment and output. For example, while the percent of enterprises engaged in cotton textile was 8.92, they offered employment to 12.63 percent of the workers. Similarly 'other manufacturing' industries offered employment to 3.63 percent of the workers while their share in rural enterprises was 11.20 per cent. On the other hand, 'other repairing enterprises' (2.1%) offered employment to 11.62 percent of workers and on the average required a fixed capital of Rs. 320 per worker. In terms of share of output to total output, food products; cotton textiles: edible oil, tea processing, coffee curing etc; textile products; wood, cork and products; and non-metallic mineral products; appeared to be important activities.

Some indicators of industry in rural India
(Based on 29th round of National Sample Survey)

Industry Group	Percentage Enterprises	Percentage No. of workers to total worker	Share of Output to total output	Fixed capital per worker (in rupees)	Value added per worker (in rupees)	Share of value added in total Value Added (in Rs.)
	Rural	Rural	Rural	Rural	Rural	Rural
1 2	3	4	5	6	7	8
1.1 food products	10.52	11.95	20.0	973·63	960·19	13.11
1.2 edible oil, tea Processing, coffee curing, etc.	6.35	6.38	9.6	344.38	1498.87	10.93
1.3 beverages and tobacco products	8.50	8.93	6.6	20.43	719·35	7.34
1.4 cotton textiles	8·92	12·63	14·4	157·37	655.77	9.47

1	2	3	4	5	6	7	8
1·5	wool, silk and synthetic fibre textiles	1.07	1.47	1.0	87.65	583·95	0.98
1.6	jute, hemp and mesta textiles	0.49	0.45	0.1	30.30	332.92	0.17
1.7	textile products	14.93	13.33	8.7	179.11	706·96	10.76
1.8	footwear except rubber footwear	2.83	2.03	2.3	68.50	881.10	2.04
1·9	leather, leather and fur products (other than footwear)	0.50	0.41	0.5	44.21	929.25	0.44
1.10	wood, cork and proudcts	12.61	11.47	8.3	101.24	814.28	10.67
1.11	wood, bamboo and cane furniture	6.53	5.98	4.3	96.91	714.81	4.88
1.12	paper and products	0.05	0.06	0.1	26.97	1297.67	0.09
1.13	printing, publishing and allied industries	0.03	0.04	0.1	2416.59	3419.83	0.18
1.14	rubber, plastic and products	0.66	0.67	2·9	151.11	4849.44	3.76
1·15	petroleum and coal products	0.009	0.01	0.01	—	792·34	0.01
1.16	chemical and products	0.74	0.79	1·5	330.85	2012·02	1·88
1·17	non-metallic m ineral products	8.38	9.61	6.4	38.91	647.29	7.10
1·18	basic metal and alloys industries	0.32	0.32	0.3	201.12	1011.29	0.37
1.19	metal products and parts	2.15	1.94	1.8	181.13	1003.14	2.22
1.20	machinery, machine tools and parts	3.41	2.90	2·5	266.88	985·43	3·27
1·21	electrical machinery and parts	0.02	2.02	0.0	816·56	1753·84	0.04
1.22	transport equipments and parts	0.14	0.13	0.1	167.66	1133·53	0.18
1.23	other manufacturing industries	11.20	3.63	3·9	208·49	982·35	4·08
1.24	repair of footwear and other leather goods	2·46	1·63	0·9	47·00	656·41	1·22
1.25	electrical repair shops	0·12	0·09	0·1	647·48	1927·33	0·21
1.26	repair of motorvehicles and motor cycles	0.12	0.12	0.3	707·73	2612·15	0·38
1.27	repair of watches, clocks and jewellery	0·46	0·30	0·3	229·05	1237·60	0·43
1.28	repair of bicycles and cycle rickshaws	1·25	0·93	1·0	1226·51	1300.00	1·38
1.29	other repairing enterprises	2·10	11·62	1·6	320·43	1228·46	2·28
1.30	manufacture and repair services (total)						

Source : Rural industry in India—The Experience of the Punjab Region—D.B. Gupta, Institute of Economic Growth, Occasional Papers; New Series No. 7, (Table A. 1 to A. 5, A.8)

WE NOW PROVIDE A BRIEF DESCRIPTION of some major government initiatives under various plans to promote industry in rural areas. The initial phase of this could be traced back to the First Five Year Plan itself when a number of specialised Boards and Commissions were set up to rehabilitate and develop handicrafts and village industries. Thus in 1953, by a statutory act of government, a Khadi and Village Industries Board (KVIB) was created. It was designed to revitalise and redevelop basically manual crafts and trades that had long been traditionally carried on in rural communities but had declined under the impact of modern factory production. The main focus of the activities of the board is on training of artisans and supervisory personnel, extension of assistance in the form of loans and grants including loans at low rate of interests and subsidies, procurement of raw materials, and marketing of products. The Board also provides subsidies to boost the sale of Khadi. Additionally it has initiated several measures for evolving improved techniques for various traditional village industries. In 1977-78 Khadi and Village Industries employed nearly 24 million persons mostly on part-time basis, produced goods worth nearly Rs. 260 million and their wage bill was around Rs. 81 crores. Apart from, KVIB, mention may also be made of programmes relating to the development of handicrafts, sericulture, coir and handloom industry. The basic purpose of various government measures, for the development of village industries was to provide encouragement to village artisans to produce goods with improved design and quality through the use of more modern techniques of production. Consequently the main content of these schemes consists in providing training in various trades, acquainting the craftsmen with improved techniques, supplying raw material and subsidised tools and equipment, and marketing of products. However, it appears that rural industrialisation was not an overriding or even an important policy objective of planning and Small-Scale and Village Industries were seen merely as a part of a strategy for agro-industrial transformation of villages. There were, of course, references in the plans to unbalanced occupational structure and large-scale unemployment in rural areas. But the plan allocations for this purpose were comparatively meagre. During First Plan, for instance, a provision of only Rs. 270 million was made for cottage and Small-Scale Industries when compared to Rs. 3270 million in heavy industry. Out of Rs. 3270 million, outlay in the public sector was a mere Rs. 940 million thus severely restricting Government's ability to influence location. A further evidence of the lack of attention given to locational aspects is provided by the fact that most industrial estates got located in and around the urban areas, thus limiting employment opportunities to rural population. The second plan referring to the 1956 Industry Policy Resolution

emphasised that in order "that industrialisation may benefit the economy of the country as a whole it is important that disparities in the level of development between regions should be progressively reduced". Accordingly the second plan considered rural industries as an integral component of the national economy and, by setting up 26 pilot industrial Projects, a spatial dimension was given to programmes of development of rural and small industry. The percentage of total outlay on village and small-scale industries rose from 1.3% in the first plan to 4.1% in the second plan. But the allocation to large industries (including minerals) increased from 6.3% to 14.4%. While in the first two plans the emphasis was on decentralisation, both third and fourth plans took into acount the locational aspects as well. The general approach was to avoid further concentration of industrial activity in those areas where considerable development had already taken place or was planned (third plan). The approach of the second plan was followed up in the third plan with the formulation of Rural Industries Projects Programme on a pilot basis in 49 selected districts which were formerly poor and backward (later during the fifth plan extended to 111 districts). The programme aimed at intensive development of small industries in the rural areas. This was done with a view to achieve balanced regional development and reduce the tendency towards concentration of industry in large cities. It was indeed the first comprehensive programme whose main aim was to promote modern small industry in rural areas through provision of a package of assistance. Also for the first time, an attempt was made to integrated sectoral policies with an area development approach., The programme was wound up since its progress was not considered sufficiently encouraging by the Planning Commission. Another consideration for winding up the programme was perhaps the feeling that it did not help much in mitigating industrial concentration in large cities. With a view to reversing the trend towards industrial concentration in large cities, the fourth plan heralded an era of concessional finance and liberal aid for industrial decentralisation in rural areas. The plan also recognised the need for generating non-farm employment opportunities in the rural areas, and consequently increased the total outlay for village and small industries to Rs. 293 crores, an increase of nearly 11% over the third plan. During this plan, the Backward Area Development Programme was also adopted from which rural industries located in these areas could also benefit. Two components of importance were a programme for the improvement of traditional production techniques and the development of agro-based industries. Keeping the basic thrust of the policy during the fourth plan in respect of this sector, the total outlay was increased to Rs. 510 crores in the fifth plan. Some important measures initiated during the plan included increasing the number of reserved items for KVIC, extending the criteria of reservation to cottage industries sector, stressing the need for strengthening facilities of product standardization, quality control, marketing survey, purchase preference, concessional finance, development of technology and measures to curb urban industrialisation. With a view to integrate spatial development and sectoral policies the fifth plan also saw the setting-up of District Industries Centres to cover all aspects of rural industrialisation. These centres were set up to serve as focal points for all industrial activities from the small-scale down to the tiny village and cottage industries. District is kept as the focal point so that the entreprenuer needs to visit the district headquarters alone for all his requirements. The sixth plan saw a further substantial increase in the outlay on small industry. This was as much as Rs. 1780 crores against an outlay or Rs. 510 crores in the previous plan. Among other things, the plan emphasised on improvement in the levels of production and earnings, particularly of the artisans. The approach paper to the Seventh Five-Year Plan also recognises the importance of village and small industries in terms of employment, output and exports. To achieve this a number of measures have been suggested which include R & D efforts; products improvement etc. It also reitrates the need for dispersing industry away from urban concentration.

'It appears that rural industrialisation was not an overriding or even an important policy objective of planning and small-scale and village industries were seen merely as a part of a strategy for agro-industrial transformation of villages.'

IN SUMMARY, THE PRECEDING discussion testifies to the increasing importance assigned to rural industry in India's economic development. (i) Apart from the numerous steps initiated by the Government to assist traditional industry to 'survive' competition from modern sector, the setting up of District Industries Centres can be termed as perhaps a momentous decision towards rural industrialisation.

(ii) And indeed it is now time to evaluate the functioning of these Centres and to take such measures as would ensure their success. It would indeed be a pity if they were to meet with the same fate as the Rural Industries Projects Programme.

We have so far concerned ourselves with (i) a review of the government programmes and policies aimed at promoting rural industry and (ii) providing an overview of the structure of industry in rural areas. It is clear that the government has taken several specific measures to take industry to rural areas with a view to provide employment to both unemployed and underemployed as well as to contain migration to urban areas. Also both spatial and sectoral aspects have been taken into account in evolving rural industrialisation policies. Besides, other programmes of promoting industry of country-wide nature were initiated which also have had positive impact on rural industry, although indirectly. A survey of the structure of industry revealed the preponderence of household industry in rural areas. Also the traditional sector accounted for more than half of the total output and employment. The modern sector contributed less than 10% output and provided employment to even a smaller percentage. Also over the period, despite many programmes of rural industries, the rural industrial scene apparently has not shown any perceptible change.

In the absence of evaluation studies relating to rural industrialisation policies, it is difficult to indicate precisely to the extent to which this reflects the success or otherwise of Government policies and programmes. But one thing that does stand out is that the various agencies engaged in promoting rural industry have contributed substantially to (i) providing and updating skills of the artisans (ii) effecting improvements in product design, (iii) creasing a new class of entreprenuers from within the rural areas, and (iv) modernising industry through the use of power and improved tools and machines. As a consequence these governmental efforts have gone a long way in enabling the village and artisan-oriented units to adapt themselves to meet new emerging demand arising out of changes in consumer tastes. Also while it is difficult to assess the contribution of these policies towards creating new job opportunities, nevertheless it is very likely that in the absence of these measures many of the traditional units in the rural areas would have found it difficult to survive competition from the urban mill sector.

In conclusion it would be pertinent to mention the results of a study of the Rural Industries Projects Programme by the author at the Institute of Economic Growth, which on the basis of social benefit cost analysis found the programme to be socially beneficial. The study further indicated substantial substitution possibilities between labour and capital. In a region with high wages, a policy of providing capital subsidy, for example, is bound to promote the growth of capital-intensive industries. If employment is the objective, clearly, capital subsidy has no place. However, if the objective is the expansion of modern Small-Scale Industry, we are persuaded to suggest subsidising the use of capital. Basic dilemma highlighted by our analysis is while rural small industry arguably played a key role in developing new skills, it is not clear whether any mechanism exists within the existing policy framework whereby accrual of benefits to the rural areas through these skills could be ensured. Over a period of time some thought will have to be given to this question so that the dilemma may be resolved in a manner consistent with the objectives of rural industrialisation. A third issue which deserves much greater attention than it has received from policy makers so far relates to the viability of demand for the products of rural industries. Underlying the viability of demand is the question of generation of income and its disposition. Serious difficulties may arise from a failure to understand this linkage. Specifically, unless we know how much income is likely to be generated and the associated pattern of expenditure, demand for rural industries cannot be ascertained. For the strategy of rural industrialisation to be a self-sustaining one, policies may have to be evolved to strengthen the linkages.

"Why rural small industry arguably played a key role in developing new skills, it is not clear whether any mechanism exists within the existing policy frame-work, whereby accrual of benefits to the rural areas through these skills could be ensured."



Smt. Mohsina Kidwai inaugurating the conference of the State Ministers of Rural Development in New Delhi, on September 4, 1984. Also seen in the photograph are the Finance Minister, Shri Pranab Mukherjee, the Minister for Agriculture, Rao Birendra Singh and the Minister of State for Science and Technology, Shri Shivraj V. Patil

The Father of our nation, said "India lives in its villages." His cherished desire was that the quality of life in the villages should be the same, if not better than that of urban habitations. He also felt that the village people should not only be self-sufficient and self-reliant but they should fully participate in matters of their own development. We have, therefore, to do every thing possible for realising the dreams of providing better quality of life to the village people all over the country and this has to be done with a sense of utmost urgency and dedication.

The architect of modern India, Pandit Jawaharlal Nehru, had realised the importance of community development in rural areas and that is why he laid so much emphasis on this programme. His memorable words regarding this programme are still of great relevance. I quote "I have no doubt that in spite of all that has happened, and our numerous slips, the Community Development scheme has changed and is changing the face of rural India. And that is more important in the final analysis than any number of factories."

*On rural development, therefore, depends the development of this country. More than 70 percent people live in rural areas and a large number of them are below the poverty line. 37 years have passed since the country gained Independence. Looking at the rural scenario, one however feels that not much has been achieved so far. There is no doubt that, of late, lot of efforts have been made in this direction. We have, therefore, to analyse the factors responsible for not achieving the objectives fully and to find out ways as to how we can overcome the difficulties and hasten the pace of rural development in the country.**

*From her speech while inaugurating the conference of State Ministers of Rural Development in New Delhi. The full text of the speech appears in the next issue.

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'I am sure everyone will remember this old man one day when it is realized that India has no alternative except to develop village industries. Any government formed by any party—Congress, Socialist or Communist—will be forced to accept this truth. We do not realize this today, but we shall realize it after we stumble in our attempt to compete with America or Russia.'

—Mahatma Gandhi

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