

**REPORT OF THE WORKING GROUP
ON
KHADI AND VILLAGE INDUSTRIES**



सत्यमेव जयते

September 1964

**MINISTRY OF LAW AND SOCIAL SECURITY
DEPARTMENT OF SOCIAL SECURITY
Government of India, New Delhi**

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Dr. B. Ramakrishna Rao

Member of Parliament

(Rajya Sabha)

New Delhi

Dt. Sept. 19, 1964

My dear Shri Ashoke Sen,

The Government of India in the Ministry of Industry appointed a Working Group on Khadi and Village Industries in August 1963. I had the privilege of being its Chairman. Our labours have now been concluded and I am happy to submit herewith the report of the Working Group. May I express on behalf of my colleagues and myself our gratitude to the Government of India for having given us this opportunity to be of service to them.

Our report is unanimous.

With regards,

Yours sincerely,

B. Ramakrishna Rao

Shri Ashoke Sen,
Minister for Law & Social Security,
Government of India,
Department of Social Security,
Udyog Bhavan,
New Delhi.

Dr. B. Ramakrishna Rao
Member of Parliament
(Rajya Sabha)

New Delhi
Dt. Sept. 19, 1964

My dear Shri Dhebar,

The Government of India in the Ministry of Industry appointed a Working Group on Khadi and Village Industries in August 1963. I had the privilege of being its Chairman. Our labours have not been concluded and I have submitted on behalf of the Working Group the report to the Minister for Law and Social Security. I am glad to enclose a copy of the same for your information.

May I on behalf of the Working Group and myself express our deep sense of gratitude to you, to your colleagues and officers and staff of your Commission for giving us all assistance and help without which it would not have been possible for us to submit this report? We regret that on account of circumstances beyond our control, we could not submit our report earlier.

Our report is unanimous.

With my warm regards,

Yours sincerely

B. Ramakrishna Rao

Shri U. N. Dhebar,
Chairman, Khadi & V. I. Commission,
Gramodaya, Irla Road, Vile Parle,
Bombay-56.

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CHAPTER I

INTRODUCTION

The Government of India in the Ministry of Industry appointed a Working Group on Khadi and Village Industries with the following members in August 1963:

Shri Balvantray Mehta	Chairman
Shri D. K. Kunte	Member
Shri R. S. Hukerikar	Member
Shri Ganga Saran Sinha	Member
Shri T. S. Gokhale	Member
Shri A. K. Karan	Member
Prof. M. L. Dantwala	Member
Shri V. Subramanian, Chief Executive Officer, Khadi and Village Industries Commission	Convener

1.2 Shri Balvantray Mehta regretted his inability to continue as Chairman on account of his appointment as Chief Minister of Gujarat. In his place Dr. B. Ramakrishna Rao, M.P., was appointed Chairman on 10 October 1963. Shri R. S. Hukerikar, one of our members unfortunately expired on 2 December 1963, and in his place Shri Vichitra Narain Sharma was appointed on 20 December 1963. Another member, Shri Ganga Saran Sinha, M.P., regretted his inability to continue as a member and in his place Shri P. C. Borooah, M.P. was appointed on 15 January 1964.

The terms of reference of the Group were as follows:

- (i) To make a critical review of the progress of the programmes and schemes of khadi and village industries in the Third Plan period;
- (ii) To assess, in the light of the current trends and other available data, the position likely to be reached at the end of the Third Plan period; and
- (iii) To formulate proposals for the Fourth Plan in the perspective, wherever possible, of a 15-year period i.e. 1966-81.

1.3 The Government of India desired the Working Group to submit a preliminary report by November 1963 containing (i) a provisional list of important projects/schemes which are proposed to be started during the first and second years of the Fourth Plan; (ii) the provision to be made in the annual plan for 1964-65 for advance action in regard to these projects/schemes; and if possible,

(iii) a broad idea of the objectives and tentative targets for the Fourth Plan which the Group may have generally in view.¹ The Group was also expected to submit its final report by March 1964. In its final report the Group was required among other things, to indicate the programmes and projects proposed for inclusion in the Fourth Plan, their conditions, targets, outlays and phases as well as a fairly detailed list of services and training facilities which may have to be provided for khadi and village industries from the other sectors of the economy. The memoranda regarding the appointment of the Working Group are reproduced as Appendix 1 (Volume II) of the report.

1.4 Owing to the changes in the composition of our Group, we could not start our work before October 1963. At our first meeting held on 16 October 1963, therefore, we requested the Government of India to extend the time-limit for the submission of our report upto 31 July 1964. With regard to the submission of a preliminary report we came to the conclusion that on account of (i) the widely scattered activities of the Khadi and Village Industries Commission, (ii) the time that would be involved in even having a very cursory idea about the implementation of the programmes, and (iii) the Khadi and Village Industries Commission having already submitted its budget to the Government for the year 1964-65, it would not only be impossible but would also serve no purpose. We informed the Government of India accordingly.

1.5 In order to elicit information for the purpose of our review we issued a set of questionnaire, for the members of the Khadi and Village Industries Commission and the State Khadi and Village Industries Boards, persons in charge of the khadi institutions, well-known economists as well as prominent social and constructive workers conversant with the problems of rural development and the various directors and departmental heads in charge of the implementation of the programmes of the Commission. Copies of these questionnaire are reproduced as Appendix 2 of this report.

1.6 We held several meetings at different places in the country. We also saw for ourselves the working of many of the State Boards and of some of the registered institutions and cooperative societies implementing the khadi and village industries programmes. We also had discussions with the Chairman and members of the Khadi and Village Industries Commission, the members of the Khadi and Village Industries Board, representatives of the State Governments, State Boards, eminent constructive workers, important officials and

1. Government of India, Ministry of Industry Memorandum No. 22(2)/63-ICC(I) dated 14 August 1963.

distinguished non-officials. We attended by special invitation the meetings of the Khadi and Village Industries Board on a few occasions. We are extremely grateful to all these friends for the indulgence they showed us and the valuable suggestions they made.

1.7 When we attended the meetings of the Khadi and Village Industries Board at Raipur and Wardha on 25 December 1963 and 30 April 1964 respectively we had the benefit of discussions with and guidance from Acharya Vinoba Bhave. In addition, we had two meetings with Shri U. N. Dhebar and his colleagues in the Khadi and Village Industries Commission at which we discussed some of the most important points pertaining to our work in great detail. Shri Dhebar was good enough to explain the Commission's point of view on all important matters in great detail. We are greatly indebted to him. Similarly, we had detailed discussions with Shri Vaikunth L. Mehta, the doyen of the khadi and village industries and co-operative movements. We had also had detailed discussions with Dr. Gyanchand, Prof. D. R. Gadgil and Prof. D. G. Karve on the economic and social aspects of the problem and on the approach to the concept of khadi and village industries and their place in the national economy. We also had discussions with Shri T. N. Singh and Shri Tarlok Singh, members of the Planning Commission, Shri A. W. Sahasrabudhe, Chairman of the Standing Committee of the Rural Industries Planning Committee and Shri S. K. Dey, Union Minister for Community Development, Panchayati Raj and Cooperation. We express our gratitude to all these friends for their invaluable suggestions. The itinerary of our tours and meetings as well as the list of persons and institutions with whom we had discussions and who responded to our questionnaire are at Appendices 3 and 4.

1.8 We must express our deep gratitude to the officers and staff of the Directorate of Economic Research of the Khadi and Village Industries Commission for attending to all our tours, for the collection and the preparation of the material for our discussions and for our report. We have no doubt that but for their expeditious and efficient working it would not have been possible for us to submit our report by the time we have been able to do. We also record our appreciation and gratitude to the authorities of the various State Governments, the State Boards, the State Directors of the Commission and the institutions for making suitable arrangements and giving facilities during our itinerary for the purpose of our enquiry. We must particularly mention with deep appreciation and thanks the indefatigable and strenuous work put in by Shri B. T. Acharya, Deputy Director of Economic Research and Dr. M. S. Rao, Director, Rural Engineering of the Commission whose intimate knowledge of the working of the economic and technical sides of

the Commission's activities has considerably helped us in sifting and understanding the wealth of details comprised in the materials placed before us through the Commission. To Shri V. Subramanian, our Convener, the Working Group owe a deep debt of gratitude for bearing the brunt of the responsibility for the successful completion of the work. As the Chief Executive Officer of the Commission he has had to fulfil simultaneously his strenuous official duties besides acting as the Secretary and a responsible member of the Working Group. While his dual capacity might conceivably have caused him some embarrassment at times, we highly commend the detached outlook which he brought to bear upon his duties and functions as Convener of the Working Group and place on record our sincere appreciation and gratefulness for his hard and laborious work without which the Working Group could not have concluded its work satisfactorily.

CHAPTER II

OBJECTIVES AND APPROACH

The principal aim of all developmental plans is to create conditions and provide opportunities for people "to lead a good life". This would not be possible until the curse of poverty is combated and until the scourge of unemployment is eliminated. Social and economic advance is necessary in order to root out the twin evils of poverty and unemployment. The thread which therefore runs throughout the three five year plans is the advancement socially and economically of the masses of India through democratic and socialistic means. Indeed, Article 43 of the Constitution of India itself provides that the "State shall endeavour to secure.....to all workers, agricultural, industrial or otherwise, work, a living wage, conditions of work ensuring a decent standard of life.....and in particular the State shall endeavour to promote cottage industries on an individual or cooperative basis in rural areas". But, as has been very aptly pointed out by Shri V. L. Mehta "securing the right to work has no value unless steps are taken to see that in our economic setup the right can be exercised by the large numbers who are in search of work".¹

Village and Small Industries in the Three Five Year Plans

2.2 In the First Five Year Plan it was stated that "village industries have a central place in rural development programmes" and that "the development of village industries should therefore be as much a matter of State action as the increase of agricultural production". The Plan also emphasised that the programme of village industries had to be supported by specific measures of assistance and an appropriate State policy. The Second Five Year Plan generally endorsed the objectives set forth by the Village and Small-Scale Industries (Second Five Year Plan) Committee, commonly known as the Karve Committee, which kept three principal aims in view:

- (i) to avoid, as far as possible, during the period of the Second Plan, further technological unemployment such as occurs especially in the traditional village industries;
- (ii) to provide for as large a measure of increased employment as possible during the plan period through different village and small industries; and

1. *Decentralized Economic Development* by V. L. Mehta, Khadi and Village Industries Commission, June 1964, p. 35.

- (iii) to provide the basis for the structure of an essentially decentralised society and also for progressive economic development at a fairly rapid rate.”³

In the Third Five Year Plan it was emphasised that while village and small industries had made a significant contribution in the First and Second Plans in realising the objectives of expanded employment, larger production and more equitable distribution, the larger dimensions of the tasks to be accomplished in the Third Plan would make their role even more important.”³ The role of these industries has been succinctly brought out in the Industrial Policy Resolution of 30 April 1956. It says: “The Government of India would in this context stress the role of cottage, village and small-scale industries in the development of the national economy. In relation to some of the problems that need urgent solution they offer some distinct advantages. They provide immediate large-scale employment; they offer a method of ensuring a more equitable distribution of the national income and they facilitate an effective mobilisation of resources of capital and skill which might otherwise remain unutilised. Some of the problems that unplanned urbanization tends to create may be avoided by the establishment of small centres of industrial production all over the country”.⁴

2.3 On the basis of the development that has taken place during the First and the Second Plans and in the three years of the Third Plan, and in view of the fact that the aims and objectives of economic development must remain essentially the same, we conceive that, by and large, the approach in relation to village and small industries would be more or less the same during the Fourth Plan. We shall elaborate in the succeeding paragraphs the principal objectives of these developmental plans as well as the various facets of the approach to the Fourth Plan. In doing so, we shall no doubt take stock of the achievements so far and the extent to which these objectives have been fulfilled during the last 13 years of planning.

Employment

2.4 The provision of increased opportunities of employment has been one of the prominent objectives of planning. Village and small industries are capable of offering employment opportunities at low capital cost to large numbers of workers at or near their places and are, therefore, an ideal means of achieving this objective. It would follow from this that if the end product of certain develop-

2. Second Five Year Plan, Government of India, Planning Commission, pp. 431-32.
3. Third Five Year Plan, Government of India, Planning Commission, p. 426.
4. Industrial Policy Resolution 1956, Government of India, para 13.

ment measures or schemes of industrialisation is a reduction in employment, such planning would be deleterious and would aggravate the existing situation which is already unfavourable. Consequently, encouragement of village and small industries should be guided by two considerations, the first on the positive side of stepping up of employment opportunities and the second on the negative side of prevention of further reduction in employment opportunities. This objective, of course, cannot be considered in isolation. It has necessarily to be coordinated with the other important objectives such as advancement in technology, improvement in productivity, enhancement of leisure, elimination of drudgery, introducing economy in production costs, rationalisation of overheads in marketing, etc. Over these ten years khadi and village industries have been able to provide employment opportunities to about 2.25 million people. It has been estimated that during the Third Plan, additional employment would be generated for about 14 million people, i.e. 3.5 million in agriculture, and about 10.5 million outside agriculture. Of these estimates, the figure for small industries is 9 lakhs, for construction 23 lakhs, for transport and communications 8.80 lakhs, for forestry and allied services 7.20 lakhs and education 5.90 lakhs. Small industries constitute an important percentage of the total additional employment and therefore we would give pride of place to this objective of providing employment opportunities through village and small industries in the Fourth Plan.

Decentralisation

2.5 Another important objective of planned development is the organisation of industries on a decentralised pattern in order to yield a balance not only of regional growth but also of equitable distribution of the productive resources both in material and men. The emphasis during all the three five year plans has been on the development of small industries on a decentralised basis. Such a pattern helps in diffusion of employment, a more balanced distribution of economic effort and wealth. Above all, the spectacle of monolithic industrial organisations with all their attendant problems of smoke and slums and the springing up of satellite townships feeding on these organisations can be avoided by the growth of decentralised economic activity. Concentration of resources and wealth is also avoided. As has been very aptly pointed out by the Karve Committee:

“The progressive expansion and modernisation of the rural industry can be most economically brought about by the spread of small industrial units along with the necessary services”.⁵

5. Report of the village and Small-Scale Industries (Second Five Year Plan) Committee, (Karve Committee) Government of India, Planning Commission, October 1955, p. 21, para 42.

The decentralised pattern of organisation offers the best method of security for dispersal and expansion in the field of employment. The case for decentralised economic development has been very aptly put by Shri V. L. Mehta in the following words:

“The sociological or political advantages conferred by decentralisation can possibly be better secured otherwise. But where both the objectives (dispersal and expansion of employment) can be achieved and, at the same time, the growth of production can be made to keep pace with the demand for the consumers’ goods concerned and where the pattern of decentralized organisation is such as to make the producer a participant in the productive undertaking, the social advantages should be deemed to outweigh the increase, if any, in the cost of production. The social costs, as a whole, should be the factor that should determine economic policy”.⁶

We completely endorse this view and would recommend as a corollary that the Government should take rigorous steps to prevent concentration of industries in large cities. We agree with the view of the Karve Committee that “the pattern of industrial activity that should gradually emerge is that of a group of villages having its natural industrial and urban centre. These small urban centres will be similarly related to the bigger ones. Thus a pyramid of industry broadbased on a progressive rural economy will be built up”.⁷

Equitable Distribution of Income

2.6 This objective is a corollary of the objective of decentralisation. The objective of planning is to reduce inequalities. As has been pointed out in the Third Five Year Plan, “economic activity must be so organised that the tests of production and growth and those of equitable distribution are equally met”.⁸ Indeed it is “a basic premise in India’s five year plans that, through democracy and widespread public participation, development along socialist lines will secure rapid economic growth and expansion of employment, reduction of disparities in income and wealth, prevention of concentration of economic power and creation of the values and attitudes of a free and equal society”.⁹

Improvements in Technology and Productivity

2.7 One of the main objectives, according to the Third Five

6. V. L. Mehta, *op. cit.*, p. 53.

7. Karve Committee *op. cit.*, p. 22, para 44.

8. Third Five Year Plan, *op. cit.*, p. 9.

9. *Ibid.*

Year Plan, to be kept in view in implementing programmes for village and small industries is "to improve the productivity of the worker and reduce production costs by placing relatively greater emphasis on positive forms of assistance such as improvement of skill, supply of technical advice, better equipment and credit, etc."¹⁰ Stagnation in the rural industrial sector by the continuance of inept and inefficient methods of production, and by the adherence to techniques which are out of date, should be removed. Where existing investments and personnel are capable of efficient and economic production, it might be wiser to utilise them fully rather than incur expenditure on the provision of scarce resources of capital. But where the need of producing a national product more efficiently and economically is imperative and this can be done by negligible or no effect on employment, it becomes the industry's duty to the community to adopt improved techniques for this purpose. While we would emphasise that an appropriate balance between employment and technology should be maintained, we would not suggest any steps in the direction of retardation of improvement in techniques. A mistaken impression seems to have been created in certain quarters that the preservation of antiquated techniques in the village and small industries sector has almost become a dogma with the result that a fossilisation or an ossification of technological growth has arisen. The justification for the continuation of a relatively backward technique can only be the social disadvantages and the consequent unemployment that are likely to be created by the introduction of such techniques. At the same time, we would emphasise the need of a gradual or progressive transition from a relatively backward technique to a relatively forward technique. This was realised by the Karve Committee which has stated that "when new capital investment has to be made, it should be made as far as possible only in improved equipment or where existing equipment is itself capable of being improved by addition or adaptation"¹¹ The Committee also categorically stated that "so long as the improvement is capable of wide adoption in a decentralised system and so long as it has no deleterious effect on employment, its adoption is agreed upon by all". That is why we would advocate as Prof. Gadgil, and as the sub-committee of the Indian National Congress on the implementation of the Bhubaneshwar Resolution on Socialism have advocated "a dynamic approach to the entire problem of technique in rural industries". This dynamic approach is called by the name of

10. Third Five Year Plan, *op. cit.*, p. 431.

11. Karve Committee, *op. cit.* p. 18, para 36.

intermediate technology by some. We would, however, rest content with the expression 'appropriate technology' because technology in our opinion is a changing phase and will always remain in transition as research, experimentation and thought about improvement in techniques are likely to go on all the time.

Use of Power

2.8 In this connection we would refer to the use of power in the domain of khadi and village industries. The Karve Committee has stated that "one of the most important factors in transforming Indian economy into a progressive yet decentralised and cooperative structure is the spread and use of electric power all over the country".¹² So far as the Khadi and Village Industries Commission is concerned, this question has been discussed in very great detail. The Commission has explained that one of the reasons for the "hesitation about the suitability of extending generally the use of power to decentralised production through village industries is the costliness or the unavailability of electric or other mechanical power in outlying areas." The Commission has therefore suggested the exploration of sources for the decentralised generation of power. In keeping with the desire for the improvement of the existing means of production, the Commission has stated that research in these improvements should go on simultaneously with research in the introduction of new equipment. The Commission also desired that the ownership of such power-driven tools should vest in public institutions like cooperative societies, charitable institutions or panchayats and the benefits accruing from the use of power are shared with the artisan concerned by the community as a whole. The Commission was of the view that "use of power for any operation or process under any of the programmes should be encouraged or allowed only on the fulfilment of the following conditions:

- (i) that the object of permitting use of mechanical power will be to raise the level of productivity and thereby to secure an increase in the income of the workers engaged in an occupation or an industry. It will be an additional ground for approval if such use is likely to be helpful in the diffusion of employment; and
- (ii) that such a process is not detrimental to the concept of self-employment and decentralisation of production."¹³

We believe that an adherence to this statement does not at all conflict with the adoption of modern technology and improved pro-

12. Karve Committee, *op. cit.* p. 27, para 48.

13. Statement of Policy issued by the Khadi and Village Industries Commission on 15 February 1962 on use of power in village industries.

cesses. We consider that inhibitions which have prevented the acceptance of an improved level of technology would largely disappear as a result of the acceptance of this new policy by the Commission.

Cooperative Organisation

2.9 One of the terms of reference of the Village and Small-Scale Industries Committee was "that the production and marketing in village and small-scale industries should be organised, in the main, on cooperative lines".¹⁴ Throughout the plans there has been an emphasis on the development of the village and small-scale industries through industrial cooperatives because the cooperative form of organization offers the maximum scope for the development of the individual personality among the self-employed. In the words of the Committee "a steadily expanding federalization of economic life on a decentralised cooperative basis, wherever possible, is to be desired not only for maximising the scope for efficient utilization of human and other resources, but also for making a democratic control of economic life possible. The principle of self-employment is at least as important to a successful democracy as that of self-government".¹⁵

2.10 We are of the view that the basic concept of developing village and small industries through cooperative organization is healthy and should be continued during the Fourth Plan. We have discussed this question at length in Chapters III and IX.

Subsidy and Rebate

2.11 The provision of a rebate on the selling price of khadi enabled the institutions to sell khadi at cost and thus the differential between the price of mill cloth and khadi was reduced to some extent. This naturally helped the customer to go in for khadi. The payment of a subsidy on production or sale was also resorted to in the case of handpounded rice, ghani oil and handmade paper. In regard to the question of the continuance of rebates and subsidies, the Karve Committee stated that "though we are not in favour of initiating new schemes of subsidies, rebates, etc., we realise that generally the measures taken for limitation of production in certain directions make necessary a system of excise duties".¹⁶ In the approach to the Third Five Year Plan, it has been mentioned that one of the main objectives to be kept in view in implementing the programmes for village and small-scale industries in the Third Plan

14. Government of India, Planning Commission, Resolution dated 28 June 1955.

15. Karve Committee, *op. cit.* p. 22, para 45.

16. *Ibid.*, p. 31.

will be "to reduce progressively the role of subsidies, sales rebates and sheltered markets".¹⁷

2.12 We shall examine a little later the measures of State policy for continuing village and small-scale industries, but we are not aware of the basis on which the objective of the Planning Commission about the reduction of the role of subsidies, sales rebates and sheltered markets has been arrived at. It would appear that there is some contradiction in the objective of encouraging village and small-scale industries and the objective of reducing the role of subsidies, sales rebates and sheltered markets, if it is accepted that the village industries employing backward technique and the large-scale industries enjoying the "economies of scale and organisation" have to exist side by side. It has been stated by Shri V. L. Mehta with a great deal of force that the disparity between the price of khadi and mill cloth "is bound to persist so long as in the production of khadi, the numbers finding work are many times those employed in the corresponding processes in cotton textile mills".¹⁸ If as the Planning authorities of the country have decided that in the interest of the national economy the traditional form of manufacture of khadi by hand should not only survive, but may be expanded and developed, the payment of a subsidy is one of the ways of attracting the customers and thereby making the marketing problem easier as part of the programme.

2.13 We have advocated improvement in the levels of technology and productivity in the village and small industries. We have emphasised the need for giving proper training to the artisans in the improved tools and processes. We have suggested gradually the institutionalising of finance to cooperative societies. We have suggested the revision of the patterns of assistance for tools and equipments with a view to generating responsibility in the cooperatives and the artisans. We agree with the views expressed by Prof. Gadgil during his interview with us that a continually subsidised unit of production cannot be a concept of development, since it very decisively defeats the fundamental 'growing character' of a developing economy. At the same time, as we shall see a little later, we must confess that the measures of State policy originally contemplated in the First Plan for the sustenance and growth of the khadi and village and small industries sector have not been enforced to the extent that they ought to have been.

2.14 Since the traditional industries provide substantial employment opportunities and therefore, must be preserved, we are

17. Third Five Year Plan, *op. cit.*, p. 431, para 14.

18. V. L. Mehta, *op. cit.*, p. 91.

afraid that the continuance of the rebate or subsidy for reducing the differential between the price of the village industries products and of the competing small-scale or large-scale industries products is unavoidable unless the entire khadi and village industries programme, as pointed out both by Prof. Karve and Prof. Gadgil, is looked upon as relief and rehabilitation programme for the sustenance on subsistence levels of people, who are engaged in these occupations. We, of course, do not agree with the latter proposition.

State Policy

2.15 The First Five Year Plan mentioned very categorically that "a programme of village industries has to be supported both by specific measures of assistance as well as by appropriate State policy". It went on to state that "wherever a large-scale industry competes with a cottage industry, the appropriate course to adopt would be to try and formulate a common production programme". It also stated that "in addition to a determination of overall conditions of supply and demand, one or more of the following elements may be needed for the common production programme for the small or large-scale industry:

- (i) reservation of spheres of production;
- (ii) non-expansion of the capacity of large-scale industry;
- (iii) imposition of a cess on a large-scale industry;
- (iv) arrangement for the supply of raw materials; and
- (v) co-ordination of research, training, etc.¹⁹

2.16 In accordance with these objectives, a cess was imposed on the mill industry for the benefit of the handloom industry and khadi. The targets for textile production in these three sectors were also fixed. The production programmes of some other large-scale industries were also scrutinised and in some cases such as leather, the expansion in the large-scale sector was frozen. But it would be apparent from the report on the Third Five Year Plan that the support to the idea of common production programme is lukewarm. Prof. Gadgil has rightly bewailed the fact that while "decentralisation with its emphasis on the small-scale industries has been an accepted principle of planning in India, all these 10 years, little effort seems to have been made to operate according to that approach" (formulated by the Karve Committee). He concludes that "as a result, the idea of a common production programme has receded more and more into the background".²⁰ This was also the view expressed at

19. First Five Year Plan, *op. cit.*, pp. 317-318.

20. Quoted from V. L. Mehta, *op. cit.*, p. 141.

the Jaipur Conference of the State Khadi and Village Industries Boards in November 1960. The indiscriminate springing up of rice mills and their licensing by the State Governments with all the attendant consequences on the industry of handpounding of paddy, the expansion of the oil expellers and the tremendous inroads that these have caused on the survival of the ghanis, the regulations passed under the Defence of India Rules for the supply of cane to the sugar factories and the deleterious results that these regulations have had on the gur and khandsari industry, the proposed establishment with the help of the imported machinery of rice mills in the public sector, are apposite instances of the wide divergence between the conception of common production programme and the need for State policy to implement actively a common production programme on the one hand and the actuality of the situation on the other. The contradiction as between precept and practice, should, we consider, no longer be continued. As a result of this faltering attitude on the part of the Government, the difficulties of marketing of the village and small industries sector have been tremendously enhanced. The difficulties faced by the village industries in obtaining raw materials such as wool, oilseeds, paddy, etc. are also instances to illustrate how the idea of common production programme has not been enforced in practice. An indirect consequence of this policy is, in our opinion, the freezing of techniques and the resistance to technological development in the village and small-scale sector, because the depression in production and sale has not induced a buoyancy or enthusiasm in the minds of the artisans to continuously strive to improve their production by adopting improved technology which will reduce both the cost of production as well as the selling price. We would conclude by saying that if the village and small-scale industries have to keep pace with the technological development and productivity, if they have to sustain the level of employment and if they have to play their role in the development of self-employed and decentralised sectors of industry and "the federalisation of economic life", the idea of common production programme should not be a mere chimera or shibboleth but translated into reality. As a precedent to this it may be necessary for the Government to clear its mind about the policy to be followed in respect of the village and small-scale industries *vis-a-vis* the large-scale industries because, as a result of this confusion and contradiction in thinking over the last 10 years, there has been a stagnation in the rural economy and an uncertainty which has stultified the development of the village and small-scale industries sector and has also resulted in the arbitrary and lopsided development of the large-scale sector. A dynamic approach to the concept of common production programme is now called for in the light of the several developments that have now taken place. These develop-

ments would require a new approach and a new policy. The aspects of the new policy, which deserve careful consideration would be selection of industries in respect of which common production programmes should be enunciated and carried out as well as the several facets of the common production programme, i.e. the demarcation of spheres or varieties, reservation in the total quantity, subsidization of the products of village and small-scale industries, guaranteed supply of raw materials at reasonable cost and in proper time to the village and small-scale sector, the orientation of the licensing policy to enable the village and small-scale sector to fulfil its targets and a sound purchase policy with an emphasis on the off-take of the products of the village and small-scale sector at any rate so far as the public requirements are concerned, by offer of price-preference, monopoly procurement or similar methods.

CHAPTER III

ORGANISATION: PRINCIPLES AND POLICIES

Constitution of the Commission and Its Functions

The Khadi and Village Industries Commission was constituted by an Act of Parliament¹ and was established on 1 April 1957. It consists of not more than five members nominated by the Government of India. The Commission has had five members all along. One of them is the Chairman, one is the Vice-Chairman and one is the Member-Secretary. Some of the members are part-time and some are whole-time. The Chairman and the Vice-Chairman are appointed by the Government of India and the Member-Secretary by the Government of India in consultation with the Commission.

3.2 The functions of the Commission are generally to plan, organise and implement programmes for the development of khadi and village industries. In particular, the Commission may take steps:

- (i) "to plan and organise the training of persons engaged in the production of khadi and village industries;
- (ii) "to build up a reserve of raw materials and implements and to supply them to persons engaged in the production of khadi or in village industries;
- (iii) "to provide for the sale and marketing of khadi or products of village industries or handicrafts;
- (iv) "to encourage and promote research in the technique of production of khadi or in the development of village industries;
- (v) "to promote and encourage cooperative efforts among manufacturers of khadi and persons engaged in village industries; and
- (vi) "to grant certificates to producers of, or dealers in, khadi or the products of any village industry."²

3.3 These functions are generally adequate, but we are of the view that since one of the basic objectives of the five year plans is expansion of employment with the object of "ensuring a more equitable distribution of national income"³ and "avoiding some of the

1. The Khadi and Village Industries Commission Act, 1956.

2. For details, see Khadi and Village Industries Commission Act, 1956, Section 15.

3. Second Five Year Plan, *op. cit.*, p. 47.

problems that unplanned urbanisation tends to create”⁴ the functions of the Commission should include the relief of unemployment or underemployment by the development of khadi and village industries. We are further of the view that, as the development of the rural economy cannot be effected without a comprehensive consideration of several factors, the Commission should be empowered, as part of its activities, to plan the schemes for khadi and village industries so as to result in the integration of the rural economy, rather than in the isolated development of khadi and village industries.

The Khadi and Village Industries Board

3.4 The Central Government has also constituted a Khadi and Village Industries Board consisting of persons having had experience and shown capacity in matters relating to the development of khadi and village industries. The Act provides that the Commission shall ordinarily consult the Board with regard to the discharge of its functions. In actual practice, the Commission invariably refers all matters of policy regarding the development of khadi and village industries to the Board for its advice and is guided by it. This is a healthy feature, because, while the functioning of the Commission is not hampered, it has at the same time the benefit of the advice and guide-lines laid down by the larger body consisting mainly of persons who have competence in the fields of khadi and village industries.

3.5 The composition of the Board was enlarged in 1963 and it now includes:

- (i) members of the Commission;
- (ii) Chairman or President as the case may be, of each of the Khadi and Village Industries Boards established in the States under the respective State law relating to khadi and village industries; and
- (iii) such other persons not exceeding thirty as the Government may nominate from time to time from among persons, who in the opinion of the Government are qualified as having had experience and shown capacity in matters relating to the development of khadi and village industries.⁵

We consider the association of the chairmen of the State Boards a salutary step because it promotes coordination between the activities of the State Boards and the Commission. The enlargement of

4. Second Five Year Plan, *op. cit.*, p. 47.

5. Khadi and Village Industries Commission Rules, 1957, Rule 13.

the Board has also made it possible for functional representation or representation of occupational groups where necessary as such members could be included among the thirty to be nominated by the Central Government. The Board, as at present constituted, has four Members of Parliament and this provides a link between the supreme legislature of the country and the Commission, which is probably the most important agency for the reconstruction of the village economy. We are of the view that such a coordination is likely to be beneficial not only to the Commission which will have thus an idea of how Parliament reacts to its policies, but also to Parliament because through these members it can get a more intimate idea of how the moneys allotted to such an important sector are actually utilised, about the results achieved by the Commission as well as its failings. A suggestion was made by the Estimates Committee of the Lok Sabha, 1961-62 that there is some merit in having some representatives of the State Governments on the Board in view of the fact that the execution of the various schemes of khadi and village industries is shouldered by the State Boards set up by the State Governments.⁶ We are of the view that this recommendation of the Estimates Committee has been more than met by the nomination of the Chairmen of the State Boards to the Khadi and Village Industries Board, and therefore, there is no need to further enlarge the composition of the Board by including the representatives of the State Governments.

3.6 The Estimates Committee of the Lok Sabha, 1961-62 has suggested the desirability of giving representation to certain specialist agencies like the Council of Scientific and Industrial Research, Indian Central Oilseeds Committee and the Indian Central Cotton Committee on the Khadi and Village Industries Board.⁷ The reason for making this suggestion is to enable coordination between the activities of the Commission and these bodies. We have been informed that the representatives of these bodies are nominated on the committees constituted by the Commission for dealing with the specific matters, which concern these bodies. We consider this arrangement adequate. We would not suggest any further enlargement of the Board, which perhaps is already a bit unwieldy for deliberative purposes, and therefore, inclined to lose the close contact which the Board used to have with the Commission when its total number was limited to thirty exclusive of the members of the Commission.

3.7 The Estimates Committee of the Lok Sabha, 1961-62 had recommended that "Section 4(d) of the Khadi and Village Industries

6. 167th Report of the Estimates Committee of the Lok Sabha, 1961-62, pp. 44-45.

7. *Ibid.*, p. 45.

Commission Rules requiring the Members of the Commission to disclose financial interest in any subsisting contract with or in any work being done for the Commission, might also be made applicable to the Members of the Khadi Board".⁸ The Rules in respect of the members of the Board have now been suitably amended to provide for this.⁹ We would here recommend to the State Governments that they should incorporate similar provisions in their respective State Acts constituting the State Boards. We would also recommend that an amendment, similar to Rule 4(e) of the Khadi and Village Industries Commission Rules, 1957, requiring a member to disclose his financial interest, if any, in any business undertaking dealing with khadi or any other village industry specified or deemed to be specified in the Schedule to the Act, should be incorporated in the Rules relating to the members of the Board and also in the State laws in respect of the members of the State Boards.

3.8 Before the Board was reconstituted in 1963 some members of the Board used to be associated with the working of the Commission's offices in the States from which they hailed, in order to enable a proper corodination between the working of the Commission, the State Board in that area and the registered institutions. As the chairmen of the State Boards are now the members of the Khadi and Village Industries Board, the need for having such a separate arrangement in the States would no longer subsist so far as the State Boards are concerned. However, as the Commission is dealing directly with a number of registered institutions, and perhaps for sometime to come this practice may continue, it would be necessary to provide for coordination between the activities of the State Board and of the registered institutions in that State directly assisted by the Commission. This coordination can be brought about by the Commission using its good offices with the State Governments for introducing a provision to nominate to the respective State Boards representatives of the Board and of the institutions directly assisted by the Commission in that particular State. Such an association is absolutely necessary because the State Boards are the most important agencies for implementing the khadi and village industries programmes, and in course of time the Commission intends to vest more and more responsibilities in the State Boards. This would mean that the State Boards may have to win the confidence and loyalty of the institutions, which are at present being assisted by the Commission directly, but which in course of time would come within the purview of the State Boards themselves.

8. Estimates Committee, *op. cit.*, p. 52.

9. Khadi and Village Industries Commission Rules, 1957, Rule 4(d).

3.9 The programmes of khadi and village industries are implemented by the State Khadi and Village Industries Boards which are statutory bodies established by the respective State law, by institutions registered under the Societies Registration Act of 1860 and cooperative societies registered under the respective State cooperative law. The Commission also implements certain programmes directly; such direct activities, however, are confined to areas where promotional and pioneering efforts are involved and where the difficulties in organisation necessitate an all-India body like the Commission undertaking such activities. The policy of the Commission, however, is to hand over, in course of time, all such activities to other suitable implementing agencies.

Relationship between the Commission and the State Boards

3.10 There is a statutory State Khadi and Village Industries Board in every State. Such boards are also proposed to be established in the Union Territories and in Goa. State Boards are subject to the control of the State Legislatures as well as the State Governments. They have to submit reports of their working to the State Legislatures. There is a provision in some of the State Board Acts for the accounts of these Boards to be submitted to the State Legislatures. This is, however, not a uniform practice and the Commission has, therefore, suggested the adoption of this practice to those State Governments where it has not yet been adopted. The members of the State Boards are nominated by the State Governments. No uniform principle is followed in such nomination.

3.11 The State Boards obtain loans and grants from the Commission for implementing khadi and village industries programmes. Some of the programmes are executed by the State Boards directly. But, by and large, the State Boards in turn disburse loans and grants to cooperative societies and institutions for the purpose of implementing the programmes. The terms and conditions of the loans to the State Boards are provided in the Commission's loan rules. The terms and conditions for re-lending the amounts received by the State Boards from the Commission to other institutions and cooperative societies or individuals are also laid down in the Commission's loan rules. The State Boards' accounts are subject to the audit of the respective State Accountant General. Since the large bulk of the State Board's programmes is executed by other institutions, these Boards cannot repay the loans to the Commission unless they are in turn repaid by the implementing institutions. There is no direct privity of contract between the Commission and these implementing institutions. The accounts of the State Boards, besides, are not directly subject to the audit of the Commission. On the

other hand, the Commission is accountable to Parliament and the Government of India for the moneys granted by it to the State Boards.

3.12 While the Khadi and Village Industries Commission Act provides that the members of the Khadi and Village Industries Board should consist of persons who have had experience and have shown capacity in matters relating to development of khadi and village industries a similar provision exists only in a very few State Board Acts.

3.13 It would be seen from the facts mentioned above that there is no direct legal link between the Commission and the State Boards. The Commission has been giving careful consideration during the last 4 or 5 years to this matter and has suggested certain steps. These in brief are :

- (i) The members of the State Boards should be from among those who have abiding interest in khadi and village industries programmes;
- (ii) The appointment of the members of the State Board should be in consultation with the Commission;
- (iii) A draft model State Khadi and Village Industries Board Act for adoption by the State Governments;
- (iv) Appointment of Financial Advisers and Chief Accounts Officers and laying down of procedures for the preparation of budgets and audit of accounts of the Boards; and
- (v) Power of the Commission to issue directions to the State Boards for the purpose of fulfilling their functions.

The Commission had taken up the question of its relationship with the State Boards with the Prime Minister who in turn addressed the Chief Ministers of all the States in 1963 and impressed upon them the need of nominating persons who have abiding interest in khadi and village industries and/or constructive work and of consulting the Commission in the composition of the State Board and especially in the nomination of the principal office bearers, i.e. the President, the Vice-President and the Member-Secretary.

3.14 From what we have been able to see, we must say that the working of some of the State Boards is not at all satisfactory. We would, therefore, like to impress upon the Government of India the need to see that the salutary suggestions made by the Commission and endorsed by the Prime Minister are accepted by the State Governments. The principal objective of the entire programme is the relief of unemployment and underemployment. It will be con-

ceded that this is as much the responsibility of the Central Government and the Commission as of each of the State Governments. The State Governments should, therefore, concern themselves vigorously in creating conditions under which the State Boards can function effectively in providing employment to the artisan-community. Where the working of a State Board continues to be unsatisfactory inspite of the Commission and/or the State Government having suggested remedial action, the State Government should take suitable action to improve the Board's working either by nominating a fresh Board or, where necessary, by directly taking over its activities or by requesting the Commission to do so, so that the objective of providing employment to the artisans is not defeated.

3.15 The Khadi Evaluation Committee had suggested that the Commission should confine its activities to the provision of financial assistance, technical and economic research, major policies and leave the actual implementation of the programme to other agencies. These recommendations have been endorsed by the Estimates Committee of the Lok Sabha, 1961-62. We are afraid that unless the relationship between the Commission and the State Boards is put on proper footing and unless the working of the State Boards is improved on the lines of the suggestions mentioned above, it will not be possible for the State Boards to fulfil the expectations which have motivated their establishment and far less to fulfil the ambition of being the principal implementing agency of khadi and village industries programmes in the States.

Relationship between the Commission and Institutions

3.16 The registered institutions which receive directly financial assistance from the Commission invariably execute khadi and village industries programmes themselves. The Commission gives them loans and grants for this purpose. The Commission also supervises their activities and helps them in the purchase of raw materials as well as in the marketing of their finished products. The loans granted by the Commission to these institutions are governed by the terms and conditions laid down in the Commission's loan rules. The rules provide for payment of loans in instalments, action to be taken in the case of default in repayment, mortgaging immovable property and/or hypothecating movable property as security for the loans and for the submission of accounts in respect of these loans. The accounts of these institutions are subject to audit by the auditors of the Commission who process the utilisation certificates of moneys granted to them. Some of these institutions have been executing the programmes of khadi and village industries long before the All India Khadi and Village Industries Board was formed.

They have a very long history of service and are guided by eminent persons in the constructive and sarvodaya field and include some of the closest associates of Mahatma Gandhi. We are happy to observe that the relationship between the Commission and the institutions has been smooth and has not presented any problem.

Coordination between State Boards and Institutions

3.17 The registered institutions which are directly assisted by the Commission are mostly engaged in the production of khadi. In fact, the bulk of the khadi programme is executed by them. The State Boards have not made any appreciable progress in the implementation of the khadi programme. On the other hand, the bulk of the village industries programme is executed by the State Boards either directly or through institutions and cooperative societies assisted by them. Apart from these two main agencies, i.e. State Boards and registered institutions, there are certain all-India institutions such as Gandhi Smarak Nidhi, Kasturba Smarak Nidhi, Adimjati Sevak Sangh, Sarva Seva Sangh, etc. and other local bodies such as village panchayats, panchayat samitis and zilla parishads etc. which are implementing or wish to implement khadi and village industries programmes. There is need for close coordination in each State between the activities of the various institutions. Such a coordination is all the more necessary, because the Commission will, in course of time, concern itself mainly with giving financial assistance and formulating policies, the chief implementing agencies being the State Boards.

3.18 This question was discussed in detail at the meeting of the Coordination Committee constituted by the Commission held in 1959. The main decisions of this Committee are given below.¹⁰

- (i) So far as Khadi programmes are concerned, the Commission may continue to deal directly with the major khadi institutions. They should send regularly to the State Boards a copy of their progress reports so as to keep the State Boards informed of their activities. The State Boards should see that the institutions financed and supervised by them should send reports of their activities to the Commission in order to enable it to have an overall picture of the activities in each State.
- (ii) In the case of institutions created by the major institutions consequent upon the policy of decentralisation of work,

10. Minutes of the 3rd meeting of the Coordination Committee held on 23 and 24 November 1959.

the procedure for dealing with the decentralised units should be decided by the Commission in consultation with the respective State Boards and the major institutions concerned.

- (iii) In regard to village industries, the Commission should deal with all institutions, both old and new, invariably through the respective State Boards.
- (iv) In the same manner as the Commission works its programmes through the State Boards and the registered institutions, the State Boards in their turn should work their programmes through local institutions and should start centres of their own only where no such institutions exist for carrying on such activities.
- (v) In the case of all-India bodies like the Adimjati Sevak Sangh, Central Social Welfare Board, Gandhi Smarak Nidhi, Sarvodaya Mandals and similar bodies of the Sarva Seva Sangh in gramdan and gramsankalp villages, the Commission might deal directly with a view to expediting development programmes as also for proper working out of the programme as between the central bodies and their branches in the State. However, the Commission should keep the State Boards informed at every stage.

3.19 We endorse the above recommendations which, we are informed, have not yet been fully implemented. We would urge that all the suggestions made above should be put into effect fully. We have already urged (para 3.8 above) on the State Governments to make it a point to include some representatives of the registered institutions in the State on the personnel of the State Boards so as to facilitate effective coordination between the State Boards and registered institutions. We would, in addition, suggest that to effect further coordination between the Commission's work at the State level and that of the State Boards, the Commission's representative in the State should either be nominated on the personnel of the Board or specially invited to attend all meetings of the State Board and its Standing Finance Committees.

Cooperatives

3.20 One of the important functions of the Commission is "to promote and encourage cooperative efforts among manufacturers of khadi and persons engaged in village industries".¹¹ Under the guidance of its Cooperative Advisory Committee and with the active help of the Cooperative Departments of the State Govern-

11. Khadi and Village Industries Commission Act, 1956, Section 15 (2) (g).

ments and the State Boards, the Commission has been attempting to fulfil this function. Cooperation in the sphere of decentralised industry is an objective which is difficult of realisation partly because of the nature and scope of these industries, difficulties in production and marketing, organisational deficiency, lack of business acumen and skill among the artisans and the poor level of their education. In spite of these difficulties, there are 16,000 societies covering the various industries within the purview of the Commission. The largest number of them is in the village oil, palmgur, leather, handpounding and pottery industries. We learn that only about 35 to 40 per cent of these societies can be said to be functioning satisfactorily. Another 35 per cent or so are functioning indifferently but, with effort and attention, their working could be improved. The remaining are dormant or stagnant and require more radical measures. We would therefore suggest that the aim should be to consolidate the progress already achieved, to revive the stagnant and dormant societies which can with proper attention and assistance be made to function satisfactorily rather than to increase the number of societies. We are happy to note that the Commission is of the same view and is bending its energies in the same direction.

3.21 The defects from which the cooperative societies suffer are both organisational and technical. The most important of these are:

- (i) hasty and in some cases improper registration;
- (ii) registration of societies without ensuring that other preliminaries and essential features required for the functioning of the industry are available before the society is registered;
- (iii) lack of technical training among the members;
- (iv) want of suitable improved equipment;
- (v) lack of proper supervision and guidance over the working of the societies from time to time; and
- (vi) lack of business talent and entrepreneurial ability among the members.

We would suggest that the Commission and the various agencies responsible for the registration and supervision of cooperative societies should give proper attention to the removal of these technical and organisational defects. We would also suggest that the patterns of assistance should be so designed as to make it possible for the societies to get assistance for overcoming the difficulties mentioned above.

3.22 The progress of the cooperative movement in the khadi and village industries sphere has been separately reviewed in

Chapter IX. One matter which concerns the organisational aspect of this movement, viz. sinews of cooperative endeavour will concern us here. The cooperative societies depend for their finance at present mainly on the resources of the Commission which gives loans for stocking of raw materials, working capital, capital expenditure and for share capital. Even though some sporadic attempts have been made to institutionalise the system of finance for cooperative societies, no positive results have yet been achieved. It has been argued that the inherent defects in their working, their lack of economic viability, the poor level of skill, entrepreneurial ability and business acumen, their lack of creditworthiness and inability to offer adequate security are factors which will legitimately deter the institutional agencies from catering to the financial requirements of the societies. The cooperatives on their side argue that the financing agencies will look only to the security of their funds and the possibilities of their repayment without any thought of or any responsibility for the development of these industries and therefore starve them of the necessary finance. We consider that there is force in the arguments on both the sides. At the same time, we are of the view that unless there is a progressive switch-over to institutional financing, the resources which Government can provide over a period of time are not likely to be sufficient to cater to all the requirements of the cooperative societies and institutions for all purposes. We consider that public financial resources should mainly be used for training, research, administrative and managerial expenditure and for developmental purposes leaving it to the institutional agencies to cater to the working capital requirements of the societies and institutions. This has been the emphasis of the First and Second Five Year Plans and of the two Working Groups on Industrial Cooperatives which were appointed by the Government of India.

3.23 We have discussed the above matter in some detail with the Commission, the State Boards and various officials and non-officials. The Commission has taken two steps in the direction of institutional financing of cooperatives. As a first step, the Commission has, with the approval of the Government of India, introduced an agency system under which the State Cooperative Banks and other units of the cooperative banking structure, will, in the first instance, pass on the funds made available by the Commission to the cooperative societies on an agency basis after charging a small commission. The scheme which was sanctioned in October 1962, by Government is to be tried out as an experimental measure in Maharashtra, Andhra Pradesh and Madras subject to the following terms and conditions:

- (i) State Cooperative Banks will be given a remuneration of

one per cent by the Commission on the loans advanced to or outstanding with the cooperative societies in one year.

- (ii) The State Cooperative Banks will not be responsible for the recovery of the loans advanced. They shall, however, supervise and inspect the borrowing societies and see that the loans given by the State Boards and the Commission are utilised by the borrowing societies for the purpose for which they were sanctioned.
- (iii) It will be the duty of the State Cooperative Banks to get the mortgage deeds, hypothecation deeds, loan bonds, security bonds, etc. executed by the borrowing societies in favour of the Commission or the State Boards as the case may be for the loans advanced. They shall also furnish periodical reports to the State Boards and/or the Commission.
- (iv) It will be the responsibility of the State Cooperative Banks to see that necessary action against the defaulting societies is taken for the recovery of the loan amount and to report to the State Boards, the Commission and the Registrars of Cooperative Societies, the cases of default and mismanagement in the working of these societies. They shall be authorised to withhold payment of instalments wherever considered necessary.

The scheme was to be brought into effect from the same date in all the three States and was to continue for a period of two years after which its operation was to be reviewed. The preliminary steps for bringing the scheme into effect have been completed in Maharashtra and Madras. We consider that the condition that the scheme should start in all the States on the same day was not necessary. We also consider that there was no need to start the scheme as an experimental measure only in these three States. We would therefore recommend that the Government should allow the scheme to be started in any State where the circumstances for the cooperatives to obtain finance from the institutional agencies are favourable on the terms and conditions laid down by the Government. We have no objection if the entire scheme is reviewed after a period of two years. We also consider that it is necessary for the Commission to take vigorous steps in consultation with the State Boards and the cooperative financing agencies for bringing the scheme into effect immediately. We have separately recommended the provision of liberal assistance for managerial and technical staff to the cooperative societies. We have also suggested the liberalisation of the tenure of the loans for capital expenditure. We have also suggested improvements in productivity. All these factors are likely to go a

long way in stabilising the position of the cooperatives and thereby inducing a confidence on the part of the financing agencies not only to try the system of agency finance but also perhaps to finance the societies themselves. We would suggest that the Commission should take advantage of this favourable atmosphere and do everything in its power for bringing the system of institutional financing of cooperatives into effect.

3.24 The second proposal is the financing of the industrial cooperatives by the cooperative financing agencies themselves. In view of the various handicaps in the cooperative movement to which reference has been made in para 3.21 above, we can understand the reluctance of the cooperative financing agencies to cater to the requirements of the cooperatives. Agricultural cooperative credit is over half a century old. In the realm of industry, and more particularly small industry, only recently has the cooperative structure embarked on a system of institutional financing of handloom weavers cooperatives. While we agree that the pace of cooperative financing must be quickened, we would like conditions to be created so that the funds of the financing agencies are safeguarded during the initial period. We would therefore endorse the suggestion made by the Commission to the Government for a cent per cent guarantee to the institutional financing agencies for meeting the financial requirements of the industrial cooperatives. We welcome in this connection the positive and helpful attitude of Prof. D. R. Gadgil, a prominent economist and the Chairman of the Maharashtra State Cooperative Bank. His view is that if the position of the cooperatives is made viable albeit as a result of economic policy formulated by Government and of doses of monetary assistance given by the Commission and the State Boards, it should be possible for the cooperative financing agencies to meet the requirements of the cooperatives. We commend this view for more uniform acceptance and we would plead with the Government that immediate steps be taken for the initiation of the guarantee scheme of financing industrial cooperatives of khadi and village industries. We have no doubt that not only would this make the cooperative structure well-knit and interdependent but also release scarce resources of the public exchequer for developmental and promotional forms of assistance for strengthening the institutions and cooperatives in khadi and village industries.

Committees of the Commission Standing Finance Committees

3.25 The Commission's Rules have been amended to provide for the constitution of two Standing Finance Committees one for khadi and one for village industries. Before the Rules were so

amended, the Standing Finance Committees were constituted by the Commission itself and therefore did not draw any statutory authority from the Rules. As a result of the amendment, the Committees have now become effective executive instruments of policy of the Commission in all matters, where financial implications are involved. Each of these committees is to consist of not less than three members appointed from amongst the members of the Commission. Two members form a quorum. The Financial Adviser and the Chief Executive Officer attend the meetings of these Standing Finance Committees but are not members.¹² Though their not being members of the Committees has not affected seriously the business of the Committees, we consider that there is a positive advantage in the association of these officers as members of the Committees in order that there might result a better understanding of the problems and a quicker execution of the policies of the Commission. This would also enable the Commission to have a better appreciation of the responsibilities of these officers. We would, therefore, recommend that the Rules and the Regulations of the Commission may be so amended as to provide for the membership of the Financial Adviser and the Chief Executive Officer on these Committees. In that event it may also be provided that for the purpose of a quorum at least two members other than the Financial Adviser and the Chief Executive Officer should be present.

Other Committees

3.26 In addition to the Standing Finance Committees, there are a number of other committees constituted by the Commission to assist in the formulation of policies, and in the execution of the schemes. These include, *inter alia*, the Certification Committee, the Training Committee, the Cooperative Advisory Committee, the Integrated Development Advisory Committee, the Leather Advisory Committee, the Khadi Advisory Committee, the Economic Research Committee, the Weaker Sections Committee, the Research Committee and many others to deal with almost every facet of the Commission's activities. Some of these committees in turn had or have constituted sub-committees such as for the wool and silk industries programmes of the Commission or for the programmes in the hill and border areas. Many of these committees meet periodically and are all-India in character with the result that, for their meetings persons from several parts of the country have to be called. We have no doubt that in conformity with the democratic method of formulating policies, and because of the dispersal of the Commission's activities necessitat-

12. Khadi and Village Industries Commission Rules, 1957, Rule 19 A.

ing coordination with many local areas, the formation of committees and sub-committees is necessary and their deliberations would be useful in shaping the Commission's policies. However, we have been informed that there are as many as nearly seventy committees. These committees involve a considerable amount of expenditure and administrative work to the Commission. We are not quite sure whether both the expenditure and the administrative work are justified. The Commission should, therefore, examine the need for having so many committees and sub-committees and also the need for having so many members on each of them and the periodicity and venue of their meetings. The Khadi Evaluation Committee and the Estimates Committee of the Lok Sabha, 1961-62 as well as the Public Accounts Committees of the Lok Sabha have repeatedly drawn pointed attention to the increasing administrative expenditure of the Commission. We are of the view that the Commission should re-examine the question about the committees in the light of the factors mentioned above with a view to bringing about administrative efficiency and economy in expenditure.

Headquarters Organisation Departmental Heads

3.27 The work of the Commission at its headquarters and in the States is attended to by several Directors who are responsible for their programmes to the members of the Commission or the Board Members in charge of the particular industries. These Directors are also responsible to the Chief Executive Officer who has administrative control over them. The Commission has recently considered the question of the responsibilities of the members in charge of the programmes and the Directors both at the headquarters as well as in the States. The Commission has decided that the general responsibility for the programmes of the Commission will be that of the Member in charge of the industry or programme. The Director of the industry or programme will be responsible for the following functions in relation to the State Boards and the registered institutions:

- (i) "ensuring adequate supply of raw material at reasonable rates and advising on the proper methods of procuring such raw materials;
- (ii) "training of technical personnel of the State Boards so far as their particular industries are concerned;
- (iii) "advice and guidance in regard to recruitment and selection of technical personnel;
- (iv) "advice and guidance in regard to the selection of instruments and tools for the implementation of the various programmes;

- (v) "advice and guidance in regard to production apparatus and organisation required for carrying on the production programme in respect of their particular industries;
- (vi) "help and guidance in stocking of raw materials and finished goods as well as marketing; and
- (vii) "advice and guidance in regard to the financial requirement for the implementation of the industries programme."¹³

3.28 In addition to the specific functions enumerated above, the Directors of industries and programmes are empowered to sanction all programmes of a continuing nature and order the release of funds for such programmes. They are conveners of the committees for selection and appointment of technical staff. They are responsible for the preparation of realistic targets and programmes by the State Boards and the institutions and for the submission of quarterly reviews containing an appraisal of the progress of their particular industry. They correspond directly with the Governments and the State Boards in respect of their particular programme. They are required to guide the lower staff. They have been delegated considerable administrative and financial powers for enabling them to discharge the above responsibilities. They have been recognised as heads of departments. This reorganisation has been attempted in order to enable the State Directors and Directors of industries/programmes to fulfil their responsibilities effectively and to show progress in the expeditious and efficient fulfilment of the khadi and village industries programme. We have no doubt that if these directions are observed, it will help in streamlining and improving the efficiency of the work of the Commission to a considerable extent.

Chief Executive Officer

3.29 The head of the administrative organisation of the Commission is the Chief Executive Officer. His powers and duties have been specified in the Khadi and Village Industries Commission Regulations and for the performance of these duties the Commission has delegated suitable administrative and financial powers to him. The Commission has also specified through a standing order the relationship between the heads of departments and the Chief Executive Officer as follows:

- (i) The departmental heads will submit papers from their departments to the Chief Executive Officer in respect of such matters which should require action by a department or

13. Khadi and Village Industries Commission's Standing Order No. 408 dated 6 January 1964.

departments other than the one which is sending the proposal.

- (ii) They will submit proposals to the Chief Executive Officer in respect of matters which concern the Commission as a whole.
- (iii) They will, even in respect of proposals affecting their own departments submit such cases, which are important or involve matters of policy..
- (iv) They will submit such papers to the Chief Executive Officer which will require the attention of the Chairman in the discharge of the responsibility undertaken by him in the general allocation of work.
- (v) It is necessary, in order to ensure a proper follow up of all important matters, that the Chief Executive Officer is kept informed so that in the absence of any member or under such other circumstances the follow up is not held up.

3.30 The Estimates Committee of the Lok Sabha, 1961-62, has observed that one of the non-official members of the Commission i.e. Member-Secretary has been entrusted with the functions which should normally be performed by its Chief Executive Officer. The Committee after discussing the position stated as follows:

“They do not share the view that an official might not fall in line with the ideology of the khadi movement merely on the ground that the status of the Chief Executive Officer does not permit him to participate in the deliberations of the Commission and formulation of its policies. He can only make suggestions for the consideration of the Commission and once a policy decision is taken he is expected to carry it out faithfully in accordance with the best traditions of his service. Since, however, the present arrangement is stated to be working satisfactorily, the committee do not want to comment on this point. The committee consider that things ought to be institutionalised in the sense that the constitution of any public body should follow certain accepted patterns”.¹⁴

3.31 We have carefully considered this matter. It has been reported that the present arrangement has worked satisfactorily so far. The Commission appoints under the Rules a Chief Executive Officer. The Government has sanctioned the appointment of a senior official as Chief Executive Officer. He is appointed by the Commission and works under the control of the Chairman and under the directions of

14. Estimates Committee, *op. cit.*, p. 47.

the Member-Secretary in respect of the functions and powers delegated to him by the Central Government or the Chairman. He is entitled to attend all meetings of the Commission, Standing Finance Committees and the Board. In view of this, it is possible for the Commission to have the fullest advantage of the administrative experience and advice of the Chief Executive Officer in matters of administration. We therefore, consider that the present position is satisfactory and no departure is called for.

Financial Adviser

3.32 Section 6 of the Khadi and Village Industries Commission Act provides that the Central Government shall appoint a person not being a member, to be the Financial Adviser to the Commission. The powers of the Financial Adviser have been laid down in the Khadi and Village Industries Commission's Rules and include the following :

- (i) To advise the Commission on all matters relating to receipts and expenditure;
- (ii) To attend every meeting of the Commission and of the Standing Finance Committees but not to vote thereat;
- (iii) To refer to the Commission any matter having financial implications, which in his opinion ought to be brought to its notice;
- (iv) To scrutinise and supervise the preparation of the budget of the Commission, the compilation of the annual and other financial statements and the manner in which the accounts of the Commission are maintained and made available to audit;
- (v) To record his views on every proposal involving expenditure from the funds of the Commission prior to the consideration and approval of such proposal by the Standing Finance Committee concerned or by the Commission; and
- (vi) To advise the Commission and the Standing Finance Committees that a particular decision affecting the general financial policy of the Government should be referred to the Government for consideration.¹⁵

3.33 The position of the Financial Adviser is different from that of his counterparts in the Ministries under the Government of India or in the public sector undertakings. Unlike his counterparts, he is an adviser to the Commission, but is appointed by the Central Government. As he is only an adviser and does not have any res-

15. Khadi and Village Industries Commission Rules, 1957, Rule 12.

possibility for the effect of his advice on the policy and programmes of the Commission, the Financial Adviser may be guided by orthodox financial considerations with the result that his advice may impede the execution of the programmes. On the other hand, as he is not a part of the administration of the Commission, he need not be fettered by the need to fit financial policies to suit administrative or executive exigencies. His advice is therefore, likely to be detached. The Estimates Committee of the Lok Sabha, 1961-62 had suggested that it might be an advantage if a full-time representative of the Finance Ministry is a member of the Commission.¹⁶ We have been informed that though there have been differences of opinion between the Financial Adviser and the Commission on certain matters, the arrangement is by and large working satisfactorily. We would, however, suggest to the Commission to consider whether the Chairman or a member of the Commission should not have the subject of finance allocated to him in the general allocation of duties in the same manner as the subjects of accounts and audit are allocated. This would enable the member in charge of finance to be in close touch with the Financial Adviser and understand the validity of his advice as well as the impact which such advice will have on the programmes.

Commission's State Offices

3.34 For the purpose of looking after its activities in each State, as also for coordination between the Commission, the State Boards and the registered institutions, the Commission has established a branch office in each State manned by a Director with adequate ministerial and technical staff. These Directors have been delegated adequate powers for carrying out their day-to-day activities and are responsible to the Commission for the proper enforcement of all administrative and technical instructions in regard to the various programmes. They scrutinise the schemes submitted by the registered institutions and send their recommendations. In many States, they attend the meetings of the State Board or its Finance Committees. We have suggested that this should be a uniform practice in all State Boards. We would also suggest that where there is a difference of opinion between the views of the State Board and the State Director, the State Board should, except in the case of a pressing necessity, refer such matters to the Commission for advice and be generally guided by the Commission's advice. We also consider that the Commission's State Director should be made responsible to send periodical reports about the activities of the State Boards and of the major institutions.

16. Estimates Committee, *op. cit.*, p. 44.

3.35 We have noticed considerable overlapping and duplication between the staff of the State offices of the Commission and of the State Boards in respect of village industries programmes. Both the Commission as well as the State Boards have technical and supervisory staff. To prevent duplication as well as to bring about economy in expenditure, we would suggest the pooling of the technical and supervisory staff because the State Boards are progressively to be made responsible for implementing all schemes of village industries. The Commission has initiated the scheme of transfer of all supervisory technical staff to the State Boards but the implementation of this scheme has been tardy. We would urge upon the Commission to expedite the completion of this process. At the same time, we should urge on the State Boards to prevent wastage of talent as well as money. The requirements of technical staff for each industry should be carefully worked out by the State Board in consultation with the chief technical experts of the Commission and norms for this purpose prescribed. These norms should be scrupulously adhered to and technical staff provided at the level of the State Board in accordance with these norms. There should be proper redistribution of the technical personnel who may be rendered superfluous as a result of the transfer of the technical staff from the Commission to the State Boards. In order to enable the Commission, however, to discharge its responsibility for technical guidance and supervision of the industries programme, it should have qualified and competent technical personnel at the headquarters whose duty it will be to go round to the various State Boards, guide them in their activities, point out their deficiencies and suggest the methods of improving performance.

3.36 The Khadi Evaluation Committee has recommended that "if the State Boards are reorganised and cured of the serious defects from which they have been and are suffering, they should be able to assume supervisory and coordinating functions and make it unnecessary for the Commission to have its own zonal office staff for the purpose".¹⁷ The Estimates Committee of the Lok Sabha, 1961-62 have fully endorsed the views of the Khadi Evaluation Committee.¹⁸ We have been informed that while the principle of these recommendations has been accepted by the Commission, which has appreciated the paramount need for preventing overlapping and duplication of efforts and the need of economy in administrative expenditure, it is still working out the details as to how this is to be effected. For this purpose, the Commission has decided to examine in detail as to how this principle could be implemented in the case of two

17. Report of the Khadi Evaluation Committee, February 1960, p. 179.

18. Estimates Committee, *op. cit.*, p. 49.

or three States where the working of the State Boards is considered satisfactory. We have referred in para 3.14 above to the method in which the State Boards are functioning and we would, therefore, caution the Government of India and the Commission against the indiscriminate acceptance of the principle of abolishing its State offices without being satisfied that consequent on the abolition of the State office, there will be no vacuum in supervision, control, reporting to the Commission and of coordination between the activities of the Commission, the State Boards and the institutions. We would therefore suggest that the recommendations of the Evaluation Committee and the Estimates Committee of the Lok Sabha be very carefully considered by the Commission in detail before any hasty step is taken in this direction. We would in particular like to impress this point because our view is that all the State Boards cannot be expected overnight to discharge in a satisfactory manner the vastly increased responsibilities which will devolve on them consequent on the abolition of the Commission's outposts in the States.

Audit of Accounts

3.37 The accounts of the Commission are audited by the Accountant General, Commerce, Works and Miscellaneous through his officers stationed in different places. The accounts of the State Boards are audited by the State Accountants General. The accounts of the registered institutions, which obtain assistance from the Commission for implementing khadi and village industries programmes, are audited by the chartered accountants appointed by them. The accounts of the cooperative societies, which obtain financial assistance either from the State Board or from the Commission, are audited by the respective State Registrars of cooperative societies.

3.38 The Commission's accounts have been audited upto the year 1962-63. The accounts for the year 1963-64 are under preparation and will be audited soon thereafter. Though the audit of the accounts is up-to-date, a matter of great concern is the large number of outstanding audit objections. As on 1 July 1964 there are 76 paras in respect of 28 audit reports pertaining to the period upto 31 March 1957 which are still not settled. Similarly, for the period from 1 April 1957 onwards there are over 4000 audit objections relating to 471 audit reports which have not yet been settled. The need for quickening the pace and paying special attention to the settlement of these audit objections cannot be overemphasised. The departmental heads of the Commission are, we are afraid, inclined to take these audit reports lightly and are not as meticulous as they should be about the clearance of the objections. At the same time, we have reason to believe that many of these objections are of a trivial nature and do not impinge either on policy or on the bonafides of the autho-

rities in charge of the Commission's programmes. We are of the view that a better understanding of the difficulties of the implementation of the programmes of khadi and village industries is necessary on the part of the audit authorities. Such an appreciation would be possible if there was a closer contact between the audit authorities and the Commission's departmental heads. Under the present system, such a close association is not possible, because the accounts are audited at different places by different officers. We understand that the Commission has requested the audit department to provide the services of a senior officer solely responsible for the audit of the accounts of the Commission. Such an arrangement, we agree, will not only help to develop expertise but also enable closer association between the audit authorities and the Commission's departmental heads so that not only could audit take a more sympathetic and constructive attitude, but the Commission's departmental heads also made more responsive to the audit comments and more responsible for the settlement of outstanding audit objections. We would, at the same time, urge the Commission to impress upon its departmental heads the imperative need of attending expeditiously to the clearance of audit objections, which have now reached a very huge figure.

3.39 The accounts of the State Boards are audited by the State Accountants General. We are greatly concerned with the grave picture of various irregularities and deficiencies in the maintenance of accounts in some of the State Boards. Though the State Boards implement the khadi and village industries programmes, the Commission nevertheless is responsible to the Government and Parliament for the proper maintenance of these accounts because the funds which the Commission makes available to the State Boards are obtained by it from the Government of India. It is no doubt a healthy practice that the Commission is made accountable to the supreme legislature of the land. At the same time, it must be remembered that the State Boards are statutory authorities constituted by the respective State laws and should, therefore, be accountable for the sums obtained by them from the Commission. The Commission has arrived at an arrangement with the Auditor General, according to which the respective State Accountant General keeps the Commission informed about the irregularities and the state of accounts of the State Board under his audit. The Commission should, on the receipt of these reports, take remedial action in consultation with the State Boards. If a State Board persists in committing irregularities or if the Commission does not take remedial action the matter will be brought before Parliament and the Public Accounts Committee. We consider this to be a very satisfactory arrangement. We have also been informed that practically all State Boards, in accordance with the

suggestions made by the Commission, have appointed Financial Advisers and Chief Accounts Officers who are responsible for the maintenance of the accounts of the State Boards. We hope that with the steps taken irregularities and deficiencies in the accounts of the State Boards will disappear in course of time. We are, however, firmly of the view that the accountability of the State Boards for the moneys given to them by the Commission should be brought home squarely to them and any persistent failure on their part should, apart from disqualifying them from future assistance, be viewed seriously and the Commission itself intervene and assist institutions under the State Boards directly.

3.40 The accounts of the registered institutions are audited by chartered accountants appointed by them. Since, however, the accounts could not be made available to the Commission as and when required and as they do not present a running picture of the activities of the institutions, the Commission has been considering for the last 2 or 3 years the question of making alternative arrangements. In May 1961, the Commission decided that rather than strengthen the internal audit staff of the Commission, chartered accountants may be appointed to audit the accounts of these institutions. In order to enable the Commission to have a running picture of the financial health of the institutions, a panel of chartered accountants for each State was to be prepared, the scope and nature of the audit by the chartered accountants was to be prescribed by the Commission and the scale of fees to be paid to these chartered accountants was also to be regulated. It was proposed that in the case of institutions receiving a total financial assistance of Rs. 5 lakhs and below, the fees of the chartered accountants from the panel should be shared between the Commission and the institution. In suitable cases, the Commission might even agree to bear fully the fees of the chartered accountants. No assistance was contemplated to institutions which obtain assistance from the Commission, of more than Rs. 5 lakhs. It was also decided that this scheme with suitable modifications might be made applicable in respect of the audit of institutions assisted by the State Boards. The proposals of the Commission were approved by the Government in November 1962 subject to the following conditions:

- (i) Accounts of the grantee shall be open to a test check by the Comptroller and Auditor General of India; and
- (ii) The question of reduction of the internal audit staff of the Commission should be examined.

3.41 We have been informed that several preliminary steps were required to be undertaken to put this scheme into effect, as a result of which it has not been possible to start the scheme yet. The

Commission has, however, in June 1964 decided that the scheme should be implemented with immediate effect, that the scale of fees to be paid should be fixed by the Commission from time to time and that detailed instructions and rules for the audit of accounts by the chartered accountants should be prepared. Such rules should provide, *inter alia*, for the periodicity of audit, the manner of submission of audit reports, etc. The chartered accountants should particularly be asked to bring to the notice of the Commission and the State Boards transactions of an unusual nature or of doubtful propriety, and unjustifiable dealings on the part of office bearers of the institutions. In respect of the institutions receiving a total assistance of more than Rs. 5 lakhs, the Commission decided that they should be responsible for sending the audit reports after having their accounts audited by the chartered accountants. The Commission and the State Boards should, however, periodically undertake test audit of such institutions under them. For this purpose, the audit organisations of the State Boards should, if necessary, be strengthened.

3.42 Since there has been an inordinate delay in the bringing into being of these arrangements we would suggest that the Commission should implement them expeditiously. We would suggest that in the case of institutions receiving financial assistance from the Commission of over Rs. 5 lakhs, the scope and nature of the audit may be laid down by the Commission and the institutions requested to appoint auditors from the panel of chartered accountants drawn up by the Commission.

3.43 The audit of the accounts of cooperative societies assisted by the Commission and the State Boards presents an even more dismal picture than that of the State Boards or of the registered institutions. In almost all the States, the audit of the accounts of these societies is heavily in arrears. In some cases, the audit is in arrears for as long as three or four years. It is the statutory responsibility of the cooperative department of a State to conduct the audit of the accounts of the cooperative societies, but we regret to find that this function has not been satisfactorily performed. We are of the view that if this state of affairs is allowed to continue, the position is likely to deteriorate still further and result in not only worsening the position of defaults, which is already alarming, but also affect considerably the morale of the cooperative movement. We would, therefore, recommend an immediate examination of this question. For the clearance of the past arrears we would suggest action on the following lines.

- (i) To clear the backlog of arrears of audit and to make the accounts up-to-date atleast upto 1962, special squads of cooperative auditors/chartered accountants may be ap-

pointed by the State Boards and the Commission. The Commission may give assistance to the State Boards for the purpose of appointing these squads. The State Boards in consultation with the Registrars of cooperative societies of the States should immediately frame the scope and nature of this audit.

- (ii) This audit should be recognised by the cooperative departments as equivalent to their statutory audit.
- (iii) These squads should finish the audit of those societies whose accounts upto 1961-62 have not yet been audited by the end of the year 1964-65 and thereafter expeditious action should be taken by the Commission, the State Boards, the Registrars of cooperative societies and the cooperative societies themselves for rectifying the irregularities, improving the affairs, liquidating of societies, where necessary, and registration of new ones in their place to provide employment for the artisans who are likely to be affected by closing down the societies of which they are members.

3.44 In order that in future the audit of the cooperative societies undertaking the khadi and village industries programmes be up-to-date, we would suggest the following.

- (i) The executive officer or other appropriate officer of the State Board may be delegated the powers of Joint Registrar of cooperative societies so far as khadi and village industries cooperatives are concerned.
- (ii) The State Boards may be given assistance for the appointment of auditors for auditing the accounts of the cooperative societies assisted by them. These auditors may be drawn from the cooperative department.
- (iii) The Registrars of cooperative societies of the States should recognise the audit of the auditors of the State Boards as equivalent to statutory audit by the cooperative department itself.
- (iv) In respect of cooperative societies assisted by the Commission directly, the internal audit staff of the Commission should audit the accounts and the Registrar of the cooperative societies of the particular State should be requested to recognise such audits as equivalent to statutory audits of the cooperative department.

3.45 If the arrangements suggested above are implemented, it will be possible for the institutions and the cooperative societies to have their accounts drawn up correctly and for such accounts to be

audited at the proper time. We would also emphasise that unless the defects pointed out by the auditors are rectified within a reasonable period, which will be fixed, further assistance should not be given either by the State Board or by the Commission. In the case of persistent defaults in clearing the defects noticed at the time of audit, societies may be blacklisted and assistance denied to them in future. In order that the artisans of the affected cooperative societies may not suffer, steps should be taken to offer them employment either by engaging them directly or by the formation of new cooperative societies in that area.

Utilisation Certificates

3.46 The State Boards and the institutions which obtain assistance from the Commission for the implementation of khadi and village industries programmes are required to submit utilisation certificates for the moneys they receive with a view to ensuring that they are utilised for the purposes for which and subject to the conditions under which they are given. All the grants and loans are expected to be utilised within a year of their sanction. In exceptional cases, the Commission can give extension for a further period of six months.

3.47 In the case of institutions, the utilisation certificates are obtained after their accounts are audited by the auditors of the Commission. In the case of State Boards, since they in turn disburse the loans and grants received by them from the Commission to the institutions and cooperative societies, the societies and institutions receiving such assistance are required to give utilisation certificates, which will be verified by the State Boards and thereafter submitted to the Commission. In the case, however, of activities directly undertaken by the State Boards, the utilisation certificates will be sent by them to the Commission directly. Recently, the Financial Advisers and Chief Accounts Officers of the State Boards have been entrusted with the responsibility of seeing that the State Boards send the utilisation certificates in respect of the moneys obtained by them from the Commission.

3.48 The Public Accounts Committee had commented on the unsatisfactory position regarding the submission of utilisation certificates by the State Boards and the institutions in their report for the year 1962-63. The latest position as on July 1964 is shown in the statement attached to this chapter. From the statement, the following facts will be obvious.

- (i) The position in respect of the State Boards is extremely disappointing. Out of Rs. 22 crores disbursed to the State Boards upto 1960-61, a sum of Rs. 3 crores has been re-

funded and utilisation certificates have been received for about Rs. 10 crores. This still leaves a balance of Rs. 8.7 crores for the period upto 1960-61 which is not covered by proper utilisation certificates. In respect of the year 1961-62, out of a little over Rs. 9 crores disbursed, utilisation certificates have been received for a little more than Rs. 1.5 crores. In other words, only 16 per cent of the amount disbursed in 1961-62 is covered by utilisation certificates leaving the balance of 84 per cent still uncovered.

- (ii) The position on the other hand, in regard to institutions assisted directly by the Commission is quite satisfactory. In respect of the period upto 1960-61, there is hardly a balance of Rs. 33 lakhs or less than 0.5 per cent for the utilisation certificates which are to be received out of over Rs. 69 crores given to them. In regard to the year 1961-62, Rs. 11 crores or about 70 per cent of the amount disbursed i.e. Rs. 16 crores (approximately) is covered by utilisation certificates.

3.49 We have gone into the reasons for the dismal picture in regard to the submission of utilisation certificates by the State Boards. We have noticed that, over the last two years, there has been considerable improvement in this position. This has been partly due to the vigorous drive which the Commission and the Financial Advisers of the State Boards have launched for getting the utilisation certificates in respect of the period upto 1960-61 and also partly due to the helpful attitude of the Comptroller and Auditor General in accepting the utilisation certificates in bulk instead of insisting on such certificates in individual cases. Nevertheless, we are constrained to observe that the position is very unsatisfactory and that unless the Commission strains every nerve to see that the utilisation certificates are obtained without delay, it will only discredit the Commission's working. At the same time, we feel that a more understanding view should prevail in regard to the production of these utilisation certificates. We believe that the object of insisting on utilisation certificates is to see that the moneys have been utilised for the purpose for which they have been given and that they are usefully employed in productive purposes. We are therefore of the view that a more imaginative concept for the production of these certificates is called for. We believe that for such amounts as loans for working capital, for stocking raw materials and for holding of stock in process, it should be possible for audit to be satisfied with a certificate indicating production or the value of the goods from the institutions concerned and a corresponding certificate from the technical authority in the Commission to say that the value of this production

of goods is proportionate to the amount of capital loaned. Similarly, in respect of items relating to direct purchases by the Commission or the grant of direct subsidies, rebate etc., a certificate from the Commission about having made such purchases or having given rebates should be adequate without any further certificates from the institutions. We have been informed that the Commission itself has made similar suggestions. We urge the Government and the audit to accept these suggestions so that the real purpose of producing utilisation certificates is achieved and that there may be no delay in the production of such certificates.

3.50 This is not to deny the value which ought to be attached to the utilisation certificates in so far as the use of the moneys granted to the institutions and the State Boards is concerned. The Public Accounts Committee has repeatedly stressed the need to produce utilisation certificates as an earnest of the accountability of these institutions and the State Boards for the moneys granted to them. We agree with the Public Accounts Committee that drastic steps should be taken by the Commission in regard to grant of further assistance to the State Boards and institutions which are not in a position to account reasonably for the moneys given to them and to produce certificates for their proper utilisation. We would also suggest that where a State Board or an institution, inspite of several requests, persistently defaults in rendering proper accounts or furnishing utilisation certificates, further assistance to such State Boards or institutions should be discontinued. We have no doubt that such a step, while it might sound harsh, is likely to be more salutary and result in strengthening financial discipline and accountability for public funds.

Working Fund

3.51 The State Boards and the institutions implementing the khadi and village industries programmes obtain loans from the Commission for working capital. The State Boards disburse these loans to the cooperatives and institutions excepting to the extent retained by them for the programmes undertaken by them directly. In addition, loans are given for the purchase of raw materials required for the production of khadi and village industries. There are sometimes occasions when on account of lean marketing seasons or on account of such other temporary difficulties, the capital of the State Boards and the institutions is locked up and they experience difficulty in continuing production. In order to tide over such exigencies, the Commission makes available temporary loans for a period of 6 months.

3.52 The loans for working capital for the production of khadi are interest-free and are repayable in 10 years. These loans are technically repayable at the end of the first year, but if 10 per cent of these loans is repaid the remaining 90 per cent can be renewed. Loans for working capital for village industries are repayable in 5 years. They are interest-free for the first two years and thereafter bear $2\frac{1}{2}$ per cent interest. 30 per cent of the loans is repayable at the end of the third year, another 30 per cent at the end of the fourth year and the remaining 40 per cent at the end of the fifth year.

3.53 The cost of khadi is fixed by the Certification Committee of the Commission, which allows, in addition to the actual cost of expenditure on wages etc., a margin of 20 per cent for the expenses of the institutions in the production and sales of khadi and for capital formation. It has been the experience of the khadi institutions, particularly those which have limited production or which have been established recently, say during the last 10 or 15 years, that the overheads on production and marketing do not leave any margin for capital formation. It would, therefore, be impossible for the institutions engaged in the manufacture and sale of khadi to repay the instalments of loans for working capital from out of their resources or the margins allowed by the Certification Committee. Unless there is a cessation of the activities of the institutions, the working capital cannot be repaid to the Commission. This is not, as the Commission rightly argues, peculiar to khadi institutions, but indeed to all commercial and business undertakings which depend for their requirements of working capital on the financing agencies.

3.54 As regards village industries, the situation is even more precarious because most of the institutions engaged in the village industries programmes are cooperatives of artisans, who are technologically and organisationally weak and who cannot have any accretions out of which to repay the loans for working capital. Further, village industries do not operate in a sheltered market. They are exposed to the full blast of competition from the comparatively better organised small-scale sector and the very well organised large-scale sector, and can, therefore, hardly make any impact.

3.55 Realising these difficulties, the Commission used to renew the loans which became due for repayment, because the repayment of the instalments could only be done at the peril of the institutions. This was naturally objected to by the Estimates Committee and the Public Accounts Committee, which criticised this system as being tantamount to sanction of fresh loans to repay the old loans. The Commission, therefore, has explained the position in its realistic aspect to the Government and the Government has now accepted in principle, the need to provide the Commission with a "working

fund" which in turn will be made available by the Commission to the State Boards and the institutions as a sort of permanent loan which can continue with the State Boards and the institutions as long as the production is proportionate to the funds given to them. The arrangement between the Commission and the Government is that the amount will be a working fund, and between the State Boards and institutions and the Commission the fund will no doubt, be in the form of a loan but will not be repayable except on the production being discontinued or falling below the determined level. There is also a provision to sanction additional amounts as may become necessary for embarking on expanded production. The position will be reviewed twice every year when the institutions will be expected to send their statements of production and expenditure. If the production keeps pace with the level determined, the loans will not be called back. This arrangement will ensure that the institutions can operate with a degree of certainty and need not repay the loans periodically, apply for fresh loans and allow the production to suffer in the meanwhile.

3.56 The Commission has applied for a working fund of Rs. 60 crores made up of Rs. 46 crores for khadi and Rs. 14 crores for village industries. The break-up is as follows.

Khadi:

- (i) Rs. 35.75 crores representing Rs. 31.68 crores outstanding with the State Boards and the institutions engaged in the production and sale of khadi as on 31 December 1963, plus Rs. 0.87 crore as cash balance, and Rs. 3.20 crores representing the working fund portion of the budget for the year 1964-65 and the requirement for 1965-66;
- (ii) Rs. 5.88 crores representing the existing balance of loans under the trading operations to be merged as part of the working fund; and
- (iii) Rs. 4.37 crores representing the needs for expansion and for the grant of temporary assistance during the remaining period of the Third Plan.

Village Industries:

- (i) Rs. 11.36 crores representing Rs. 8.95 crores being outstanding loans as on 31 December 1963 plus Rs. 0.24 crore being cash balance available and Rs. 2.17 crores representing the working fund portion in the sanctioned budget for 1964-65 and the estimates for 1965-66;
- (ii) Rs. 0.27 crore being the balance in the trading operations which will be merged with the working fund; and

(iii) Rs. 2.37 crores for expansion during the Third Plan.

3.57 The working fund of Rs. 60 crores is required upto the end of the Third Five Year Plan. The proposed working fund of Rs. 60 crores for khadi and village industries is expected by the Commission to cover the total requirements for khadi and village industries under the heads of stocking loans for the purchase of raw materials and working capital required for meeting the cost of production and payment of wages. The fund is not intended to include the requirements of capital assistance loans for cooperative and registered institutions or of capital expenditure loans for the purposes of buildings, machinery, equipments, etc.

3.58 We consider that the requirements of the working fund as proposed by the Commission to the Government are based upon a certain amount of arbitrariness and look more like an attempt to capitalise the present position rather than to work them out on a scientific basis. We concede that the nature of production in khadi and village industries is such as to make an accurate examination extremely difficult. We are happy, however, that the Commission has, in the first instance, appointed a committee to go into the requirements of working capital for the production and marketing of khadi and to arrive at a base on which such loans should be sanctioned in future. We have no doubt that the findings of the committee will result in a detailed examination of the current needs of the institutions. The committee has been authorised to examine every aspect of this question and we hope, it will be possible for the Commission to take early action on the recommendations of the committee. We should also suggest that either the scope of the committee may be widened in order to examine the requirements of village industries or a separate committee for the purpose of determining the principles on which working capital loans may be sanctioned to village industries should be appointed.

3.59 We would, however, like to make the following suggestions for the consideration of the Commission and in particular of the Working Capital Committee.

- (i) Though many institutions ask for their requirements of working capital separately for production, sale, stocking etc., there are some who do not so separate their requirements. The Commission examines the requirements on the basis of the formula which has been adopted by it. The formula provides for the requirements of production, sale, stocking etc. separately. In the final analysis, however, the Commission sanctions loans for working capital to the institutions in bulk without assigning either percentage or

amounts for different purposes such as production, sales, *vastragars* etc. We consider that, at the level of the Commission, it is desirable for the requirements of the institutions for different purposes such as production, sale, stocking, *vastragars* etc. to be separated and separate amounts sanctioned so that the difference between these activities may be recognised. Institutions also should maintain separate accounts of these activities.

- (ii) The requirements of *vastragars* i.e. wholesale stocking should be separated from production and should not be clubbed along with the amount required for marketing.
- (iii) As a result of the suggestion made at (i) above the turnover of production is likely to be faster and the requirements of the working capital will be quickened. This factor should be taken note of while determining the requirements of production and marketing.
- (iv) The inclusion of the requirements of stocking loans in the working fund does not, to our mind, appear to be correct. The stocking loans are required to be given once a year. With the idea of separation of the requirements of production and marketing, the stocking loans will become renewable along with the previous loan since all the raw materials purchased and stocked will naturally figure in the production. Consequently, these stocking loans should either figure as a percentage of the amount of production loans or be given in the form of short-term loan repayable in six months.

Budgeting Policy

3.60 The Commission is required to send its budget estimates for every financial year to the Government before the end of October of the previous year. The budget estimates were prepared on the basis of an estimate of the production in khadi and village industries in the previous two years and the current year and on the basis of the experience acquired and the difficulties faced by the Commission in expanding production. Till the year 1963-64, in the month of January or February of every year, the State Boards were invited for discussions about the programme of khadi and village industries intended to be undertaken by them for the ensuing financial year. By that time, however, the Commission had already submitted its budget estimates to the Government and the programmes which were to be implemented by the State Boards and the institutions had necessarily to be fitted in with the estimates which had already been submitted by the Commission to the Government. The estimates which were submitted by the Commission to the Government were naturally

not a realistic summation of the requirements of the State Boards and the institutions; but only a projection of what, according to the Commission, would be possible of achievement by the State Boards and the institutions. Besides, the institutions were not consulted about their programmes. Most of the registered institutions were operating only in the field of khadi and their requirements used to be sanctioned on an *ad hoc* basis on receipt of applications from them. This practice has now been revised. With effect from the year 1964-65, the Commission proposes to obtain from the State Boards as well as the institutions their requirements of funds for the next year before it prepares its budget. The State Boards and the institutions being assisted directly by the Commission are expected to frame their budgets on a realistic appraisal of their performance in the current and the previous years and an estimate of what would be their requirements for the next financial year. These budget estimates of the State Boards and the institutions are proposed to be discussed by the Commission with the State Boards and the institutions and the budget estimates submitted thereafter by the Commission to the Government. We are of the view that these modifications in the procedure are likely to result in a more realistic budget estimate and would, therefore, reduce the *ad hoc* demands for supplementary amounts, as has been the practice with the Commission for some years now. It will enjoin on them the responsibility for the proper implementation of the programmes chalked out by them and the proper utilisation of the funds asked for by them. This would also enable the Commission to avoid the various criticisms that have been legitimately levelled against it by the Estimates Committee of the Lok Sabha, 1961-62 and the Public Accounts Committee about the improper and *ad hoc* method of budgeting, planning and utilisation of funds.

Imprest

3.61 The requirement of funds by the State Boards engaged in the implementation of the khadi and village industries programmes used to be worked out before the beginning of the year during a series of discussions and thereafter the funds were released to them during the course of the financial year. At the beginning of the financial year, only a small percentage of the funds sanctioned i.e. 25 per cent or so was released and the balances were released quarterly on the submission of statements of expenditure and the indications of further requirements from the State Boards. In practice, unfortunately, the State Boards did not always send the statements of expenditure or indicate their requirements with precision. In order that on this account the programme may not suffer, the Commission has been, from time to time, releasing further funds without insisting on the submission of the statements of expenditure. This

also resulted in heavier releases during the latter part of the year and particularly during the last quarter. This feature of the Commission's activity has been adversely commented upon by the Estimates Committee of the Lok Sabha, 1961-62 and the Public Accounts Committee from time to time.

3.62 The Commission has recently modified the method of disbursing funds to the State Boards and the institutions. The requirements for the year are now discussed in detail long before the commencement of the financial year. After obtaining the funds from the Government, the Commission proposes to place with the State Boards and the institutions an imprest equal to 25 per cent of their total requirements as worked out during the discussions on their agreed programmes. Every month the State Boards and the institutions are expected to submit statements of expenditure. These statements of expenditure would be scrutinised by the Commission and the amount required replenished. The imprest amounts, not being earmarked for any particular industry, could be spent for all or any of the agreed programmes. This introduces a certain amount of flexibility and will, therefore, help in better planning and execution. This system will also avoid the locking up of funds idly or in unproductive uses. We consider this innovation not only justified, but also desirable. We would, however, make the following suggestions.

- (i) If the State Boards or the institutions observe that there is no scope for the development of an industry, they should report this fact to the Commission and surrender the amount to the Commission so that such amount could be used by the Commission for fulfilling the requirements of other State Boards or institutions or for other industries of the State Boards or institutions.
- (ii) We would also suggest the further simplification of the accounting machinery at headquarters by the introduction of a system, whereby it will be possible for the State Boards and the institutions to obtain their requirements from the nearest branch of the State Bank of India so that the work, the time and the administrative expenditure involved in the transmission of cheques/drafts from the headquarters of the Commission to the State Boards and the institutions all over the country may be substantially minimised.
- (iii) We would suggest that the State Boards and the institutions may draw an initial imprest from the nearest branch of the State Bank of India or any other bank as may be authorised by the Government from time to time and get their periodical replenishments on receipt of an authority to the State

Bank of India or any other specified bank to be given by the Commission after the submission of the statements of expenditure from month to month and after the scrutiny of these statements by the Commission.

Integrated Development

3.63 The All India Spinners Association from its inception held the view that the problem of unemployment could not be solved completely through the development of khadi and village industries unless an integrated programme for rural areas was conceived and executed. It was in pursuance of this objective that the Commission formulated its intensive area scheme which was a socio-economic experiment designed with a view to demonstrating to the country the scope and possibilities of an allround economic development and provision of full employment.¹⁹ The concept of intensive development was lauded by the Khadi Evaluation Committee which considered the approach of the scheme sound. The Committee indeed suggested a reorganization of khadi work on the lines of integrated rural development, because this had "immense potentialities not only as a programme to reduce rural poverty and unemployment in the immediate future, but as a means of developmental experimentation and innovation, which may yield results of great significance for all rural development schemes."²⁰ The Committee recommended that the spade-work of the intensive area scheme should be followed up by a more sustained development of an integrated pattern. The Commission therefore based its Third Five Year Plan mainly on this concept and gave practical shape to it by suggesting the organisation of compact areas and the development of khadi and village industries in these compact areas as part of the general plan for reorganisation. For this purpose, not only was a reorientation of the programme of the Commission necessary, but coordination was also required with other agencies operating in the field of agriculture, irrigation, transport, communication, education, sanitation, etc. These compact areas were to be styled as "gram ekais" and the slant to be given to the programme was designated as "naya morh" or a new direction, the significant aspect of this new direction being the development of khadi and village industries not in isolation but as a part of an integrated programme for the economic development of the rural community. The results of the integrated development programme have been separately reviewed in Chapter VIII.

3.64 The Estimates Committee of the Lok Sabha, 1961-62 which went into the working of the Khadi and Village Industries

19. Report of the Intensive Area Evaluation Committee, 1953, p. 5.

20. Report of the Khadi Evaluation Committee, February 1960. pp. 139-40.

Commission had the following remarks to make in respect of the intensive area scheme and the gram ekai programme.

“It is seen that the Khadi and Village Industries Commission launched an Intensive Area Scheme and Gram Ekai Programme, which include, among others, agriculture, animal husbandry, health and sanitation, social and cultural activities, etc. These activities do not lie within its functions as set out in the Act. The Ministry of Law has held clearly that they ‘will be outside the scope of the Commission’s functions and any expenditure which the Commission might incur in relation to such activities will also be unauthorised under Section 19’.”²¹ The Committee was of the view that no commission which concerns itself with the development of village industries could take up activities of a *samagraseva* character and that this may be run only by an organisation such as a rural development commission. They suggested that “before any proposal for the constitution of the Rural Industrialisation Commission is considered, a thorough enquiry must be undertaken by a committee consisting of the representatives of all the bodies that are going to be affected by the proposal, including the States.”²²

3.65 We have discussed this matter with the Commission in detail. We have been informed that the Commission’s programmes and plans during the Third Plan are based on the concept of integrated rural development. The Commission does not, it is true, desire to undertake activities falling outside the scope of its functions. The Commission has also made it clear that, apart from unauthorised diversions, which may have been effected by the agencies implementing the intensive area scheme, of funds sanctioned for the khadi and village industries programmes to other activities, the Commission has at no time directly or indirectly sanctioned the expenditure or afforded assistance for schemes other than those directly concerned with khadi and village industries. The Commission has, however, firmly expressed the view that the development of khadi and village industries cannot, in the context of modern conditions, be undertaken without coordination with other agencies operating in the field of rural development such as agriculture, irrigation, sanitation, education, etc. Unless such a coordinated conceptual approach is kept at the base of any development programme, the idea of a progressive agro-industrial rural economy cannot be realised. The Commission has also informed us that the legal aspects of this question have again been got examined thoroughly. The Commission has been given to understand that if its activities in spheres other than khadi and village industries pertained not so

21. Estimates Committee *op. cit.*, p. 8.

22. *Ibid.*, p. 9.

much to the organization of these activities, but were confined to survey and planning with a view to effectively executing khadi and village industries programmes, there would be no objection and there would be no question of the Commission acting in excess of the authority given to it by law. We have carefully gone through every aspect of this matter and are convinced that the viewpoint advocated by the Commission is sound. We are also of the view that unless the integrated development of the rural masses is undertaken, no impact on the rural economy is possible. This is not, of course, to suggest that the Commission should undertake programmes other than khadi and village industries. But we are of the firm view that unless the programmes of these industries are linked up with the other activities in the countryside and unless the Commission, as the only organisation which has such a network of agencies throughout the country and which has directly or indirectly engaged itself in more than a lakh and a half of villages in the country is enabled to plan for such development, the results will not be satisfactory. We would recommend to the Government to examine whether and if so, what legislative modifications are necessary to achieve this end.

3.66 We must in this context refer to the new scheme of "free weaving" undertaken by the Commission since April 1964, which constitutes a further step in the direction of integrated development. The concept of "free weaving" is germane to the development of khadi, but it will have repercussions on the entire village economy as village self-sufficiency in cloth is intended to be encouraged and the members of the village community themselves are to be made to realise their responsibilities—as inhabitants of the villages—for their more unfortunate brethren i.e. the artisans who need employment and who, therefore, must be helped positively by the increased consumption in the villages themselves of cloth produced out of yarn spun by the spinners. The concept as formulated by Acharya Vinoba Bhave is part of a three-fold programme, which envelopes not only production of khadi, but also the furtherance of the *gramdan* movement and the launching of a "peace movement in the villages" with a view to reorganising them as self-defence units against possible aggression. The attractive features of the free weaving scheme are that it will enable spinners to get cloth at the price of cotton and the members of the village community, who are not spinners, to get cloth at the price of the yarn.

3.67 In the context of this projected reorganisation of the village economy with the Commission as the spearhead, it is obvious that its scope and functions need to be enlarged in order to enable it to undertake activities which have a direct bearing on the success of the khadi and village industries programmes. We have sepa-

rately referred to the need for constituting a Rural Industries Commission. We would, however, express the hope that the proposals sent by the Commission for modification of the law to enable it to undertake schemes of integrated development and for including other industries such as forest industries and manufacture of forest produce, fruit preservation, widening the scope of the carpentry and blacksmithy industries etc. will be viewed sympathetically by the Government and appropriate legislation introduced early.

Khadi and Village Industries and Democratic Decentralisation

3.68 The whole country has now been practically covered by the programme of democratic decentralisation and panchayati raj institutions have been established or will be established in large areas of the country. The panchayats, the panchayat samitis and the zilla parishads are the local governments at the village, block or taluka and district levels. It has been argued that the panchayati raj institutions should be entrusted with the implementation of the khadi and village industries programmes. The question has been discussed by us in detail with the Khadi and Village Industries Commission and with the authorities of the Ministry of Community Development, Panchayati Raj and Cooperation. In view of the fact that democratic decentralisation is a policy adopted by the Government, the Commission naturally has no objection in principle to the full utilisation of these decentralised democratic institutions for the furtherance of the khadi and village industries programmes. In fact, some of the programmes lend themselves very easily to a fuller development with the aid and goodwill of the local government institutions. For example, in the leather industry the efforts of the panchayats and panchayat samitis for disposal of the carcasses, obtaining of sites for locating the flaying centres, securing of land for establishing tanning pits etc. would be of invaluable help. Similarly, in the industry relating to the manufacture of methane gas, the panchayat samitis and zilla parishads can be of great help particularly so far as the installation of community plants for the purpose of light and fuel from these plants are concerned. The panchayat samitis and the zilla parishads again could use their good offices in providing employment opportunities to weaker sections of the community in the fibre industry, the collection of forest produce, and in the blacksmithy and carpentry industries. However, as the law stands at present, the panchayat samitis or zilla parishads are not eligible to obtain loans and grants from the Commission or the State Boards for the implementation of these programmes. The respective State laws would, therefore, have to be amended. Similarly, the loan rules of the Commission and the State Boards do not permit the grant of loans to these bodies. The Commission has proposed amendments to these rules to the Government. The Com-

mission has also facilitated matters considerably by suggesting to the State Governments to amend the panchayat and zilla parishad's law to enable these bodies to obtain loans and donations from the Commission and the State Boards. It would be clear from this that the Commission has adopted an understanding and realistic attitude towards this matter, and we have no doubt in our mind that the Commission is convinced of the need and desirability of using the good offices of these democratic decentralised institutions for the development of the khadi and village industries programmes.

3.69 It was, however, urged on behalf of the Ministry of Community Development, Panchayati Raj and Cooperation that where such bodies exist, the funds should be channelled through them. They should be given an advance idea of the budget for their area so that they can formulate the schemes in consultation with the local people and submit them for assistance to the Commission or the State Board. We regret that this view is not acceptable to us for the following reasons.

- (i) The local bodies consist of representatives of the local population who are elected for certain periods. They are liable to change after the period is over. Therefore, there will be no continuity. A constructive programme like khadi and village industries requires the continuous association of persons who take an active interest in the programme. This will not be possible of the elected representatives of the local bodies.
- (ii) The entire programme of khadi and village industries has been sponsored and executed by non-official agencies of social and constructive workers. The achievement in the field of khadi and village industries is almost entirely the direct result of this feature of the work.
- (iii) The policy of the Commission and the State Boards with which we agree is that no scheme should be directly implemented unless such a course is dictated by absolute necessity. The programmes of khadi and village industries, therefore, are executed by registered institutions and cooperative societies.
- (iv) We have recommended elsewhere that progressively the institutions and the cooperative societies engaged in khadi and village industries should switch over to institutional financing. Hence the question of panchayat samitis and the zilla parishads disbursing the funds would then not arise.

3.70 We do not minimise the positive advantage that would flow from the association of these units of local government with the khadi and village industries programme. We would suggest to the Commission and the State Boards that the panchayat samitis and the zilla parishads should be kept informed of the programmes undertaken within their jurisdiction so that it may be possible for them to suggest alterations, if any, to the programme. Similarly the Commission or the State Board should see that the panchayat samitis and the zilla parishads are kept informed of all the patterns of assistance available under the Commission so that they can positively and adequately guide the local population to take advantage of these schemes for provision of employment by submitting schemes for inclusion in the State Boards' budget proposals to be submitted to the Commission. In view of the fact that the blocks have now covered practically the entire country, the Commission did not consider it necessary to continue a separate section dealing with the work in Community Development Blocks. The Commission has emphasised to the State Boards and the State Governments the need for undertaking a minimum programme in each of the development blocks, which would include some of the basic industries which are found or can be developed in practically every block, viz., fibre, blacksmithy and the carpentry, tanning and pottery, apart from khadi which is capable of being developed in every block. The importance which the Commission and the Ministry of Community Development give to the programme of khadi and village industries will be obvious from the fact that the extension officers (industries) were deputed by the Ministry of Community Development to undergo a course of 8 months in khadi and village industries in the khadi gramodyog vidyalayas in addition to 4 months in the Small Industries Service Institutes. These extension officers (industries) were to be posted in each block to look after all small industries including khadi and village industries in the block. Nearly 3,049 extension officers (industries) have been trained in the khadi gramodyog vidyalayas. A review of this scheme of training and our suggestions in this regard appear in Chapter VI, para 6.6.

3.71 We have given careful thought to the question of the administrative arrangement for looking after khadi and village industries in the Community Development Blocks and the utilisation of the services of the extension officers (industries) for this purpose. Some State Governments have curtailed the number of posts of extension officers (industries) on the ground that they do not have sufficient work and some have combined the functions of the extension officers (industries) in some areas with the functions of the extension officers (cooperation). On the other hand, the Commission and the State Boards are facing difficulties in locating suitable

qualified personnel for looking after the schemes of khadi and village industries.

3.72 We have also given careful consideration to the question of coordination between the various boards and the Commission in the field of small industries and the fuller utilisation of the services of the extension officers (industries). We suggest as a first step that the block extension officers (industries) should, as in the case of Madras State, be transferred to the control of the State Khadi and Village Industries Board so that full use could be made of his training as well as his services by being made responsible for the supervision and development of khadi and village industries in the block. During the course of our visits, we have found this suggestion to be generally acceptable.

3.73 There is practically unanimous agreement on the suggestion that for the purpose of planning and execution the block should be treated as a unit. In fact, the Commission has not only accepted the suggestion but is formulating its Fourth Plan in respect of khadi and village industries on a block-wise basis. In fact, the area of panchayat samiti and the block is co-terminus. Another suggestion, which we most heartily welcome, is that for the purpose of supervising and coordinating the constructive work in the block, there should be a coordination committee which should consist of representatives working in that area of the major institutions interested in or associated with constructive activities such as Sarva Seva Sangh, the Commission, State Boards, Gandhi Smarak Nidhi, Kasturba Nidhi, Adimjati Sevak Sangh, etc. The entire constructive activity including the khadi and village industries programme within that area should come within the supervision and the purview of this coordination committee. We would suggest that this committee should not and need not be clothed with any executive authority because we hope that, by its constitution, its importance and the selfless nature of the persons who would compose it, its deliberations and advice would automatically have a sanctity and authority which would not be questioned.

Research

3.74 Research in the production of equipment for khadi and more especially in the technique of production and productivity in village industries is fundamental to the programme of rural industrial development particularly on a decentralised scale. Realising the importance of this, the Commission has constituted a Research Committee consisting of the Chairman, some members of the Commission, representatives of the Government and of the Council of Scientific and Industrial Research, and some prominent non-officials to advise on the formulation of policies and programmes in the

matter of research. The Commission has also set up a Central Research Institute for this purpose.

3.75 The Research Committee meets regularly and considers not only the programmes of work to be undertaken at the Institute but also coordination between the work of this Institute and the research work undertaken at the other institutions under the various Directorates of Industry. The Committee has set guide-lines for this coordination as well as the coordination to be effected between the Institute on the one hand and the National Laboratories on the other. The Committee has rightly emphasised that the approach of the departments of the Commission and that of the Institute should not be that of demarcation of spheres between them but rather that of supplementation of work. It has suggested exchange of personnel with a view to avoiding overlapping and duplication of work and full utilisation of technical and intellectual resources and equipment wherever available. The Committee has recommended that the results of investigations should be compiled and adequately documented so that information from all quarters could be made available to all who want it. It has suggested and the Commission has accepted that special attention should be given to the following aspects of research:

- (i) Impact of research work on the workers who work on daily wages such as spinners, artisans etc.;
- (ii) Economy in the tools of production;
- (iii) Flexibility or simplicity in the lay-out of production;
- (iv) Need for developing proper communication media between the training centres, research institute and the technical departments; and
- (v) The necessity of devising proper method for extension of research work to State Boards, institutions, cooperative societies, etc.

3.76 We are of the view that the general guide-lines recommended by the Committee and accepted by the Commission for undertaking research have been rightly thought out. We would, however, recommend, that research, so far as the Commission's programmes are concerned should be broadly on the following lines:

- (i) Improvement in the tools of production with a view to minimising cost, increasing productivity and ensuring that the equipment gives trouble-free service bearing in mind the limitations of the rural areas for repairs and renewals;
- (ii) Improvement in the levels of technology with particular reference to (a) use of power subject to the limitation that the present level of employment is not reduced, (b) manu-

facture of precision tools in collaboration with organised industries, so as to result in the production of precision tools and parts, and (c) ensuring a proper balance between the levels of technology on the one hand and the levels of employment on the other;

- (iii) Market research with a view to making the products of khadi and village industries cheaper, competitive, more attractive and durable;
- (iv) Introduction of productivity techniques, work studies, etc.; and
- (v) Improvement in the economics of production and distribution of products of khadi and village industries.

We are of the view that while technological improvement is absolutely necessary for the continuous progress of khadi and village industries, such technological advance should not be allowed to create an imbalance between technology and employment on the one hand and technology and the cost on the other. At the same time, we do not agree with the views expressed in certain orthodox circles about freezing the present levels of technology on the ground of the fears about the expansion in unemployment, consequent on the introduction of improved technology. In this connection, we endorse fully the Commission's views in regard to use of power and we consider that the conditions, prescribed by it, subject to which the use of power may be encouraged do represent the proper line of thinking.

Certification of Khadi and Village Industries Products

3.77 Regulation 24 of the Khadi and Village Industries Commission Regulations provides for the appointment of a certification committee. The provision is as follows.

- (i) "The Commission shall appoint one or more certification committees, which shall grant certificates to producers of, or dealers in, khadi or the products of any village industry, in accordance with such instructions as the Commission may issue from time to time.
- (ii) "A certification committee shall consist of such number of members as the Commission may think fit to appoint thereto, and one of them shall be appointed as the chairman of the Committee.
- (iii) "A certification committee shall levy fees for issue of certificates at rates that may be approved by the Commission

from time to time in consultation with its Financial Adviser."²³

3.78 The Certification Committee has, in accordance with this regulation, been appointed by the Commission. Today, the Certification Committee is responsible for all matters of certification regarding khadi only. The Committee has also constituted State-level certification committees in order to examine the requests for certification from each State and recommend to the Certification Committee whether certificate ought to be given or not. The detailed certification rules have also been published by the Commission for the conduct of the work of the Certification Committee. The Certification Committee has passed certain resolutions to be implemented by the institutions before they can apply for and receive a certificate. The rules also provide for the margins for establishment expenses on the production of cotton, woollen and silk khadi. Detailed cost chart has been worked out which institutions are expected to adhere to.

3.79 The Certification Committee's decision to grant or not to grant a certificate is not subject to appeal. Where there is a representation from an institution complaining against refusal to issue a certificate, the Certification Committee looks into the question again with a view to considering whether the decision ought to be revised or not. A suggestion has been made that there should be a provision for an appeal against a decision of the Certification Committee. The Committee is constituted by the Commission but it enjoys a status of near autonomy and its decisions are rarely, if ever, questioned. We would suggest that instead of there being a formal appeal against the decision of the Certification Committee, the Commission, receiving a representation against the decision of Certification Committee, may review such cases with a view to deciding whether the decision needs modification. Where the Commission considers that such a modification may be required, the case may be remitted to the Certification Committee for reconsideration.

3.80 The question of the application of the rules of certification to the products of village industries is important from the point of view of (a) ensuring the genuineness of the product, (b) the reasonableness of the margins and overhead charges on production before sale and (c) that the producers and the artisans are not exploited but are paid reasonable wages. Unlike the khadi field in which there is considerable amount of supervision, the work in the village industries field is very much dispersed. Most of the village industries field is covered by the cooperative societies and the new insti-

23. Khadi and Village Industries Commission Regulations, 1958, regulation No. 24(1), (2) and (3).

tutions. There are, therefore, difficulties of applying the certification idea in toto in this case. The Commission considered this question in the light of the advice of the Board as well as the report of a sub-committee appointed by the Certification Committee. The Commission decided that in view of the difficulties of applying the theory of certification to the products of village industries, for the present, institutions may be recognised for the sale of products of village industries and similar recognition may be accorded to the institutions producing village industries goods. We consider that in view of many complexities involved in applying the certification procedure for khadi *mutatis mutandis* to village industries, recognition is as far as the Commission ought to go in regard to village industries under the present circumstances.

Rural Industrialisation

3.81 In the field of small industries, besides the Khadi and Village Industries Commission, there are other organisations such as the National Small Industries Organisation, the Central Silk Board, the All India Handloom Board, the All India Handicrafts Board, the Coir Board, etc. In addition, under the aegis of the Ministry of Community Development, Panchayati Raj and Cooperation, the various Community Development Blocks undertake some schemes of development in the field of small industries. These Boards are under the administrative control of more than one Ministry in the Government of India. In order to ensure coordination between the various Ministries as well as the different Boards and organisations concerned with programmes of all sectors of small industries, the Government of India set up the Coordination Committee of Small Industries in 1957. This committee meets frequently in order to discuss problems of coordination between the various organisations working in this field. However, since each of these Boards and organisations operates in distinct fields, a comprehensive picture is not available. This difficulty was appreciated by the Planning Commission which emphasised that further means need to be devised "to secure coordination among the various Boards and agencies concerned with the implementation of the programmes."²⁴ The Planning Commission further emphasised that with the development of agriculture, transport, communications etc., it was necessary to take a unified view of the entire problem of rural industrialisation. The Planning Commission concluded that "a comprehensive programme of rural industrialisation will have to take into account the various aspects of development in each area and it will be necessary to ensure that close cooperation of the various institutions and the

24. Third Five Year Plan, *op. cit.*, p. 437.

agencies working at the regional or block level is obtained for preparing local plans and implementing them".²⁵

3.82 The necessity of a single authority for the development of rural industries was also emphasised in the report of the Study Group on the welfare of the weaker sections of the village community. In the words of this group "at present there happens to be no single authority at any level, whose particular responsibility it is to think, study, plan and act on behalf of rural industries. There are no doubt different agencies working in their allocated spheres, but there is no integrated approach to the problem. We recommend therefore the creation 'out of the existing bodies or by establishing a new one' of a single comprehensive authority with the necessary powers and resources and charged with the responsibility of rapidly industrialising the rural areas".²⁶

3.83 In pursuance of the above recommendation of the Planning Commission and the Study Group on the welfare of the weaker sections, the Planning Commission constituted a high level Rural Industries Planning Committee for "reviewing the progress of industries in rural areas, advising on problems of policy and planning and recommending programmes for the intensive development of village and small industries in rural areas including coordinated area and regional plans of development and pilot projects".²⁷ The Committee worked out a scheme for intensive development of small industries in rural areas, in which it was proposed to take up immediately about 46 selected projects. Additional projects were to be taken as and when the work on these projects was complete or on achieving a certain degree of progress. "The proposed projects are for the intensive development of all kinds of small industries and of processing industries based on agriculture".²⁸ The Planning Commission earmarked a sum of Rs. 8 crores during the Third Plan for this purpose. Surveys of the potentialities of the areas, which were selected in consultation with the State Governments, were undertaken. These surveys have not been completed and preliminary work has recently commenced. The progress of the implementation of the schemes of small industries in these areas is reviewed by the Rural Industries Planning Committee from time to time. The Committee has constituted a Standing Committee for day-to-day supervision and control of these programmes. These programmes were

25. Third Five Year Plan, *op. cit.*, p. 437.

26. Report of the Study Group on the Welfare of the Weaker Sections of the Village Community Vol. I, p. 22.

27. Government of India, Planning Commission letter No. VSI/26(3)/62 dated 28 June 1962.

28. Projects for Intensive Development of Small Industries in Rural Areas, Rural Industries Planning Committee, p. 2.

reviewed in a conference of Chief Ministers and Ministers of Industries of various States on 29 and 30 July 1963.

3.84 We have discussed this question with several persons including the Chairman of the Khadi and Village Industries Commission, Chairman and Secretary of the Standing Committee as well as some members of the Planning Commission. We are of the view that no impact has yet been made on rural industrialisation by these arrangements and the intention set out by the Planning Commission has not been fulfilled. Prof. D. R. Gadgil, an eminent economist has stated that "rural industrialisation is one of the major economic and social objectives of the plan of economic development. Therefore, it can be achieved only if the entire development plan and in particular, the entire plan of industrialisation is framed so as to attain this objective. No substantial result can be achieved, in the short run, with the present approach and area of efforts at rural industrialisation".²⁹

3.85 The Khadi and Village Industries Commission was requested to take up the responsibilities which were envisaged for a Rural Industrialisation Commission. The Commission, however after consulting the Khadi and Village Industries Board, regretted its inability to do so, but offered to cooperate with and assist, to the extent it was necessary, the authority which may be set up for undertaking programmes of rural industrialisation. These were the circumstances under which the Rural Industries Planning Committee of the Planning Commission was constituted. Unfortunately, however, the result has been the constitution of a mere committee which has to approach the State Governments and various other organisations for the implementation of the programmes. It has become more or less another cog in the wheel of small industries. We would, therefore, suggest that the question of constituting a single body with responsibility for the entire field of rural industrialisation and with authority to execute programmes in this sphere should be re-examined by the Government. Only after this can a massive programme of industrialisation in the rural areas be brought about. It is only such a massive programme that can have any impact in the rural community and provide genuine answers to the gaping problem of unemployment and the deleterious consequences which it may have on the structure of the political fabric of the country.

3.86 The question of the role of the Khadi and Village Industries Commission in the context of the proposal for the constitution of a Rural Industrialisation Commission needs very careful consideration. We have had the benefit of a detailed discussion on this subject with the Chairman and members of the Commission. The

29. Notes on Rural Industrialisation submitted to the Rural Industries Planning Committee of the Planning Commission by Prof. D. R. Gadgil.

Commission today is responsible for the development of khadi and certain village industries specified in the schedule of the Commission's Act. There are proposals for including a few more industries in the schedule. Other rural industries do not come at present within the schedule. There will however be an advantage in having a coordinated programme in respect of all rural industries and placing all rural industries including village industries under a single authority. The programme in these rural industries, however, can only be successful if the policy and approach of the Government are clear. For example, between certain rural industries and their counterparts in the large-scale sectors such as processing of cereals and pulses, extraction of oil, manufacture of soap, manufacture of gur and khandsari and sugar, there is a conflict of ideology, technique, economics and performance. The large-scale sectors in these industries have the advantages of high production at low cost, whereas the corresponding rural industries fulfil another obligation of the Government to the community, namely, provision of employment opportunities at low capital cost. It is in such spheres that the policy of the Government should be absolutely clear and be operative without any hesitation for a period of time. Such policy may take the nature of demarcation of spheres or qualities or varieties of production, or the formulation of common production programmes. If such a policy is enunciated and followed, the advantages of bringing rural industries within the scope of a single authority would be immense.

3.87 The question of khadi is different. There is a fear to which reference has been made even by Acharya Vinoba Bhave that if khadi, handlooms and powerlooms come under a common authority, the pressure of circumstances or environmental necessities may compel the implementation of programmes, the result of which may be, in course of time, the submergence of khadi in the handlooms and later perhaps the submergence of the handlooms in the powerlooms. This cannot be dismissed as an imaginary fear. Common production programme would not give a clear answer for this proposition because the percentage of the production of khadi to the total textile production of the country or even to the production of handloom and powerloom is negligible. If therefore khadi has to be preserved in the same manner and with the same orientation as inspired the programme when it started, the merging of khadi, handlooms and powerlooms would be a proposition fraught with grave consequences. We therefore, suggest that the implication of the coordination of this programme in all its facets should be discussed in detail by Government with the planners, the social and constructive workers and economists. The policy framed as a result of the discussion should, in our opinion, operate for a reasonable period and not be subject to change from time to time.

STATEMENT

Position as on 30 June 1964 in Regard to the Report of Utilisation Certificates

Particulars	Amounts disbursed for which U.Cs. are required	Amount for which U.Cs./Statements of Accounts received or treated as utilised	Amount for which U.Cs. are yet to be received
Institutions			
Upto 31-3-57	15,64,12,757	15,64,12,757	Nil
57-58	10,51,38,602	10,47,76,841	3,61,761
58-59	13,17,99,602	13,14,81,227	3,18,375
59-60	13,16,71,512	13,04,56,569	12,14,943
60-61	11,70,52,514	11,55,90,581	14,61,933
61-62	15,85,03,481	11,08,17,692	4,76,85,789
Total	80,05,78,468	74,95,35,667	5,10,42,801
State Boards			
Upto 60-61	22,03,93,483	(refunded 10,11,46,397	8,74,64,630
61-62	9,24,76,274	Rs. 3,17,82,456) 1,69,80,116	7,54,96,158
Total	31,28,69,757	11,81,26,513	16,29,60,788
State Governments			
Upto 60-61	6,17,20,723	(refunded —	2,85,990
61-62	22,51,040	Rs. 80,100) —	—
Total	6,39,71,763	—	2,85,990
Grand Total	1,17,74,19,988	86,76,62,180	21,42,89,579
		Registered Institutions	State Boards
Total U. Cs. received Upto:	30-6-64	74,95,35,667	11,81,26,513
	31-5-64	73,86,12,302	11,43,20,075
U. Cs. received during June 1964		1,09,23,365	38,06,438

CHAPTER IV

FINANCIAL ANALYSIS

For the implementation of the khadi and village industries programmes during the First and Second Five Year Plans and during the first three years of the Third Plan, a total sum of Rs. 167.08 crores was disbursed. This includes a sum of Rs. 126.70 crores for khadi (Rs. 49.27 crores as grants and Rs. 77.43 crores as loans) and Rs. 40.38 crores for village industries (Rs. 13.95 crores grants and Rs. 26.43 crores loans). The disbursements for khadi and village industries are separately accounted for because under section 18 of the Khadi and Village Industries Commission Act, two separate funds to be called the "Khadi Fund" and the "Village Industries Fund" are to be established and all receipts and outgoings are being credited or debited to the respective fund. The Commission has moved the Government to amalgamate these two funds so that re-appropriation from one to the other may be possible to meet the exigencies of a particular situation.

4.2 Table 1 on next page sets out details of the disbursements for khadi and village industries during the First Plan and for every year thereafter till 1963-64. It will be seen from the table that for khadi, the disbursements in the First Plan were only Rs. 6.22 crores, all for traditional khadi (there was no ambar charkha programme). During the Second Plan, the total disbursements were stepped up by over 10 times and amounted to Rs. 64.71 crores (Rs. 44.89 crores for traditional khadi and Rs. 19.82 crores for ambar khadi). During the 3 years of the Third Plan, the disbursements were Rs. 55.77 crores (Rs. 51 crores for traditional and Rs. 4.77 crores for ambar khadi) or nearly 86 per cent of the total disbursements during the Second Plan. During the First Plan, the grants (subsidies, rebates, expenditure on training, etc.) constituted 44 per cent of the total disbursements, during the Second Plan about 40 per cent and during the 3 years of the Third Plan 37 per cent. A major portion of the disbursements of grants is accounted for by the rebates on the sale of khadi (cotton, woollen and silk). The disbursement for ambar charkha accounted for nearly 31 per cent of the total for khadi during the Second Plan. This was mainly due to the extremely enthusiastic manner in which the ambar charkha programme was launched. During the 3 years of the Third Plan, the disbursements for ambar charkha programme account for hardly 9 per cent of the total disbursements for khadi. This was due to the fact that the

TABLE 1
Disbursements for Khadi and Village Industries

(Rs. crores)

	Khadi						Village Industries		Grand Total		
	Traditional		Ambar		Total		Grant	Loan	Grant	Loan	Total
	Grant	Loan	Grant	Loan	Grant	Loan					
1. First Plan	2.75	3.47	—	—	2.75	3.47	0.88	1.03	3.63	4.50	8.13
2. Second Plan											
1956-57	2.56	3.10	0.94	1.76	3.50	4.86	0.96	1.19	4.46	6.05	10.51
1957-58	3.07	3.70	1.75	2.64	4.82	6.34	1.34	1.59	6.16	7.93	14.09
1958-59	3.71	4.82	1.79	4.26	5.50	9.08	1.64	2.02	7.14	11.10	18.24
1959-60	4.75	5.69	1.75	2.65	6.50	8.34	1.33	2.83	7.83	11.17	19.00
1960-61	4.55	8.94	1.01	1.27	5.56	10.21	1.72	3.36	7.28	13.57	20.85
Total (2)	18.64	26.25	7.24	12.58	25.88	38.83	6.99	10.99	32.87	49.82	82.69
3. Third Plan											
1961-62	5.09	11.37	0.39	1.08	5.48	12.45	2.27	5.06	7.75	17.51	25.26
1962-63	6.44	12.80	0.68	1.12	7.12	13.92	1.83	4.61	8.95	18.53	27.48
1963-64	7.07	8.23	0.97	0.53	8.04	8.76	1.98	4.74	10.02	13.50	23.52
Total (3)	18.60	32.40	2.04	2.73	20.64	35.13	6.08	14.41	26.72	49.54	76.26
Grand Total	39.99	66.12	9.28	15.31	49.27	77.43	13.95	26.43	63.22	103.86	167.08

Note: Exclusive of: (i) loans disbursed by the Commission for trading activities;
(ii) administrative expenditure for the Commission's office; and
(iii) adjustments made in the annual accounts after the close of the financial year in the case of disbursements for village industries.

ambar charkha programme was slowed down deliberately and because the programme had not succeeded to the extent anticipated at the time it was originally planned. We have separately assessed the working result of the ambar charkha programme in Chapter XI on khadi, but we are glad to note that the Commission did realise the weakness of the ambar charkha programme and profiting by the mistakes originally committed by it, displayed considerable caution with regard to the disbursements for this programme in the Third Plan.

4.3 In regard to village industries, the disbursement during the First Plan hardly amounted to Rs. 1.91 crores, but this was stepped up very considerably and amounted to Rs. 17.98 crores during the Second Plan. During the three years of the Third Plan, the total disbursements for village industries were Rs. 20.49 crores which is nearly 14 per cent more than the total disbursements during the entire Second Plan period. Grants constituted nearly 46 per cent of the total disbursements in the First Plan and nearly 39 per cent in the Second and only 30 per cent in the three years of the Third Plan. Most of these grants in the field of village industries are accounted for by grants for the construction of godowns, for the purchase of tools and equipments, marketing depots etc. We consider that the fall in the percentage of grants to total disbursements and the consequent increase in the proportion of loans to the total disbursements is a healthy trend. We have in Chapter V on patterns of assistance recommended a revision in regard to the assistance for tools and equipment and for the construction of godowns. If this suggestion is accepted, the proportion of subsidy to the total disbursements will fall further. Such a tendency is likely to induce in the institutions a greater sense of responsibility as well as a desire to get the maximum return out of the assistance given.

4.4 Table 2 indicates the total allocations and disbursements for khadi and village industries during the first two plans and the three years of the Third Plan. It will be seen from this table that the disbursements in the First Plan for khadi were equal to 76 per cent of the allocations and for village industries hardly 28 per cent. The combined percentage of the disbursements in khadi and village industries to the total allocations works out to 54. During the Second Plan, the percentage of disbursements to allocations for khadi is nearly 96 and in village industries 110 per cent. The combined percentage of disbursements to allocations for khadi and village industries is nearly 99. During the three years of the Third Plan, the percentage of disbursements in khadi to the allocations for the entire Third Plan

is 81 and in village industries 102; for the total of both programmes it is 85.

Table 2

(Rs. crores)

	First Plan	Second Plan	Third Plan
1. Khadi			
Allocations	8.22	67.45	69.00
Disbursements*			
Grant	2.75	25.88	20.64
Loan	3.47	38.83	35.13
Total	6.22	64.71	55.77
2. Village industries			
Allocations	6.78	16.33	20.00
Disbursements*			
Grant	0.88	6.99	6.08
Loan	1.03	10.99	14.41
Total	1.91	17.98	20.49

*Disbursements in Third Plan are for the first three years only.

4.5 While we may conceive that the All India Khadi and Village Industries Board took some time to establish a machinery for organization and that the higher percentage of the disbursements to the allocations in the Second Plan is due to the organisational effort, the wide variation between the First, the Second and the Third Plans in respect of disbursements for khadi and village industries to the allocations is a matter, which calls for examination. It will be seen that in regard to khadi the variations in the percentage of disbursements to allocations are not so striking whereas they are striking in the case of village industries, because in the three years of the Third Plan, the disbursements are more than the total allocations for the Plan. This may be due to the fact that the khadi programme is implemented by the registered institutions, who are directly engaged in the activities, whereas in the case of village industries, the amounts are disbursed to the State Boards, who in turn have to disburse them to the institutions and the cooperative societies actually implementing the village industries programmes. Another explanation would be that the planning on the part of the State Boards in respect of village industries is faulty and considerable sums of money are

disbursed to them even without ascertaining the possibilities of their being able to spend the amounts resulting in unspent balances which have to be refunded.

4.6 Details of the planwise net disbursements in khadi and village industries upto 1962-63 are set out in Table 3.

Table 3

	First Plan	Second Plan	Third Plan (upto 31 March 1963)
Khadi:			
(i) Total disbursements (cumulative)	6.22	70.93	109.90
(ii) Repayments (cumulative)	0.54	16.01	34.19
(iii) Refunds (cumulative)	0.01	0.46	1.02
(iv) Net disbursements	5.67	54.46	74.69
Village Industries:			
(i) Total disbursements (cumulative)	1.91	19.89	33.66
(ii) Repayments (cumulative)	0.05	2.03	8.38
(iii) Refunds (cumulative)	0.01	0.48	1.66
(iv) Net disbursements	1.85	17.38	23.62

What we have said above, in regard to the variations between the disbursements in khadi and the disbursements in village industries will be fortified by the following two facts, which emerge from this table.

- (i) The repayment in the case of khadi constituted 9 per cent of the total disbursements in the First Plan, 23 per cent of the total disbursements in the Second Plan and 31 per cent in the Third Plan (upto 1962-63). On the other hand, the repayment in the case of village industries constituted 2.6 per cent in the First Plan, about 10 per cent in the Second Plan and about 25 per cent in the Third Plan.
- (ii) The refunds in the case of khadi are very negligible, whereas in the case of village industries during the Second Plan they were equal to 2.4 per cent of the total disbursements and nearly 5 per cent in the two years of the Third Plan. We have been informed that as on 31 March 1964 there were large amounts of unspent balances with the State Boards mainly on account of their not having disbursed

these sums to the institutions and the cooperative societies.

4.7 We note that the Commission itself has realised this difficulty and has, therefore, proposed the grant of an imprest equal to a quarter's requirement to the State Boards and the major institutions. We believe that as a result of this step, in future, the variations will not be such as to attract adverse criticism.

4.8 Table 4 gives details of the purpose-wise disbursements of funds in khadi for the First and Second Plans and for the first 3 years of the Third Plan. Similarly, table 5 gives the corresponding information in respect of village industries upto 1962-63. It will be seen that during the First Plan, rebates and subsidies on khadi constituted nearly 79 per cent of the total grants, in the Second Plan 54 per cent and during the three years of the Third Plan 71 per cent. The expenditure on training during the entire period constitutes nearly 15 per cent of the total expenditure on grants of which about 82 per cent was incurred during the period of the Second Plan. The major expenditure of grants during the entire period has, therefore, been on rebates, subsidies and training. Investments (godowns, marketing depots, equipments, etc.) accounted for hardly 9 per cent of the total disbursements. Loans for working capital including cotton purchase, constituted nearly 53 per cent of the total disbursements. It may be concluded from this, that, unless there is a major expansion in the khadi programme, very little further amounts are likely to be required for the purposes of investment and training. In future almost the entire expenditure will be on subsidies and loans for working capital. We have suggested some alterations in the pattern of grants for equipment. The entire question of giving loans will be changed by the institution of the working fund, which though a loan, is tantamount to investment. In regard to village industries the funds for investment (godowns, marketing depots, gramodyog bhavans etc.) constitute nearly 71 per cent of the total amounts disbursed in the First Plan, nearly 46 per cent in the Second Plan and about 47 per cent in the two years of the Third Plan. The diminishing percentage of the disbursements for investment to the total funds is accounted for by the fact that many godowns, marketing depots, plants and machinery established in the Second Plan are yet to yield their full returns. Rebates and subsidies over the period constitute less than 10 per cent of the total grants disbursed or about 3 per cent of the total disbursements for grants and loans. The expenditure on training is also inconsequential. Working capital constitutes nearly 37 per cent of the total disbursements or nearly 57 per cent of the total disbursements in the form of loans, the remaining 43 per cent of loans being accounted for by investment (marketing depots, etc.). The proportion of establishment charges in village industries is nearly 7 per cent of the total disbursements, and we consider this a little on

TABLE 4
Khadi
Purpose-wise Disbursement of Funds

(Rs. lakhs)

Purpose	First Plan			Second Plan			1961-62		
	Grants	Loans advanced	Loans outstanding	Grants	Loans advanced	Loans outstanding	Grants	Loans advanced	Loans outstanding
1. Rebates and subsidies	225.57	—	—	1543.13	—	—	433.29	—	—
2. Training	14.87	—	—	681.87	—	—	31.42	—	—
3. Other promotional schemes ...	30.67	—	—	122.44	—	—	28.32	—	—
4. Investment	4.45	1.50	—	194.21	609.88	401.89	43.88	40.86	324.95
5. Working capital:									
a. Cotton purchase	—	104.09	69.82	—	1303.30	572.36	—	340.45	579.47
b. Others	—	241.90	223.21	—	1969.71	1655.01	—	864.05	2092.68
6. Establishment:									
a. State Boards, institutions ...	—	—	—	46.64	—	—	11.04	—	—
b. Commission's office	9.54	—	—	287.48	—	—	69.78	—	—
Total:	285.10	347.49	293.03	2875.77	3882.89	2629.26	617.73	1245.36	2997.10

(Continued)

TABLE 4 (Continued)

Khadi*Purpose-wise Disbursement of Funds*

(Rs. lakhs)

Purpose	1962-63			1963-64 @			Total		
	Grants	Loans advanced	Loans outstanding	Grants	Loans advanced	Loans outstanding	Grants	Loans advanced	Loans outstanding
1. Rebates and subsidies	569.22	—	—	598.27	—	—	3369.48	—	—
2. Training	44.44	—	—	60.23	—	—	832.83	—	—
3. Other promotional schemes	28.16	—	—	39.38	—	—	248.97	—	—
4. Investment	51.79	110.69	305.91	71.44	48.65	269.34	365.77	811.58	269.34
5. Working Capital :									
a. Cotton purchase	—	375.21	570.79	—	351.93	601.46	—	2474.98	601.46
b. Others	—	906.09	2571.89	—	475.16	2733.27	—	4456.91	2733.27
6. Establishment :									
a. State Boards, institutions	18.74	—	—	34.84	—	—	111.26	—	—
b. Commission's office	78.11	—	—	46.84	—	—	491.75	—	—
Total	790.46	1391.99	3448.59	851.00	875.74	3604.07	5420.06	7743.47	3604.07

@ Figures are provisional as annual accounts are not finalised.

TABLE 5
Village Industries
Purpose-wise Disbursement of Funds

(Rs. lakhs)

Purpose	First Plan			Second Plan			1961-62			1962-63			Total (upto 62-63)		
	Grants	Loans Advan- ced	Total	Grants	Loans Advan- ced	Total	Grants	Loans Advan- ced	Total	Grants	Loans Advan- ced	Total	Grants	Loans Advan- ced	Total
1. Rebates/ subsidies	6.39	—	6.39	63.85	—	63.85	17.18	—	17.18	21.52	—	21.52	108.94	—	108.94
2. Training	6.97	—	6.97	49.60	—	49.60	18.24	—	18.24	13.83	—	13.83	88.64	—	88.64
3. Develop- ment expenditure	6.47	—	6.47	20.59	0.08	20.67	26.09	—	26.09	39.21	0.08	39.29	92.36	0.16	92.52
4. Working capital	—	35.25	35.25	—	650.91	650.91	—	255.86	255.86	—	296.25	296.25	—	1238.27	1238.27
5. Investment	67.36	67.42	134.78	382.93	447.65	830.58	138.33	250.45	388.78	92.30	164.19	256.49	680.92	929.71	1610.63
6. Establish- ment charges	0.43	—	0.43	182.29	—	182.29	27.50	—	27.50	16.24	—	16.24	226.46	—	226.46
Total	87.62	102.67	190.29	699.26	1098.64	1797.90	227.34	506.31	733.65	183.10	460.52	643.62	1197.32	2168.14	3365.46

the high side. The proportion of establishment charges to the total disbursements should not generally be more than 5 per cent at the most.

Budget Estimates and Revised Estimates

4.9 Table 6 gives the details of the estimates both of amounts required from the Government and of departmental receipts of the Commission (refunds and repayments of loans which are allowed to be retained by the Commission and not required to be refunded or repaid to the Government) as well as disbursements in respect of khadi and village industries during the first four years of the Third Plan. It will be seen from this that in respect of the budget estimates, there has been a wide variation between the original estimates and the revised estimates as well as between the estimates as sanctioned by the Government and the revised estimates. It will be seen from the figures of revised estimates that there has been an under-utilisation of the total amounts provided by the Government in the original budget estimates for khadi in the first three years of the Third Plan, whereas in the case of village industries, there has been more than proportionate over-utilisation. In the budgeting of the departmental receipts also, there is considerable variation. The receipts both in respect of khadi and village industries have tended to be very much higher than those estimated. This only proves that there was no proper scrutiny in respect of the loans repayable and perhaps not a proper estimate of the capacity of the State Boards and institutions to fulfil the programme. These large receipts are also accounted for by the refund of unspent balances by the State Boards. All these point to the conclusion that large amounts, not required for immediate use, are locked up at one stage or the other. We hope that the institution of the working fund and the imprest system will prevent such locking up in future. So far as Government is concerned, the happy feature is that all the amounts sanctioned are not drawn at one time but in instalments. We would suggest that the Commission should carefully review its budgeting policy and undertake a more careful scrutiny of the requirements of the State Boards and the institutions in order that this phenomenon of variation between the budget estimates, the revised estimates, the Government sanctions and the disbursements does not occur in future. We would urge on the Commission to insist on State Boards and the institutions in their turn to similarly draw up realistic estimates of their requirements and take steps for the prompt utilisation or disbursement of their funds.

Confirmation of Balances

4.10 Table 7 gives the position as on 15 August 1964 regarding the confirmation of the loan balances upto 31 March 1963 for khadi

TABLE 6
Budget Estimates and Disbursements for Khadi and Village Industries

(Rs. lakhs)

Year	Original budget estimates	Revised estimates	Government sanction	<i>Departmental Receipts</i>			Total (3+6)	Disbursements	
				Original budget estimates	Revised estimates	Actuals			
				1	2	3			4	5	6	7	8
Khadi	1961-62	1187.00	880.50	955.50	641.00	667.00	914.92	1870.42	1793.30
	1962-63	982.00	962.00	1257.00	734.30	734.30	985.75	2242.75	2104.34
	1963-64	800.00	874.00	1068.82	397.80	723.70	782.01	1850.83	1577.78
	1964-65	993.00	—	993.00	825.00	—	262.00@	1255.00	236.45*
Village Industries	1961-62	420.00	627.00	517.00	135.00	150.00	330.20	847.20	733.65
	1962-63	625.00	550.00	280.00	211.66	211.66	514.23	794.23	643.62
	1963-64	550.00	381.00	361.00	216.46	400.00	432.00	793.00	667.92
	1964-65	500.00	—	500.00	470.00	—	170.27@	670.27	16.19*

Upto July 1964

@ Upto August 1964

and village industries by State Boards and major institutions.

Table 7

(Rs. crores)

	Khadi	Village Industries
1. Total balances to be confirmed as on 31-3-1963	34.58	13.50
2. Loan balances confirmed so far	28.18	12.16
3. Balances to be confirmed	6.40	1.34

An analysis of the institutions in respect of which the balances are yet to be confirmed reveals the following:

	Khadi	Village Industries
1. State Boards	0.81	1.03
2. Major institutions	0.88	—
3. Other institutions	4.71	0.31
Total	6.40	1.34

4.11 It will be seen from this table that the position even regarding the confirmation of the loan balances is unsatisfactory. We have been informed that in several cases, the Commission has requested the institutions and State Boards to confirm the loan balances, but this has not been done. Apart from the requirements of prudence, it is an essential aspect of banking that the confirmation of balances must be obtained from the loanees. It is regrettable that this particular practice has apparently not been followed, or if followed, with unsatisfactory results. It will also be seen that nearly 19 per cent of the loan balances in khadi and nearly 10 per cent of the loan balances in village industries have not been confirmed. So far as village industries are concerned, the State Boards account for nearly 77 per cent of the default. It is obvious that continued vigilance on the part of the accounts organisation of the Commission is required in order to see that the situation does not become worse. We would, therefore, recommend to the Government and the Commission that in the case of those State Boards, cooperative societies or registered institutions or others, which do not confirm the balances in spite of persistent requests from the Commission, the question of

denying further assistance should be seriously considered.

Defaults and Recoveries

4.12 Table 8 indicates the position as on 16 August 1964 of defaults in respect of the loans given upto 31 March 1964.

Table 8

	(Rs. crores)					
	Ambar hire purchase loans	Share capital	Capi- tal exp.	Work- ing capi- tal	Stock- ing loan	Total
1. Khadi includ- ing ambar	0.80	0.06	0.05	1.86	—	2.77
2. Village industries	—	—	1.48	1.31	1.50	4.29
Total	0.80	0.06	1.53	3.17	1.50	7.06

An analysis of these defaults between the various organizations reveals the following position:

	Khadi	Village Industries
1. State Boards	1.00	2.73
2. Major institutions	0.47	0.07
3. Other institutions	1.30	1.49
Total	2.77	4.29

The total loans disbursed for traditional and ambar khadi programme upto 31 March 1964 amount to Rs. 77.43 crores. Out of this, the amount due for repayment in 1963-64 was Rs. 10.28 crores. The total of the defaulted amount now overdue is Rs. 2.77 crores. The percentage of the defaults to the total loans to be repaid is 26.9. It will be seen that considerable vigilance is required in order to bring down this percentage of defaults. It should also be remembered that the law of limitation would apply to loans given by the Commission and it is, therefore, essential to see that steps for recovery of overdue loans are taken in time.

4.13 In regard to village industries, the total loans disbursed upto 31 March 1964 amount to Rs. 26.43 crores. The amounts due

for recovery total Rs. 5.92 crores and the amount defaulted or overdue is Rs. 4.29 crores. The percentage of the amounts overdue to the total loans due for repayment is 72. In fact, the percentage of overdues to the total loans disbursed is 16. The position is really alarming. The larger part i.e. two-thirds of these overdue loans are due from cooperative societies and registered institutions assisted by the State Boards who in turn received funds from the Commission. The remaining one-third are overdues from institutions assisted directly by the Commission. It is obvious that neither the Commission nor the State Boards have bestirred themselves to take energetic steps for the recovery of the defaulted amounts. It is a matter of concern that the enthusiasm shown in disbursing the amount has not been shown in respect of recovering the defaulted overdue amounts.

4.14 In order to avoid delay that may be occasioned by complicated recovery proceedings, the Khadi and Village Industries Commission Act was amended in 1961 to provide for the recovery of the moneys due to the Commission as arrears of land revenue (vide Section 19 (b) of the Khadi and Village Industries Commission Act). There is a provision under this Act for the appointment of a tribunal which, after making such enquiry as it may deem fit and after giving the person by whom the loan is repayable, an opportunity of being heard, will decide the amount to be recovered and order its recovery. The decision of the tribunal shall be final. We understand that in view of the large number of cases likely to arise the Commission has proposed the constitution of standing tribunals in each State in order to dispose of expeditiously such cases. The proposal is at present under the consideration of the Government. We would urge upon the Government to accept this proposal immediately in order that the proceedings of recovery may go on in an expeditious manner. The Commission has also proposed to the State Governments to amend the State legislation to include a similar provision in respect of the State Boards. The constituent Acts of some State Boards have been so amended. We would urge upon the Government of India to see that the remaining State Governments make the necessary amendment in the constituent Act of their State Boards.

4.15 During the last two years the Commission has been giving consideration to the question of the recovery of the defaulted amounts. A special section with the Dy. Chief Executive Officer in charge has been constituted. The Commission has provided adequate staff to this section and it reviews at its monthly meetings, defaults in respect of each State. Wherever necessary, suits are filed for the recovery of the dues and expeditious steps are also proposed to be taken in future. The Commission has also recently issued instructions that further assistance should not be given to parties unless their period of repayment is extended or default is condoned. All these,

no doubt, are salutary steps. We regret, however, that the State Boards, who have to recover such large amounts from institutions and cooperative societies assisted by them, have not yet shown an awareness of their responsibility. We consider time has now come for the State Boards also to take similar steps immediately to prevent the position from going out of hand.

4.16 There may be several reasons for the institutions, State Boards and cooperative societies not being able to repay the loan instalments in time. These may be diversion of amounts from one item to another, utilization of loans for a purpose not sanctioned by the Commission or the State Board, trading losses, losses on account of misappropriation etc. It is necessary for the Commission and State Boards to analyse each case, and classify the category of default. Where the defaults are due to circumstances beyond the control of the institutions such as trading losses, losses due to floods and other natural calamities, a helpful and sympathetic attitude needs to be taken. Neither the Commission nor the State Boards have yet made a provision for some fund out of which bonafide losses incurred could be made good. The Commission has only recently considered this matter, and has suggested to the Government the constitution of a fund, with a *corpus* of Rs. 30 lakhs to start with. We consider that a similar step should be taken by the State Boards who will be the major defaulters, as the dues in village industries are in a large measure due to the defaults of the cooperative societies assisted by the State Boards.

CHAPTER V

PATTERNS OF ASSISTANCE

A. OBJECTIVES

According to the Industrial Policy Resolution 1956, the *raison d'être* for village and small industries is that "they provide immediate large-scale employment; they offer a method of ensuring a more equitable distribution of the national income and they facilitate an effective mobilisation of resources of capital and skill which might otherwise remain unutilised; and some of the problems that unplanned urbanisation tends to create will be avoided by the establishment of small centres of industrial production all over the country.¹ The object of the various plans is to establish "a pyramid of industry broadbased on a progressive rural economy". In view, however, of the fact that the village and small industries will not have the advantages flowing from the economies of scale and organisation and also because of the wide gap between the technological superiority and economic production of the large-scale industries compared to the corresponding inferior technology and higher cost of production of village and small industries, there should be certain built-in safeguards either in the form of economic policy or in the patterns of monetary assistance as a result of which it would be possible for the village and small industries sector to stand on its own legs and to become viable in course of time. The patterns of financial assistance for khadi and village industries should, we are of the view, be designed to subserve the above purpose.

5.2 In pursuance of the above objective, the Commission prescribed the patterns of assistance for khadi and village industries. The patterns have been approved by the Government and changes in the patterns are also to be approved by the Government. Recently, however, the Commission has been empowered to revise its pattern of assistance in consultation with its Financial Adviser except in regard to the scale of subsidies for which the approval of the Government is still necessary. The Evaluation Committees for Khadi and Village Industries and the Estimates Committee of the Lok Sabha, 1961-62, had made certain suggestions regarding the patterns of assistance in respect of individual schemes. The Commission also considered that, in view of the fact that the patterns of assistance had been framed a long time ago, it would be necessary in the light of the observations of the committees and the experience gained by

1. Industrial Policy Resolution 1956 reprinted in the Second Five Year Plan, Planning Commission, p. 47.

the Commission to revise the patterns. The Commission therefore appointed in June 1962 the Patterns Committee, the terms of reference of which were "to examine in the light of the experience so far gained and assistance offered by other agencies for similar developmental activities, the existing pattern of assistance for development of khadi and village industries in regard to its scale, continuance and utilisation and suggest revised patterns of assistance". The Committee has submitted its report. The Commission has broadly accepted this report and proposals for the revision of the patterns are being implemented wherever necessary with the approval of the Government.

5.3 We shall not concern ourselves with an examination of individual patterns for the schemes under khadi and village industries. We shall suggest only certain general features which need to be kept in mind in implementing khadi and village industries schemes. We have examined in Chapter II the basic objectives underlying the formulation of khadi and village industries programmes and have made certain suggestions which necessitate a slight modification of some of these basic policies enunciated by the Planning Commission. It would, therefore, follow from this that the patterns of financial assistance, which are in a sense the economic corollary to the policy of planned development, should be revised from time to time in accordance with the basic objectives of the plans.

B. KHADI

i. Cotton

5.4 The reorganisation of khadi in the Commission's Third Five Year Plan had, as its root, the integrated development on the basis of self-sufficiency of the rural areas. The sheet anchor of this reorganisation was the naya morh programme which had, as its main objective, the mobilisation of local initiative, drive and talent for the production of consumer goods locally in demand by harnessing local resources, both human and material. The free weaving scheme which has been implemented by the Commission with effect from 6 April 1964 is a further stage in the development of the rural economy in the direction of self-sufficiency whether of a village or of an area.

ii. Wool

5.5 The Khadi Evaluation Committee while commenting on the need for improvement in technique and protection of spinners suggested that there was a *prima facie* case for the discontinuance of the rebate of 19 p. per rupee.³ The Commission partially accepted this recommendation and reduced the rate of rebate on retail sales

2. Khadi Evaluation Committee, *op. cit.*, p. 67.

of woollen khadi from 19 per cent to 10 per cent from 1 April 1962 on all varieties of woollen khadi except pashmina and pashmina mixed with silk and cotton, for which no rebate was allowed. The Commission also decided that institutions producing woollen khadi should be provided 9 per cent outright grant towards expenditure and promotional activities and management expenses. There were representations from certain institutions to reconsider this decision on the ground that the development of the woollen industry would be faced with grave hardship by the reduction in the rate of rebate. The Commission, however, did not consider it necessary to revise this decision but decided that the rebate at 19 per cent be paid in respect of bulk supply of woollen khadi to verified and known consumers such as plantations, railways etc., against contracts concluded on or before 31 March 1962.³ The Commission also decided that similar arrangements should be made applicable with the consent of the Government after 1 April 1962. The question of the applicability of the free weaving scheme to the woollen industry was also discussed at the meeting of the Board on 25 and 26 July 1964 and the advice of the Board was that this should be done. During the course of our tours we noticed that, in certain parts of the country, particularly in hill and border areas, the local economy was dependent on the production of woollen goods. Unless the off-take of woollen goods is encouraged, if necessary, by the continuance of a subsidy, a very large part of the local population in these areas will be deprived of their principal occupation and means of subsistence. In some of these areas, on account of climatic conditions, the wearing of woollens is a physical necessity. We, therefore, regret that we do not agree with the view of the Khadi Evaluation Committee that the rebate on woollen khadi should be abolished. We would accept, in principle the continuance of the subsidy on woollen goods in some form or the other, and recommend to the Commission to examine this question in detail with regard to the method and quantum of giving the subsidy including the question of applicability of the free weaving scheme.

5.6 We have noted the steps taken by the Commission to produce blankets in accordance with the requirements of the Defence Ministry of the Government of India. We would impress upon the Government to continue this patronage and thus offer an opportunity to the Commission to organise the woollen industry on an efficient footing.

iii. Silk

5.7 The Khadi Evaluation Committee similarly recommended that "the rebate on retail sales of silk is not necessary and this should

3. Minutes of the 62nd meeting of the Khadi and Village Industries Commission held on 30 April 1962, para 16.

be discontinued. Development and the expansion of the industry particularly training of artisans can and should be financed as a development project. Financial assistance for promoting the marketing of raw silk and cloth should be provided on a progressively expanding scale".⁴ With effect from 1 April 1962 the sales rebate on khadi silk was reduced to 10 per cent except in the case of luxury articles. The Commission however, decided to give 9 per cent of the value of raw silk goods to institutions which undertake the promotion and expansion of the khadi silk industry. There is recently a proposal for the application of the free weaving scheme to the silk industry also. As in the case of woollen industry, we have noticed during our tours that, in certain parts of the country such as Assam, the silk industry provides the principal occupation to a large part of the population for a large part of the year. Most women spin and weave silk. In fact, the silk spinning and weaving industry is a part of social life of the community. Unless the production and marketing of silk goods is made easier by the provision of a subsidy, if necessary, these people will be deprived of their main source of livelihood. We would, therefore, agree in principle with the continuance of the subsidy on silk in some form or the other and recommend to the Commission to examine in detail the method and quantum of subsidy including the question of applicability of the free weaving scheme. Incidentally, we may mention that persons engaged in this industry are experiencing considerable difficulty in obtaining cocoons which is the basic raw material. The Commission may examine the question of adequate supply of raw material to this industry.

iv. Tools and Equipment

5.8 Under the present pattern, assistance for the distribution of equipments and tools in khadi is in the form of 50 per cent loan and 50 per cent subsidy. We have carefully examined the need for the continuance of the present pattern and the effect which it has had on the supply and use of the vast number of ambar charkhas and other items of equipment in khadi. We agree that the present subsidy of Rs. 2.50 for a traditional charkha may be continued on the ground of its very low productivity and the fact that it is distributed to a large section of artisans and other under-privileged members of the community who cannot afford to pay the full cost of the charkha. On the other hand, we are of the view that the continuance of the subsidy of 50 per cent in respect of other items of equipment such as ambar charkha, processing machinery, dyeing equipment etc. is hardly justifiable because of the fact that such improved equipment has obvious advantages in higher production, cheaper cost and

4. Khadi Evaluation Committee, *op. cit.*, p. 70.

increase in competitiveness from the commercial point of view. We would, therefore, suggest that the entire amount of assistance to the institutions and cooperative societies for the purpose of all tools and equipments in khadi should be in the form of loan repayable in 15 years. The loan may continue to be interest-free. The institutions may be allowed to make their own arrangements with regard to recovery of the cost of these equipments from the spinners, in case such equipment is not used by the institutions directly and is distributed to spinners or artisans. The psychological effect which the revision of the pattern would cause is, to our mind, likely to be extremely encouraging. At the same time, a greater sense of responsibility will be enjoined on the institutions since they will be liable to repay the loans. The indiscriminate waste of equipment and the consequent loss that we have observed in the implementation of the ambar charkha programme, would in consequence, be a thing of the past.

v. Construction of Godowns

5.9 For the construction of godowns, assistance is provided by the Commission on the basis of 50 per cent grant and 50 per cent loan. We have noticed during the course of our tours that an undue emphasis has been placed on the construction of godowns without attaching equal importance to the development programme itself. We also consider that, in keeping with the simplicity and low cost which should guide all khadi and village industries schemes, costly equipment, costly building and costly machinery should be avoided as far as possible. We would, therefore, recommend that, as far as possible, accommodation for storage of raw materials and finished products of khadi and village industries should be hired. We consider that this should not be difficult particularly because of the large construction activity undertaken in the towns and villages and the numerous storage facilities that are now coming into being as a result of the activities of the Warehousing Corporation and even of the financing agencies. We would suggest that, in case there are difficulties or in case any of the conditions on which such accommodation is made available need to be negotiated, the Commission should take steps in this matter. We would, therefore, suggest that assistance for the purpose of construction of godowns for khadi may be given only on a certificate from the institutions or the State Boards that the requisite accommodation on hire is not available. We would also suggest to the Commission to examine the need for continuing the subsidy at as high a rate of 50 per cent as the godowns are

to be used for a commercial purpose and cannot be considered as a part of promotional or developmental activity.

C. VILLAGE INDUSTRIES

i. Working Capital

5.10 The Patterns Committee of the Commission has stated that "the entire problem of finance for the development of village industries should be considered from the point of view of the capacity of the industry to absorb capital, secondly, the time required for it to become self-supporting and thirdly, the ability of artisans to bring their own capital".⁵ All these factors have a vital bearing on the viability of the industry. We have referred earlier to the objectives of planned development and the place of village and small industries in planned development. We have also remarked that the way to economic viability in the case of these industries is fraught with great difficulties. We are, therefore, of the view that unless permanent arrangements are made for the provision of finance for carrying on khadi and village industries, it will not be possible for the industries to attain economic viability in the foreseeable future. We are happy to note that the Commission itself has recognised this aspect and has suggested to the Government that the working finance required for the khadi and village industries programmes should be provided as a permanent fund to be recalled or repaid only when the production is diminished or the institution becomes stagnant. We have referred in detail to the institution of the working fund in Chapter III. We consider that the requirements of these industries will be largely met by the institution of this fund. We have also suggested in Chapter III that in course of time the institutions and the cooperative societies should depend for their funds on institutional financing. When this comes into being, we would suggest that as in the case of the working fund, to be instituted by the Commission, the arrangements to be devised by the institutional financing agencies for meeting the working capital requirements of the institutions and cooperatives should be such as not to result in any diminution of the actual requirements of the societies and the institutions. This will enable them to continue in production even after the financing is taken over by the institutional agencies.

ii. Loans for Capital Expenditure

5.11 As regards loans for capital expenditure, the tenures of repayment as sanctioned by the Government and as accepted by the Commission are as follows:

5. Report of the Committee for Patterns of Assistance, p. 39.

<i>Purpose of loan</i>	<i>Tenure of repayment as sanctioned by the Government</i>	<i>Tenure of repayment as accepted by the Commission</i>
Pucca structure	The loan shall be for a period of 20 years. It shall be repaid in 19 equal annual instalments the first instalment falling due at the end of the second year.	The loan shall be for a period of 10 years. It shall be repaid in 9 equal annual instalments, the first instalment being due at the end of the second year.
Kutchha structure	The loan shall be for a period of 10 years. It shall be repaid in 9 equal annual instalments, the first instalment being due at the end of the second year.	The loan shall be for a period of 5 years. It shall be repaid in 4 equal annual instalments, the first instalment being due at the end of the second year.
Implements	The loan shall be for a period of 5 years. It shall be repaid in 4 annual equal instalments, the first instalment being due at the end of the second year.	The loan shall be for a period of 5 years. It shall be repaid in 4 equal annual instalments, the first instalment being due at the end of the second year.
Machinery	The loan shall be for a period of 10 years and shall be repaid in 9 equal annual instalments the first instalment being due at the end of the second year.	The loan shall be for a period of 10 years. It shall be repaid in 9 equal annual instalments, the first instalment being due at the end of the second year.

We have been emphasising the need for these industries standing on their own legs in course of time and for them to be viable. We consider that the tenure of the repayment of the loan should have some relation to the factor of economic viability. We are surprised that in spite of the favourable terms and conditions prescribed by the Government for repayment of loans for structures, both pucca and kutchha, the Commission has thought it fit to make those terms and conditions more strict. The inability of the institutions to adhere to this strict condition probably accounts for the heavy defaults. We would suggest that the more liberal terms offered by the Government should be given to the institu-

tions and the societies. For similar reasons, we would suggest that the repayment of the loans for implements should be in 10 years instead of 5 years as at present, and for machinery in 20 years instead of 10 years. We are of the view that this liberalisation in the terms of repayment is absolutely necessary in order to give these industries a chance to come up and get themselves established.

iii. Godowns

5.12 As regards assistance for construction of godowns, we would suggest the application of the same principles as in the case of assistance for the construction of godown for the khadi industry (vide para 5.9 above). We would also discourage the construction of godowns for each village industry. Wherever it is possible, godowns should be constructed for a group of village industries. For this purpose either the district federations or the State Boards may have their godowns constructed to be let out to the institutions or cooperative societies engaged in the manufacture of village industries products.

iv. Tools and Equipment

5.13 The one factor which is of consequence in regard to viability of village industries is productivity of equipment. The pattern of assistance for distribution of improved equipment is that of half loan and half grant. While we consider that such a liberal scale of assistance in the initial stages was necessary, the stage has perhaps now come for a need to review the continuance of this pattern of assistance in the case of improved equipment whose utility has been established and whose contribution to increased productivity is no longer a matter of dispute. We would suggest that in the case of such equipment, the pattern of assistance should be in the form of a loan. As we have suggested a liberalisation in the tenure of repayment of loans, we do not consider that the reduction in the subsidy will have any detrimental effect.

5.14 We would, however, suggest that the practice of giving 50 per cent of the assistance in the form of a grant may continue in the case of new equipment whose utility and productivity are yet to be determined or established. The grant in such cases would be justified in the same manner as even in commercial organisations initial incentives are given with a view to popularising either a product or an equipment.

5.15 In view of the modifications we have suggested in the pattern of assistance for tools and equipment, we would recommend that these tools and equipments be produced at certain determined places, so that the objectives of precision, trouble-free service and

proper performance are attained. All these manufacturing centres should be certified or recognised by the Commission and it may be made a condition that the institutions and the societies would get assistance only if the tools and equipments were obtained from these certified or recognised centres.

v. Management Grants

5.16 The institutions engaged in the khadi and village industries programmes are intended to serve mainly the interests of the artisans who are organisationally weak, have no high level of business acumen and are unable to take advantage of the economies of scale of production which the organised industries enjoy. It is, therefore, necessary to assist these institutions by providing competent technical and managerial assistance until such time as they acquire organisational experience and entrepreneurial ability. The provision of assistance for technical and managerial personnel to these institutions and cooperative societies has been uptill now only marginal. We would suggest the examination of this question in some detail and the provision on a sliding scale of managerial and technical assistance, to institutions and cooperatives of all descriptions for a period of 5 years in the first instance. We would also make a distinction in the scale of assistance between the institutions and the cooperative societies because the former are more fortunate in having a large number of social workers who have experience of constructive work to help them in the initial stages. Besides, many of these institutions are off-shoots or decentralised units of the large institutions which have had the good fortune of having some dedicated workers to serve them.

D. GENERAL

i. Work Centres

5.17 In addition to the facilities in the form of improved technology, better service and more competent supervision, it is necessary to provide working conditions as a complement to all these for the artisans engaged in khadi and village industries which will enable them to increase their output, to work in a congenial atmosphere and thereby add to their viability and strength. There is a scheme obtaining in the Commission for the resettlement and rehabilitation of weavers under which upto Rs. 500 can be given as grant to a weaver to re-establish himself. There is no similar scheme applicable to the other artisans engaged in khadi and village industries or to any group of such artisans excepting in certain instances such as work centres in the case of wool weavers, pottery etc. We would, therefore, emphasise on the Government and the Commission the need to provide liberal assistance to the institutions

and the cooperatives for the purpose of construction of work centres. We are of the view that such an investment is likely to yield even more profitable and permanent returns than the prestige investments in godowns and construction of store-houses.

ii. Weaker Sections

5.18 A word is required about the patterns of assistance in the case of work among the weaker sections of the community. It has been reported to us by the Commission that whereas generally khadi and village industries have acquired some foothold, considerable work remains to be done for the provision of employment among the weaker sections of the community and in areas where such weaker sections are concentrated. The application of the normal patterns of assistance in such areas or to such persons would not be proper. We agree that there is a need for more liberal treatment of these areas and particularly an increased scale of subsidy in the assistance to such areas. The Commission has in effect proposed such a liberalised scheme of assistance which has been accepted only partially by the Government. We would urge the Government to fully accept this proposal of the Commission.

iii. Uniformity in Patterns of Assistance

5.19. We have given careful thought to the question as to whether there should be uniformity in the patterns of assistance for schemes under the Khadi and Village Industries Commission and the schemes in the other sectors of small industries. We agree, that where conditions are equal and where the industries are operated under fairly uniform circumstances there should be uniformity in the patterns of assistance. But as has been pointed out, when assistance is provided to millions of small artisans with meagre resources for a large number of purposes, it is impossible to ensure any degree of uniformity either in the pattern of assistance between different sectors of small industries or even between different industries in the same sector. We would, therefore, consider that the proper criterion under such circumstances would, by and large, be to ensure that assistance is given in the right manner for the right purpose and that the assistance is not too small or too excessive in relation to the requirements and also that it secures, to the extent possible, some contributions from the artisans and also stimulates in them the habit of self-reliance.

CHAPTER VI

TRAINING

The planning and organising of training of persons engaged in the production of khadi and in village industries is one of the most important functions of the Commission. There is a Directorate of Training in the Commission. This, however, looks after only the training programmes of a general nature. The training courses in village industries are looked after by the respective Directorates of Industries. The training programme in salesmanship is looked after by the Directorate of Sales Development. Similarly, training in ambar spinning, dyeing, printing and weaving is looked after by the respective departments under the Directorate of Khadi. However, the courses, duration and syllabi of each of these training programmes are approved by the Training Committee which has been constituted by the Commission to advise it in respect of all programmes for training. While we admit the need for having separate courses in view of the difference in syllabi and specialised contents of the programmes, as also because of the technical aspects of each of these programmes, we suggest that from the point of view of overall supervision of the content and purpose of the programmes and for determining the utility of these programmes from the point of view of expenditure, utilisation of trained personnel and follow-up of training in production, all these programmes should be brought under the umbrella of the Training Directorate.

6.2 While many of these training schemes are directly implemented by the Commission, there are some which are conducted by the State Boards and institutions with financial assistance from the Commission. In particular, in the field of village industries, by and large, artisan training is conducted by State Boards and institutions and the training of supervisory personnel by the Commission.

6.3 The following training courses are conducted by or on behalf of the Commission :

- (i) Khadi gramodyog karyakarta,
- (ii) Khadi gramodyog sanghatak,
- (iii) Extension officers (industries),
- (iv) Gram sahayaks,
- (v) Assistant organisers,
- (vi) Staff orientation,

- (vii) Recruit and refresher training in salesmanship.
- (viii) Dyeing, processing and printing of textiles,
- (ix) Weaving and weaving-carpentry.
- (x) Ambar spinning, and
- (xi) Village industries training.

Table 1 (a) and (b) at the end of this chapter indicates the number of persons trained in each course and the expenditure incurred upto the end of the First Plan and during each year of the Second and Third Plans upto 1962-63.

6.4 It will be easily conceded from the data presented in Table 2 that the expenditure per trainee is on the high side in the case of the training schemes in the regional vidyalayas, extension officers (industries) and training in dyeing, processing and printing.

Table 2
Per Capita Expenditure on Training

Name of the course	Total no. of persons trained upto 31-3-1963	Total expenditure incurred upto 31-3-1963 (Rs. lakhs)	Average expenditure per trainee (Rs.)	Remarks
(1)	(2)	(3)	(4)	(5)
Training in regional vidyalayas	3,705	54.04	1,459	After allowing for expenditure on buildings the per capita expenditure comes to Rs. 1,070.
Extension officers (industries)	2,920	60.71	2,079	After allowing for the expenditure on buildings the per capita expenditure comes to Rs. 1,563.

(1)	(2)	(3)	(4)	(5)
Assistant organisers	176	0.68	386	—
Recruit and refresher courses in salesmanship	1,365	6.52	478	—
Training in dyeing, pro- cessing and printing	53	1.31	2,472	—
Training in weaving	29,391	38.81	132	—
Training in ambar spinning	4,78,908	444.56	93	—

6.5 The details of the capacity of 17 vidyalayas for the khadi gramodyog karyakartas and 7 khadi gramodyog vidyalayas for extension officers (industries) and the number of persons trained in each of them during the years from 1956-57 to 1963-64 are given in Table 3. It will be seen, that, on an average, the utilisation of training capacity works out to 72 per cent in the vidyalayas for khadi gramodyog karyakartas and 78 per cent in the case of the khadi gramodyog vidyalayas for extension officers (industries). The capacity to train workers in dyeing, processing and printing is about 25 trainees per year against which only 53 persons have been trained during the years from 1959-60 to 1962-63. The percentage of utilisation in this case works out to an average of 53 though during 1962-63, the percentage is only 40. Though the overall picture appears satisfactory in the case of the vidyalayas for khadi gramodyog karyakartas and extension officers (industries), there is room for improvement in the utilisation of the training capacity. In the vidyalaya for training in dyeing, processing and printing, however, there is considerable under-utilisation of the training facilities set up by the Commission. A considerable amount of expenditure has been involved in setting up these institutions and it is, therefore, necessary that such expenditure is justified by the results.

Khadi Sanghatak and Karyakarta Courses

6.6 The khadi sanghatak and karyakarta courses are conducted by the regional vidyalayas which are run by the State Boards or institutions. It will be observed from Tables 1 and 3 that there is considerable variation in the number of persons trained from year to year. A closer examination of the position reveals that there is a similar variation in the number of persons trained from year to year even in each vidyalaya. Both these facts point to the lack of planning whether in location of the places, the organisation of the courses or the continuance of the courses. We are afraid that unless

more thought is given to the organisation of these courses and the method of training is itself systematised, such a large expenditure on this training course will not be justified. We are also very unhappy to note that the courses and the content have been changed several times over this period. We are unable to appreciate why it was necessary to make such frequent changes. We would suggest to the Commission to abolish this course if it is not able to make up its mind about the duration, syllabi or content and introduce in its place, if necessary, a course of training which can continue without any drastic changes for at least a period of 4 to 5 years at a stretch.

Extension Officers (Industries) Course

6.7 This course is meant for training the extension officers (industries) appointed under the Community Development Programme in each State. The training has been arranged in consultation with the Ministry of Community Development, Panchayati Raj and Cooperation. It was anticipated that about 5,000 extension officers (industries) would have to be trained by the end of the Third Plan. Upto 31 March 1964, 3049 extension officers (industries) have been trained of which the largest number is from Andhra Pradesh (413), Bihar (383), Maharashtra (283), Madhya Pradesh (396), Madras (268), Punjab (208) and Uttar Pradesh (281). We have been informed that there is a steady fall in the number of such extension officers (industries) being sent for training during the last 2 years. We understand that the pace of recruitment of extension officers (industries) has also slowed down and some States are contemplating the abolition of some of these posts. The extension officers (industries) come to the khadi gramodyog vidyalaya for an eight months' course after they have finished a four months' course at the Small Industries Service Institute. The idea is to train them in small-scale industries as well as khadi and village industries so that they could be made responsible for looking after these at the block level. We have noticed lack of a coordinated approach in their training partly because of different ideologies animating these two training courses i.e. small-scale industries and khadi and village industries and partly because of the training being conducted at two different places by two different institutions under different conditions. The Ministry of Community Development and Cooperation had, therefore, appointed a committee to go into the whole question and suggest steps necessary for coordinating the approaches to the course. The committee has suggested the formulation of an integrated training course to be conducted at one place for a total period of 12 months. The committee's recommendation has broadly been accepted by the Commission, the Ministry of Industry and the

Ministry of Community Development, Panchayati Raj and Cooperation. We understand that it has recently been decided that the Ministry of Industry will directly run the integrated training course. We presume that the policy approach and requirements of the Commission would be taken into consideration at the time this course is formulated and during the running of this course from time to time.

Gramsahayaks and Assistant Organisers Course

6.8 To train the large number of gramsahayaks, assistant organisers and organisers who will be required during the Third Plan for planning and implementing the gram ekai programme, the Commission has set up two regional planning institutes and gramswaraj vidyalayas. The latter are mobile in character and are run by the Khadi Gramodyog Gram Swaraj Samiti of the Sarva Seva Sangh. At the regional planning institutes 176 assistant organisers have been trained. These assistant organisers are selected by the selection committees constituted by the State Boards and are meant for supervising the gram ekai programme in the States. The gramsahayaks are intended to work in the gram ekais of which 3,000 are to be set up during the Third Plan. Both these institutions i.e. the gram swaraj vidyalayas and the regional planning institutes have been established during the Third Plan. The duration of the gramsahayak course is 2 years; during this time they periodically visit and get training in the vidyalaya for a total period of 6 months and during the remaining period they get practical training in the field in the various aspects such as village surveys, khadi and village industries, problems of the village economy, area and regional development plans, etc. There are 14 gram swaraj vidyalayas located in different States. There is almost one in every State. The important subjects taught include spinning, survey and planning, agriculture and khadi and village industries. Emphasis is laid on problem-oriented discussions. The assistant organisers are intended to supervise the work of 5 to 10 gramsahayaks. Their course is of 9 months' duration and the syllabus includes survey and planning, accounts and audit, industrial cooperation, evaluation etc. The emphasis on evaluation and survey at both these courses is designed to meet the conceptual needs of the integrated development programme.

Staff Orientation Training

6.9 In order to acquaint the staff at the headquarters and the various State offices of the Commission and the State Boards with the khadi and village industries programmes, the Commission conducts a staff orientation course at Nasik. The duration of this course was 2½ months but was brought down to 1½ months on the declaration of emergency in October 1962. The object of this course

is to introduce the staff to khadi and village industries and give them some idea of the conditions in which these industries are operated as also to make them familiar with some of the elementary techniques in khadi and village industries. The philosophy of the khadi and village industries movement, economics of khadi and village industries and various theoretical and practical aspects of khadi and village industries are taught during this course. The training started in July 1960 and 636 employees of the Commission and State Boards have taken advantage of this course. We have been informed that there is a reluctance from several members of the staff to undergo this training partly because of the absence it entails from headquarters and partly because of the regimen which has to be observed during the period of training and which, by and large, is unacceptable to the city-bred members of the Commission's staff. The Commission has been emphasising the identification of the staff with the interests of the spinners, artisans, and the village communities who are engaged in khadi and village industries. This identification is impossible without an adequate training and observation of the conditions on the spot. Such training and observation cannot be completed within a period of 2 months and the Commission has, therefore, decided to increase the period of training to 4 months. While we are uncertain about the possibilities of the members of the white-collared fraternity in the Commission getting identified with the interests of the artisan community by a process of education and training, we at the same time welcome the move and hope that the awareness of the local conditions and the difficulties of the artisans will induce in the members of the staff of the Commission greater responsiveness to and understanding of the needs of the programme. This training, we would suggest, should be given to the members of the staff not only of the Commission but also of the State Boards. We would suggest that it should be made compulsory. We would also suggest the extension of this facility and the conduct of this course in other vidyalayas so that as large a number of persons can be covered by this programme in as short a time as possible.

Training in Salesmanship

6.10 The training in salesmanship consists of two courses — one for recruits and the other refresher training course. The total number of persons trained so far in the recruits course is 1065 and in the refresher course it is 300. The total expenditure incurred is Rs. 6.52 lakhs. The salesmanship training was recently evaluated by sending questionnaire to various candidates and institutions. These have, by and large, expressed the view that there has been a distinct improvement in the knowledge and salesmanship of the persons who have undergone this training. In these circumstances and in the light of the need for expanding the marketing facilities for

khadi and village industries products, we would recommend the continuance of this training during the Fourth Plan. It would, however, be seen that the per capita expenditure is Rs. 478. We are of the view that this is on the high side particularly when it is realised that the recruits training is hardly of 6 months' duration and the duration of refresher training course is only 2 months. We would suggest that the Commission take steps for economising the per capita expenditure.

Dyeing and Printing

6.11 Under this industry the following training schemes are being implemented:

- (i) Refresher training for working dhobis, bleachers, dyers etc. of khadi institutions;
- (ii) Refresher training for khadi dyeing masters and assistant masters;
- (iii) Refresher training in specific subjects on processing; and
- (iv) Diploma course in textile (khadi) chemistry.

The first scheme provides for training of 150 dhobis at 9 centres. This scheme has not been popular and only 125 persons sent by 27 institutions have been trained so far. It is proposed to start the second scheme during 1964-65. Fifteen workers have undergone refresher training in the third scheme on specific subjects of processing. At the vidyalaya for the diploma in textile (khadi) chemistry, there is a provision for 16 students per course. The course includes a period of training of 12 months at the vidyalaya and a 3 months' apprenticeship at one of the khadi dye houses. A diploma is given at the end of the 15-month period. Fifty-three students have so far been trained. On an average, the cost of training per student at the vidyalaya has been Rs. 2,500. While we recognise the value of this training and would suggest its continuance in order that technical personnel required for the dyeing industry are provided, we would emphasise, that, as in other cases, the cost of training is exorbitant and the Commission should make every endeavour to bring it down.

Training in Advanced Weaving

6.12 The Khadi Research and Advanced Training Institute was set up in 1962 at Sevagram in accordance with the recommendations of the Training Committee. Training is imparted at this institute in weaving, sizing, dyeing, processing and weaving-carpentry etc. Training is intended to be given to senior personnel including instructors. Twenty-four teachers have been trained in weaving and eleven in carpentry in relation to spinning and weaving equipment. In view of the switch-over by the Commission to the free weaving scheme it is intended to undertake short-term training for weavers.

This training has already started at Mul and is intended to be extended to other places. Already 324 weaver-instructors have been trained.

Training in Village Industries

6.13 The following training programmes are also being run by the Directorates of Industries:

Name of the course	Duration	Industry
(1)	(2)	(3)
1. Intensive practical & theoretical training in handpounding.	Central Training Institute — 3 months State-level 1 month	Processing of cereals and pulses
2. (a) Inspectors' course	1 year	Ghani oil
(b) Mistris' course	3 months	
(c) Telis' course	1 month	
3.(a) Flaying and carcass recovery	4 months	Cottage leather including flaying etc.
(b) Village tanning	1 year	
4. (a) Higher grade	1 year	Handmade paper
(b) Operatives	1 year	
(c) Artisans	3 months	
(d) Teachers	2 months	
5. (a) Admn. workers, organisers and technicians	6 months	Manufacture of cane gur and khandsari
(b) Demonstrators	6 months	
(c) Mechanics	4 months	
(d) Hon. workers	4 months	
6. (a) Organisers	1 year	Palmgur making and other palm products
(b) Inspectors	6 months	
(c) Palm products technicians	6 months	
(d) Instructors	4 months	
(e) Tappers	4 months	
(f) Artisans	2 months	
(g) Refresher	1 to 4 weeks	

(1)	(2)	(3)
7. (a) Apiarists	6 months	Beekkeeping
(b) Advanced training for fieldmen	3 months	
(c) Fieldmen	spread throughout the year	
(d) Training of villagers	3 months	
(e) Summer courses	15 days	
(f) Training of school children	as an item of curriculum 3 hrs. every week	
8. Training in cottage match industry	4 months	Cottage match
9. (a) Pottery supervisors	10 months	Village pottery
(b) Master Potters	10 months	
(c) Artisans	5 months	
(d) Junior supervisors	5 months	
10. (a) Chemists	6 months	Non-edible oils and soap
(b) Apprentices	3 months	
(c) School teachers	1 month	
11. (a) Advanced course	6 months	Fibre
(b) Elementary course	3 months	
(c) Peripatetic	15 days to 2 months	

6.14 The Village Industries Evaluation Committee had drawn attention to the following lacuna in the training programme of the Commission :

- (i) Lack of a central vidyalaya at which facilities exist for providing basic training to organisers in the socio-economic aspects of work in the village;
- (ii) Absence of an integrated approach to planning resulting in the provision of separate training courses for supervisory personnel in each industry and also leading to avoidable duplication of effort;
- (iii) Absence of details of the number of trained personnel absorbed in different industries and, in some cases, absence of ability to absorb persons trained in the industries themselves;

- (iv) Absence of personnel with organisational experience in village industries rather than any technical competence; and
- (v) Absence of integration of the training effort in the light of possibilities of local development of industries for local consumption.¹

The Committee, therefore, suggested that a separate body be appointed to examine and revise the present training programme. In particular, it suggested that the syllabi for each industry should prescribe a general course of training of a duration long enough to provide adequate training in the subjects of cooperation, organisation, administration and the economic aspects of the programme. The Committee also suggested that as the technical skill required and the knowledge that it needed for the village industries was not so great that it could not be acquired by the same individual, multi-purpose training ought to be encouraged. We regret that the Commission has not implemented most of these recommendations. Each of the industries has separate training courses; no positive steps have been taken for multi-purpose training or grouping industries for the purpose of training and no emphasis has been laid on education in the economic aspects of the programme of khadi and village industries which would have been possible had all these training activities come within the umbrella of one directorate and single-pointed attention given to the fulfilment of the basic principles animating the training programme. We would urge upon the Commission to give its attention to this aspect of its training programme. We, therefore, reiterate the suggestion made in para 6.1 above for the need of a single directorate to look into the overall aspects of the training programme without in any way circumscribing the need of technical knowledge and technical personnel in so far as the training in village industries programmes is concerned.

6.15 We must refer to certain activities sponsored by the Commission during the last two years in the direction of training its personnel in productivity and management. The Commission has deputed its senior personnel for training in "Area Development" and "Industrial Management" at the Small Industries Extension Training Institute, Hyderabad which is run by the Government of India in collaboration with the Ford Foundation. This training enables the senior members of the staff of the Commission to get an opportunity of not only widening their horizon from the academic point of view but also of getting practical experience through on-the-spot investigations and surveys and training within the industries

1. Report of the Village Industries Evaluation Committee, pp. 204-207.

themselves. No doubt a certain orientation is required in the direction of village industries in regard to the training offered by the Small Industries Extension Training Institute. We understand that the Institute has agreed to make this orientation. We have no doubt that the association of the Commission and the Small Industries Extension Training Institute in this programme of training is likely to yield beneficial results. We are also happy to note that the Commission is taking full advantage of the courses organised by the Productivity Council. We have referred in Chapter II on objectives and approach to the continuous stimulation required in technological improvement and in the direction of higher productivity. We are sure that the efforts of the Commission in this direction will result in their personnel appreciating the needs of higher productivity and better technology and transmitting this appreciation to the artisans and the workers which in turn will undoubtedly enable khadi and village industries to be put on a sounder footing.

TABLE 1 (a)

Number of Persons Trained in Each Course and Expenditure Incurred on Those Courses in Khadi and Village Industries

Persons trained : Numbers
Expenditure : Rs. lakhs

Course/Industry	Up to the end of the First Plan		During Second Plan										
			1956-57		1957-58		1958-59		1959-60		1960-61		
	Persons trained	Expenditure	Persons trained	Expenditure	Persons trained	Expenditure	Persons trained	Expenditure	Persons trained	Expenditure	Persons trained	Expenditure	
1	2	3	4	5	6	7	8	9	10	11	12	13	
1. Training in regional vidyalayas*	...	532	8.77	285	3.68	337	4.19	453	9.47	970	7.54	370	6.64
2. Extension officers (industries)	2.18	185	5.76	325	10.61	445	13.65	474	10.65	381	4.24
3. Gram sahayaks
4. Assistant organisers	0.68
5. Staff orientation training@	120	...
6. Recruit and refresher training in salesmanship	102	0.21	59	0.88	97	0.18	190	0.96	214	0.82	316	2.48	
7. Training in dyeing, processing and printing	16	0.63	13	0.64	
8. Training in weaving	9.55	18,519	8.22	6,547	9.95	5,681	6.71	
9. Training in ambar spinning	48,669	70.37	1,20,278	120.79	1,14,686	95.63	78,344	91.95	51,393	43.30

(Continued)

*The regional vidyalayas train khadi gramodyog karyakartas and workers in khadi in short-term courses the detailed break-up for which is not available.

@Expenditure for this is included in the grants given to the Central Vidyalaya at Nasik and is not separately available.

TABLE 1. (a)—(Continued)

	1	2	3	4	5	6	7	8	9	10	11	12	13
10. Training in village industries :													
(a) Processing of cereals and pulses ...	148	0.13	314	0.13	27	0.40	28	0.08	35	0.11	119	1.06	
(b) Ghani oil industry...	1,050	0.74	337	1.22	162	0.57	630	0.36	1,236	1.09	724	1.20	
(c) Cottage leather industry ...	258	3.64	222	0.68	218	1.14	229	0.37	307	0.64	381	2.04	
(d) Handmade paper...	140	0.18	75	0.18	58	0.28	195	0.61	198	0.34	213	1.05	
(e) Gur and khandsari ...	...	...	464	...	560	0.65	451	0.19	462	0.10	592	0.73
(f) Palmgur making and other palm products industry ...	18,748	3.11	5,127	2.88	5,178	2.32	2,964	1.96	1,740	0.93	1,216	1.49	
(g) Beekeeping ...	448	0.45	214	0.43	204	0.60	184	0.51	108	0.66	137	0.38	
(h) Cottage match industry ...	119	0.47	143	0.80	172	1.22	353	1.43	68	0.93	62	1.53	
(i) Village pottery industry ...	100	0.47	115	0.63	111	0.46	127	1.00	250	1.06	235	1.49	
(j) Cottage soap industry ...	156	0.43	201	0.64	342	0.98	224	0.78	135	0.63	103	0.42	
(k) Fibre industry ...	10	0.32	365	1.47	41	1.40	80	1.68	N.A.	0.71	90	0.19	

N.A.—Not available

(Continued)

TABLE 1 (b)

Number of Persons Trained in Each Course and Expenditure Incurred on Those Courses in Khadi and Village Industries

Course/Industry	During Second Plan				During Third Plan				Grand Total Upto the End of 1962-63	
	Total		1961-62		1962-63		Total		Persons trained	Expendi- ture
	Persons trained	Expendi- ture	Persons trained	Expendi- ture	Persons trained	Expendi- ture	Persons trained	Expendi- ture		
	14	15	16	17	18	19	20	21	22	23
1. Training in regional vidyalayas* ...	2,415	81.52	257	6.21	501	7.54	758	18.75	3,705	54.04
2. Extension officers (industries) ...	1,810	44.91	433	5.89	677	7.73	1,110	13.62	2,920	60.71
3. Gram sahayaks ... ..	...	...	N.A.	0.95	N.A.	4.11	N.A.	5.08	N.A.	5.08
4. Assistant organisers ... ..	...	0.68	114	...	62	...	176	0.68	176	0.68
5. Staff orientation training @ ...	120	...	182	...	108	...	290	...	410	...
6. Recruit and refresher training in salesmanship	876	5.80	257	1.22	180	...	387	1.22	1,865	6.52
7. Training in dyeing, processing and printing	29	0.67	14	0.88	10	0.26	24	0.64	53	1.81
8. Training in weaving	25,747	34.43	1,540	2.88	2,104	4.83	3,644	6.71	29,891	38.81
9. Training in ambar spinning ...	4,18,372	421.04	37,284	9.12	28,252	14.40	65,536	23.52	4,78,908	444.56

(Continued)

*The regional vidyalayas train khadi gramodyog karyakartas and workers in khadi in short-term courses the detailed break-up for which is not available.

N.A.—Not available.

@Expenditure for this is included in the grants given to the Central Vidyalaya at Nasik and is not separately available.

TABLE 1. (b)—(Continued)

	14	15	16	17	18	19	20	21	22	23
10. Training in village industries :										
(a) Processing of cereals and pulses	523	1.78	158	1.45	272	2.50	430	3.95	1,101	5.86
(b) Ghani oil industry ... , ...	3,091	4.44	723	1.45	409	0.80	1,132	2.25	5,273	7.43
(c) Cottage leather industry ...	1,357	4.87	282	0.86	257	0.49	5.89	1.85	2,154	9.86
(d) Handmade paper	739	2.46	159	1.24	167	0.50	326	1.74	1,205	4.88
(e) Gur and khandsari	2,529	1.67	393	0.80	140	0.64	533	1.44	3,062	3.11
(f) Palmgur making and other palm products industry ...	16,225	9.58	653	4.66	942	3.16	1,595	7.82	36,563	20.51
(g) Beekeeping	847	2.58	64	0.78	166	...	320	0.73	1,525	3.76
(h) Cottage match industry ...	798	6.01	56	0.13	58	0.08	114	0.16	1,031	6.64
(i) Village pottery industry ...	844	4.64	206	2.04	180	1.01	386	3.05	1,330	3.16
(j) Cottage soap industry ...	1,005	3.40	63	0.40	119	1.17	182	1.57	1,343	5.40
(k) Fibre industry	520	5.45	75	2.14	1,667	...	1,742	2.14	2,278	7.91

TABLE 3

Capacity and Persons Trained in the Khadi Gramodyog Karyakarta Course and Extension Officers (Industries) Course

(No. of persons)

Course/Vidyalaya	Upto		1956-57	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64								
	1955-56	1956-57									1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	
	Capa- city trained	No. city trai- ned									Capa- city trained	No. city trai- ned	Capa- city trained	No. city trai- ned	Capa- city trained	No. city trai- ned	Capa- city trained	No. city trai- ned
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
I. Khadi Gramodyog Karyakarta Course :																		
1. Khadi Gramodyog Vidyalaya, T. Kallupatti	50	38	...	...	50	38	50	40	50	39	...	...	50	31	50	29
2. " " " Veerapandy	50	40	...	...	50	38	50	33	50	41
3. " " " Tirupur	50	47	...	...	50	27	50	23	50	50
4. " " " Saroornagar	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	50	39	...	...	Vidyalaya was closed					
5. " " " Raha	50	35	...	...	50	24	50	24
6. " " " Ranipatra	50	40	50	35	...	...	50	31	50	44
7. " " " Madhubani	50	44	...	...	50	41	50	48	50	40	...	...	50	46	50	45
8. " " " Patna	50	38	50	40	50	31	50	47	...	...	Closed		...	...	...	...
9. " " " Nasik	50	44	50	43	50	24	50	25
10. " " " Chithaldurga	50	39	50	27	50	33	...	...	...	...	50	35	50	34	Closed	...
11. " " " Bhubaneshwar	50	57	50	17
12. " " " Samalkha	50	36	50	35	50	33	...	...	50	31	50	34	50	24
13. " " " Rajpura	50	35	50	29	50	43	...	...	50	20	50	33	50	44
14. " " " Shivdaspora	50	24	50	16	50	34	...	...	50	30	50	18
15. " " " Sewapuri	50	31	50	35	50	39	50	38	50	36	...	...	50	60	50	37
16. " " " Balarampur	50	37	50	40	...	...	...	...	50	43	50	28	Closed	...
17. " " " Kalapatti	50	38	50	45	...	...	50	36	Closed	...
TOTAL	250	190	300	219	450	309	600	469	400	308	350	237	750	524	600	398
Percentage of capacity utilised	76	73	69	78	77	68	70	66								
Average percentage of capacity utilised	72																	

N.A.—Not available

(Continued)

TABLE 3—(Continued)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
II. Extension Officers (Industries) :																				
1.	Khadi Gramodyog Vidyalaya for E.O., Nasik	...	...	100	80	100	60	100	118	100	117	100	...	100	...	100	81	...	...
2.	„ „ „ „ Nilokheri	...	...	...	...	50	66	50	30	50	30	50	73	50	106	50	60	100	43
3.	„ „ „ „ Hyderabad	...	...	...	...	100	55	100	77	50	67	50	52	50	50	50	68	50	29
4.	„ „ „ „ Wardha	50	45	50	38	100	58	100	67	100	91	100	55	100	149	100	86
5.	„ „ „ „ Bangalore	...	...	...	...	100	37	100	78	100	94	100	71	100	102	100	78	Closed	
6.	„ „ „ „ T. Kallupatti	...	...	50	42	50	38	50	48	50	53	50	45	50	45	50	83	50	47
7.	„ „ „ „ Patna	...	...	...	...	50	31	50	41	50	46	100	49	100	75	100	81	100	74
	TOTAL	...	...	200	167	500	825	550	445	550	474	550	881	550	433	550	595	400	229
	Percentage of capacity utilised	...	...	83	65	80	86	69	78	108	57								
	Average percentage of capacity utilised	78																		

CHAPTER VII

PERSONNEL AND MANAGEMENT

The activities in regard to khadi and village industries since the establishment of the All India Khadi and Village Industries Board in 1953 and particularly since the reports of the Evaluation Committees were presented, have grown beyond recognition. In 1953-54, the disbursements for khadi and village industries were Rs. 109.14 lakhs and 10 years later in 1963-64 they were Rs. 2333.50 lakhs. The value of production of khadi has increased from Rs. 219.04 lakhs to Rs. 2121.56 lakhs by 1962-63. The value of production in village industries similarly increased from Rs. 4.45 crores to Rs. 44.05 crores by 1962-63. The number of khadi institutions directly or indirectly assisted by the Commission in 1953-54 was 186 and it rose to 1614 in 1962-63. Apart from the institutions which continued to be assisted by the Commission directly, every State has now a statutory Khadi and Village Industries Board, and generally, all new institutions in the field of khadi and village industries are assisted through the State Boards. There has been rapid expansion in the administrative and technical staff of the Commission as well as in the expenditure incurred on them. This is exclusive of a similar expansion in the staff of the institutions as well as in the administrative personnel and administrative expenditure of the various State Boards.

7.2 The statement at the end of this chapter shows the details of the sanctioned and existing strength of officers and staff employed in the various administrative and technical departments of the Commission since 1960-61 till 1963-64. Similar figures in respect of the period before 1960-61 are not readily available but for the purpose of our assessment figures for 1960-61 could be considered adequate as then the Commission could be said to have reached the stage to transfer responsibility for the implementation of khadi and village industries activities to the State Boards. It will be seen from this statement that during these 4 years, the number of administrative officers has increased from 71 to 90, and of technical officers from 50 to 75. The administrative non-gazetted staff has increased from 1653 to 2071 and the technical staff from 957 to 1217. As regards the field staff, in view of the fact that they are ultimately to be transferred to the State Boards when the entire responsibility for the implementation of the scheme is transferred to them, we have no comments to make. As regards technical staff, only recently some norms have been worked out for the strength of such staff. The Estimates Committee of the Lok Sabha, 1961-62 has commented

about the inadequacy of the technical staff and had actually suggested that "the Commission should have adequate technical personnel to man the various spheres of its activities".¹ We have no comments to make about the increase in the technical staff. We would, on the other hand, agree with the Estimates Committee and suggest that technical staff for the supervision of the various schemes according to the norms prescribed should be appointed. A matter for concern however, is the vast increase in the administrative staff over the last 4 years from 1724 to 2161. We shall separately review the ratio of the administrative expenditure to the turnover in khadi and village industries as well as the disbursements but we would, in this connection, draw the attention of the Commission to the disproportionate increase in the strength of the administrative staff. A one-man committee went into the strength of the staff in the administrative departments at the headquarters of the Commission in 1961 and suggested some reduction. This reduction has been effected. However, we are of the view that there is still scope for further reduction and for improving and streamlining the work with a view to increasing efficiency and effecting economy. We are happy to note that the Commission realising the need for efficiency and economy has appointed a committee in March 1964 with the following terms of reference:

- (i) To study the administrative machinery at the headquarters of the Commission and the various State offices and units etc., of the Commission with a view to suggesting measures for efficiency;
- (ii) To examine and suggest the scope for introducing economy in the working of the Commission with particular reference to the administrative machinery; and
- (iii) To suggest measures for streamlining the work of the Commission with a view to promoting economy and efficiency, and speedy implementation of programmes of the Commission.²

We would suggest that the Committee examine critically not only the strength of the administrative and technical staff of the Commission, but also, in general, the totality of the staff engaged by the Commission, State Boards and institutions for the implementation of their programmes with a view to suggesting economy. The Committee should, we feel, examine the quality of the staff as well as procedures followed in these offices and suggest steps for increasing efficiency and effecting economy.

1. Estimates Committee, *op. cit.*, p. 48.

2. Minutes of the 85th meeting of the Commission held on 23 and 24 March 1964, para 27.

7.3 Table 1 shows the details of the expenditure on administrative staff from the years 1958-59 onwards till 1963-64 and the disbursements in those years for khadi and village industries.

Table 1

(Rs. crores)

Year	Administrative expenditure	Disbursements
1958-59	0.93	18.25
1959-60	1.06	18.99
1960-61	1.13	20.86
1961-62	1.32	25.26
1962-63	1.47	27.48

The Public Accounts Committee, 1962-63 commenting on the increase in administrative expenditure has observed as follows:

“The fact that the percentage of increase in the expenditure on the administration of the Commission is disproportionately higher when compared to the percentage of increase in the total expenditure of the Commission on loans and grants for the corresponding period, indicates that there is further scope for economy. The Committee, therefore, suggest that a further review of the work load in various sections be made and reduction in expenditure effected to the maximum extent possible.”

We endorse the view of the Public Accounts Committee. It will be observed from the table that whereas between 1958-59 and 1962-63 the disbursements have increased only by about 51 per cent, the administrative expenditure has increased by over 58 per cent. It must be remembered in this connection that in addition to the administrative expenditure of the Commission, expenditure is also incurred by the State Boards and institutions on the administration and disbursements of loans etc. To the extent that more and more responsibility is taken over by State Boards and institutions for implementation of the programme, there should be proportionate reduction in administrative expenditure. We regret that such reduction has not taken place. We would urge upon the Government and the Commission to give particular attention to the question of the rising administrative expenditure and take steps for bringing this down as much as possible.

7.4 Table 2 shows details of the expenditure incurred by various departments of the Directorates of industries on pay, allowances and contingencies, as well as the disbursements in these industries during the years 1961-62 to 1963-64.

Table 2

(Rs. lakhs)

Industry	1961-62		1962-63		1963-64	
	Establishment exp.	Total disbursements	Establishment exp.	Total disbursements	Establishment exp.	Total disbursements
Processing of cereals and pulses	3.62	152.07	4.80	113.74	4.18	124.07
Ghani oil	4.86	198.01	5.73	168.59	5.38	150.97
Cottage leather	4.38	65.48	5.85	43.30	5.57	50.49
Cottage match	2.76	4.12	3.04	6.78	3.06	4.73
Manufacture of canegur and khandsari	1.34	48.09	1.34	41.47	1.64	48.84
Palmgur making and other palm products	7.35	65.71	8.10	90.94	10.21	126.40
Non-edible oils and soap	2.67	72.34	3.23	86.02	3.30	47.52
Handmade paper	2.20	42.27	2.38	24.38	2.41	20.30
Beekeeping	4.36	16.46	5.38	16.23	5.96	23.88
Fibre	0.66	11.70	1.34	17.02	1.78	26.04
Cottage pottery	1.45	49.00	1.75	22.06	1.98	33.91
Blacksmithy and carpentry	0.02	6.76	0.09	8.34	0.18	5.09
Lime manufacturing	0.19	0.95	0.28	2.61	0.48	6.36
Manufacture and use of manure and methane gas	0.06	0.69	0.89	2.14	1.36	3.00

7.5 From a study of this table, the following conclusions emerge.

- (i) The wide variations between the establishment expenditure and the total disbursements between industry and industry and in the same industry from year to year would indicate that establishment and staffing pattern has not been guided by any norms related either to the size and problems of the industry, its turnover or the financial disbursements to that industry. This, we consider, is an unhealthy phenomenon, particularly when investment of such magnitude is involved and particularly, because in the light of the difficult economic situation, it is necessary to get the maximum returns from the expenditure incurred.
- (ii) There is a marked irregularity in the ratio of establishment expenditure to total disbursements. In many cases, it will

be seen that expenditure has increased when disbursements have decreased and vice versa. No rational explanation of this phenomenon is forthcoming.

- (iii) It will be seen from the figures relating to the cottage match industry that the establishment expenditure is out of all proportions to the disbursements. In the three years for which figures have been given in the table the establishment expenditure constitutes 67, 45 and 65 per cent of the disbursements during the respective years.
- (iv) Similarly, in the palmgur industry, the establishment expenditure ranges between 8 to 11 per cent of the total disbursements. This is particularly heavy when it is realised that most of the schemes are implemented through all-India federations, State federations, district federations in some cases and cooperative societies. A matter of great concern is that the expenditure on contingencies which is Rs. 3.82 lakhs, Rs. 3.22 lakhs and Rs. 4.75 lakhs during the three years 1961-62, 1962-63 and 1963-64 respectively has been of the order of 40 to 50 per cent of the total establishment expenditure. This proportion needs particularly to be looked into.
- (v) In the beekeeping industry also, the proportion of establishment expenditure to the total disbursements is between 25 to 35 per cent. We have, in Chapter XVII referred to the very high scale of grants given, and have also suggested a revision of the pattern in order to make the cooperative societies self-sustaining. It is pertinent to observe that the establishment expenditure of the beekeeping industry also needs careful scrutiny.
- (vi) In respect of pottery and fibre, the ratio of establishment expenditure to the total disbursements is very low. It has been explained that the reasons for this are two-fold: (a) that the field organisation in pottery industry has not yet been developed, and (b) the development of fibre industry is only beginning to take strides.

Considering all these circumstances, we would recommend to the Government and the Commission that the norms for establishment expenditure for both technical and administrative staff for different industries should be fixed, and the staffing pattern and expenditure should be regulated on the basis of such norms.

Scales of Pay

7.6 The employees of the All-India Khadi and Village Industries Board which was established in 1953, were all Central Government employees who were paid according to the scales of pay for-

mulated by the Board. With the formation of the Commission in 1957, all the employees of the Board became the employees of the Commission. For some time the old scales of pay continued to be in force but the Commission thought it desirable to have its own scales of pay and therefore appointed a one-man committee to suggest the scales of pay for the staff, both gazetted and non-gazetted. The one-man committee suggested certain scales of pay and also recommended that the maximum of the emoluments to be drawn by any employee of the Commission should not exceed Rs. 500. Subsequently, on a suggestion made by the Commission, the one-man committee recommended that the maximum of the emoluments may be fixed at Rs. 1000. The Commission accepted these recommendations and after obtaining the approval of the Government revised the scales of pay for its employees of all categories in accordance with the recommendations of this one-man committee. Contemporaneously, the Government of India appointed a Pay Commission whose report was published in January 1960 but whose recommendations as accepted by the Government, were given effect to from 1 July 1959. The Departmental Affairs Committee of the Commission considered the question of the adoption of the recommendations of the said Pay Commission of the Government of India by the Commission in respect of its employees and suggested to the Commission that this was not necessary. The Commission generally approved the recommendations of the Departmental Affairs Committee. What was behind the Commission's decision was, in the words of the Chairman, "Commission's scales were fixed only as from 1 April 1957 and naturally there was a feeling that a further revision within so short a time was not a feasible proposition. As stated above, some of the scales recommended by the one-man committee were under consideration of the Government of India contemporaneously when the Second Pay Commission's recommendations were accepted. There was also another reason and that appears to be the nature of the Commission's work. These grounds were legitimate".⁴ However, there were persistent representations from the members of the staff in 1963 about the adoption of the scales of pay recommended by the said Pay Commission in view of the rising cost of living. Even though the scales of pay suggested by the Pay Commission were not adopted by the Commission, the Commission adopted the ad hoc increases in D.A. which were being sanctioned by the Government of India for its staff because these increases in D.A. were based on the cost of living index and no change of policy was involved. The Commission reconsidered the question and in 1964 decided to adopt the scales as suggested by the Second Pay Commission in respect of its employees upto the scale

4. Statement issued by the Chairman of the Commission on 30 March 1964.

of Rs. 100-300 per month with effect from 1 July 1963. The one reason why the Commission accepted these recommendations to these categories of employees in scales of pay upto Rs. 100-300 per month before applying them to the others was because they were the worst affected by the rising cost of living and increase in prices. Simultaneously the Commission referred in 1964 the question of the adoption of similar scales in respect of staff drawing pay in the scales of more than Rs. 100-300 per month and also the general question whether the scales should be revised as in the case of the Central Government servants from 1 July 1959, to a committee consisting of the following:

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|---------------------|-----------|
| 1. Shri M. D. Bhat | Chairman |
| 2. „ V. Ramchandran | Member |
| 3. „ V. S. Page | Member |
| 4. „ D. K. Virkar | Secretary |

The Committee submitted an interim report in which it suggested scales of pay for employees who were in scales higher than of Rs. 100-300 in the original scale and in the second report suggested that the Commission should accept the Central Government scales in respect of its employees from 1 July 1959. Since these were unanimous recommendations, the Commission accepted them and have recommended them to the Central Government for approval.

7.7 It will be seen from the above narration that by history and circumstances, the Commission has been more or less driven into a position where the scales of its employees have either to be the same or to have close correspondence to the scales prescribed by the Central Government for its employees. In respect of other matters i.e. service conditions, medical, leave, and contributory provident fund regulations, the Commission has its own set of regulations, though such regulations are modelled on corresponding Government rules and regulations. But the employees of the Commission compare themselves with similar employees of the Central or State Governments and represent for revision in those rules in respect of which they are placed at a comparative disadvantage. There are some matters in respect of which the Commission's regulations are more favourable than the corresponding rules obtaining in the Government. But these obviously do not attract the attention of the staff in the manner in which the differences to their detriment attract them. It is obvious, therefore, that in order to prevent further difficulties, either the Commission must, in respect of all its employees, adopt the scales of pay, rules and regulations applicable to corresponding employees in the Central or State Governments or enact and maintain a set of

independent regulations for its staff. The nature and scope of the work of the Commission, the philosophy animating its programme and the conditions under which it has to work as well as the co-ordination it has to maintain with the other khadi and village industries institutions would dictate the need of a separate set of regulations for its employees so that the difference between the conditions of the workers in the khadi and village industries institutions are not tempting enough to lead to mobility or migration from one to the other. We shall consider this aspect in some detail a little later.

7.8 In order to instil into the minds of the employees of the Commission an awareness of the conditions in which the khadi and village industries work is carried on and in order to orient their minds in that direction, the staff of the head office of the Commission was required to undergo an orientation course in one of the vidyalayas. We have referred to the details of this course in Chapter VI on training. The Commission has also been exercising its mind about the need for its employees to identify their interests with the interests of the millions of workers and artisans engaged in khadi and village industries, and to make them realise, to borrow a musical phrase, that the artisans and the staff of the Commission were complementary tunes in a common symphony. As recently as in November 1963, the Commission considered this question in detail and decided as follows:

“The activities of the Commission will, henceforth, principally, be the education and organisation of spinners, weavers and other artisans in particular, and of the rural community in general. All workers in the Commission, including those serving at the headquarters, have hence to identify their interests with those of the producers. Equally necessary it is, in the Commission’s opinion, for all workers in the Commission to have an understanding of the ideological basis of the programmes. All these steps, the Commission is confident, will help increasing the effectiveness of the administrative machinery, in making it more serviceable and responsive and, thus, in helping in the process of revitalisation which is to synchronise with the reorientation of the khadi programme.”⁵

7.9 It would appear to us that between the Commission’s decision to accept the scales of pay for Government servants in respect of its own employees and the decision that the staff should identify themselves with objectives behind the khadi and village industries, there is some sort of a basic conflict. At any rate, from the persistent desire of the staff for the application of all Government rules and regulations, it would be obvious that the motivation appears

5. Minutes of the 81st meeting of the Khadi and Village Industries Commission held on 25 and 26 November 1963, paras 23.21 to 23.25.

to be very different from the objective which the Commission is having for its employees. We have no doubt in our mind that the spirit and the animation of the programme as mentioned by the Commission must be felt and absorbed by the staff of the Commission before they can be expected to make any impact or exercise any influence over the large band of non-official workers, artisans and other members of the rural community for whom the Commission's programme stands. In order, therefore, to remove the basic contradiction between the viewpoint of the employees and that of the Commission, more radical measures would appear to be necessary.

Recruitment and Promotion Policy

7.10 During the early days of the All-India Board and during the first few years of the Commission the staff used to be recruited in an ad hoc manner. Recruitment rules for all categories of staff were not formulated. The services of experienced people from Government departments and constructive organisations were borrowed. However, with the expansion in the activities of the Commission and the need to recruit a large number of persons who may have had no background of the khadi and village industries programmes or no experience of khadi and village industries work, it became necessary for the Commission to formulate recruitment rules in respect of all categories of posts and to spread the net wider in order to recruit, particularly for technical posts fresh talent, though such talent may not have the background and experience of constructive work. The feeling persists that general recruitment would bring in persons who may not be motivated by the programme of the Commission or be inspired by the ideology behind it. As there are no perennial sources of supply of such persons, a compromise has to be made in recruiting qualified and technical persons and initiating them into the ideology and objectives of the programme by motivation training or where necessary even by in-service training. There are however certain sources which could be tapped for the purpose of supply of the personnel required to man the various programmes of the Commission. These include the rural institutes established by the Ministry of Education of the Government of India and the educational institutions founded or sponsored by the old constructive workers. We would suggest that the Commission in consultation with these institutions should draw out a plan of its requirements over a period and recruit persons trained in these institutions so that the Commission can have a corps of properly qualified and trained personnel who will, because of their upbringing and training, find it extremely easy to identify themselves with the objectives of the programme.

7.11 The Commission recruits its gazetted staff i.e. staff whose basic salary is more than Rs. 275 a month through a Services Board consisting of a retired Chief Secretary of a State Government and two other veteran and experienced constructive workers. In respect of staff in lower categories, recruitment is generally done through a committee appointed by the Commission. Questions about disciplinary matters, representations against seniority and service conditions are also proposed to be referred to the Services Board for advice. We commend the example of the Commission to the State Khadi and Village Industries Boards and even to some of the big registered institutions.

7.12 For an organisation whose activities are spread all over the country and which has to supervise and control the working of a large number of State Boards and institutions, it is necessary that the morale of the staff should be high and there should be contentment among the staff. Among the important factors which govern the question of morale and contentment are impartiality in administration, a proper promotion policy and security. During the early days of its history all these factors could not be regulated properly. The Commission has now framed a comprehensive promotion policy and has also taken steps to make a large part of its staff permanent so that they enjoy security of service. In addition, it is necessary, that the dealings of the Commission with regard to its staff should always be impartial and that extraneous considerations do not affect this relationship. We have no doubt that the Commission is conscious of this principle of personnel administration.

Trading Staff

7.13 The Commission itself implements certain schemes of production and marketing. These activities of the Commission are called, rather loosely, "trading operations". There are no well-defined rules for the recruitment, promotion and service matters in respect of the staff in the trading operations. Their grades of pay do not correspond with those for the regular staff. There has been some mobility, both horizontal and vertical, between the trading staff and the regular staff of the Commission. But every group of such cases of mobility has brought with it certain problems. It has been contended that the flexibility of the rules has enabled the trading activities to be conducted in an efficient and business-like manner. On the other hand, it has been argued that this so-called flexibility is only another name for arbitrariness and therefore, the rules must be systematised. We believe, it is possible to have a set of well-defined regulations to govern the trading staff and to provide in such regulations for the flexible operations of the trading activities so that the business angle is not lost sight of. We have been given to understand

that the Commission had recently appointed a trading staff committee to examine the question of the trading staff, their scales of pay, service conditions, etc. This committee has submitted its report. The Commission has broadly accepted the recommendations of this committee but these recommendations are yet to be approved by the Government. The committee has generally recommended that the scales of pay and allowances of the trading staff should be brought in line with those of the regular staff. This would naturally imply that the conditions of recruitment and qualifications would also have to be prescribed. The committee has suggested the circumstances and safeguards under which mobility between the regular and the trading staff should be regulated. The objective of the Commission is gradually to shed its responsibility and pass it on to the State Boards and institutions. The Commission would, in future, confine itself more and more to the role of policy-making and overall supervision and would engage in direct activities only where pioneering effort or experimentation is involved. We, therefore, consider that the necessity of continuously employing a large number of trading staff would disappear in course of time. Nevertheless, in the interest of the morale of the trading staff, we would suggest that the Government and the Commission should consider expeditiously the recommendations of the Trading Staff Committee and take a final decision. While taking such a final decision, of course, the factor of cost and the relation it will have to production and marketing must be considered. Excepting where promotional or developmental effort is involved, the activities of the Commission should be judged from the same standpoint and by the same criteria, as similar activities undertaken by the State Boards or the institutions would be.

Personnel of Institutions

1. Khadi

7.14 As has been mentioned elsewhere, the bulk of the khadi programme is executed by the registered institutions and the contribution of the State Boards or the cooperative societies to the production of khadi is still insubstantial. Many of the registered institutions engaged in the khadi programme have a long history and tradition and are still guided by devoted and dedicated workers who served under the watchful and benevolent stewardship of Mahatma Gandhi. The qualities and principles, which they imbibed from him have largely been responsible for the progress of these institutions. However, the production of khadi has over the last 10 years increased from 115.63 lakh sq. yds. to 896.12 lakh sq. yds. and the compulsion of physical limitations as well as the progressive inability of these tried workers to shoulder the very much more increased and onerous responsibilities generated by the expansion programme have

necessarily led to the influx recently of a large number of workers whose environments are different and whose training has not been as systematic as in the case of the older generation of workers. The new generation is guided more by materialistic considerations. In many cases, they are not inspired by the same detached and idealistic outlook which motivated the older generation. At the same time, the colleagues of Mahatma Gandhi and of the doyens of constructive activity are slowly disappearing and the khadi tradition cannot be kept up except by infusion of new blood. A second line of workers, animated by high ideals and by association with the old constructive workers absorbing the experience and knowledge of running these institutions is, therefore, an imperative necessity. It should, we consider, be a primary duty of the Sarva Seva Sangh, the Commission and the other constructive organisations to apply their minds seriously to the enrolment of new and trusted workers who will have the motivation and acquire the *esprit de corps* as the older generation of workers. These new workers should be trained in the traditions of service, integrity and loyalty and placed in positions of responsibility and trust so that they can blossom themselves into the builders of tomorrow. We are afraid, unless these steps are taken, the khadi tradition will cease to exist.

7.15 The scales of pay of the workers of the institutions have remained fairly static and bear no comparison with the scales of pay adopted by the State Boards and the Commission for similar workers. For example, even today, workers serving in a major institution like the Gandhi Ashram, Lucknow, are paid in the scale of Rs. 80 to Rs. 125 per month exclusive of dearness allowance, educational and medical facilities (with the exception of a very small number of senior posts). The Narasimhpur Khadi Kendrit Rachanatmak Samiti, Bihar, pays its employees in the scale of Rs. 50 to Rs. 350 per month; the Tamilnad Sarvodaya Sangh, Tirupur pays to its workers between Rs. 60 to Rs. 100 per month, in addition to facilities of loans from Provident Fund for marriages, deaths, repayment of loans, construction of houses, etc. The Bihar Khadi Gramodyog Sangh pays a salary of Rs. 100 per month to all its workers plus certain personal allowances. The State Boards in these areas being organs of the Government generally follow the State Government's pattern of scales of pay and the Commission's scales of pay are more liberal than those of the State Board. Consequently, the field of constructive activities has become a three-tier service with the State Boards' service being more attractive than that of the institution's and the Commission's still more attractive than that of the State Boards. Because of these temptations and because the new line of workers, whether of the top or lower categories, are not inspired by the same ideals as their predecessors, the phenomenon of

migration from institutions to the State Board and from the State Board to the Commission has been fairly common. This phenomenon, we are of the view, does not augur well for the continuance of khadi work. Rationalisation of scales and the recognition that all the workers belong to a common field of activities are absolutely essential. It is not difficult to conceive of some near equality between the Commission's scales of pay for its employees in a particular State and the employees of the State Board and institutions in that particular State. In any case, the differences in total emoluments whether in the form of monetary incentives or in perquisites and facilities, should not be such as to place the institutions at a disadvantage *vis-a-vis* the State Board and the State Board at a disadvantage *vis-a-vis* the Commission. We would also suggest that recruitment by the institutions, State Boards and the Commission should be so conducted and systematised that the khadi work is enabled to be performed in a smooth manner. We would deprecate the idea of trying to attract employees by offering temptations. We would suggest that, in order to maximise the use of competent personnel, the deputation of experienced and qualified personnel between the State Boards, the Commission and the institutions should be resorted to freely. Suitable deputation allowance to provide for the additional responsibility may, if necessary, be provided. This will prevent heart-burning among workers and also enable the Commission, State Boards and the institutions to draw upon the common pool of experience, expertise and initiative. We would urge serious consideration of the above suggestions by the Commission, the State Boards and the constructive organisations in the country.

7.16 With the growth in the periphery as well as physical content of the activities of these khadi institutions, it would become more and more difficult for them to maintain their contacts with the artisans, supervise their activities properly and continue the *esprit de corps* which is the *sine qua non* of khadi programme. Decentralisation of their activities is, therefore, an absolute need for the major institutions. Decentralisation in its proper meaning is likely to have a tremendous impact. "It liberates energies, it creates responsibility, it develops tomorrow's managers and it frees top management for the top management job. At the same time, decentralisation makes hard demands on the information and measures system of a business".⁶ We are glad to note that many of the big institutions such as Gandhi Ashram, Lucknow, Bihar Khadi Gramodyog Sangh, Tamilnad Sarvodaya Sangh have realised the obvious advantages of decentralisation. The responsibility for the success of the decentralised units, should of course, be that of the parent organisation but

6. Peter F. Drucker, *The Concept of the Corporation*, p. 240.

in allowing the decentralised unit to function, the parent organisations must not be obsessed by the consequences of failure of these decentralised units. On the other hand, it is their duty to foster the personality growth of the spinners, the weavers and other artisans who must be groomed in order that they may ultimately take charge of the organisation. The theory of trusteeship in its ideal form is analogous to the State withering away. As and when the beneficiaries, for whom the trust is constituted, begin to blossom and undertake responsibility themselves, the trustees should withdraw into the background and confine themselves to overall supervision. Trusteeship, unless it is guided by this motive, is not a phenomenon to be encouraged. If the trusteeship degenerates into a rigid regimen, however benevolent, and thereby stultifies the development of the artisans' personality, it would have done incalculable harm to the establishment of a democratic and socialistic society.

2. Village Industries

7.17 What is said above in respect of khadi is applicable generally to the field of village industries also. There are, however, certain special considerations in the field of village industries. In the first place, the bulk of the village industries programme is executed by the State Khadi and Village Industries Boards and the co-operative societies. They do not have any tradition like the one which runs through the entire field of khadi. The qualities which animated the workers in the khadi field are also required in respect of workers in village industries because they are basic in character. However, for a successful implementation of village industries schemes the people who are in charge should have technical acumen or undergo technical training including training in management, engineering and industrial economics, marketing, finance and techniques. The Commission provides several training facilities for artisans, supervisory staff, cooperative staff, etc. A scheme for undertaking a programme of training in rural engineering was also initiated by the Commission⁷ but we regret that this scheme has not been proceeded with. A comprehensive course of training for providing the top and middle management in village industries is required. It should be possible for the workers at these levels to supervise a group of village industries because such workers need not be technical specialists in each industry. We would suggest that the Commission should apply its mind towards the formulation and conduct of such a course of training.

7.18 Most of the village industries schemes are implemented by the State Boards through the cooperative societies and institu-

7. Minutes of the 72nd meeting of the Khadi and Village Industries Commission held on 27 February 1963, item no. 8.

tions. Formerly, many of the schemes were being supervised by the Commission. The Commission has on its pay roll a large number of technical supervisors and field staff. As and when the responsibilities for implementing the programmes of village industries are taken over by the State Boards, it should become the duty of the Commission to transfer such supervisory and technical staff to the State Boards. We would suggest that the Commission should expedite the pace of this transfer so that duplication of such technical and supervisory staff at every level is avoided to the maximum extent possible.

Role of the Commission

7.19 The Khadi Evaluation Committee had suggested a new institutional framework for khadi activity under which the Commission was expected "to refashion itself as an instrument of greater efficiency and carry out its work with an adequate appreciation of the bearing of the new horizon, which are well within view."⁸ The Committee recommended that the Commission, in this context, should concern itself with the following among other important functions:

- (i) "Formulation of both perspective and annual plans for khadi and village industries as an integrated part of the national plan in consultation with and with the concurrence of the Government of India;
- (ii) "Examination and analysis of all national economic policies bearing on the development of khadi and village industries and negotiation with the Government of India on the measures needed for the removal of anomalies;
- (iii) "Allotment of funds placed at its disposal by the Government of India to the State Boards according to the approved plans;
- (iv) "Coordination of activities of the State Boards;
- (v) "Preparation of training programme with a view to transmission of specialised skill of one State to the other States as far as possible;
- (vi) "Economic research of all outstanding and emerging problems in relation to the unsolved problems of the programme itself and fulfilment of the objects of the national development programme;
- (vii) "Enunciation and observance of principles governing the loans by the Reserve Bank, the State Bank, Apex Co-operative Banks and other financial institutions; and

- (viii) "Keeping social objectives in the forefront of the whole programme and contributing what it can to the development of the necessary drive for carrying it out fully and consistently".⁹

7.20 The Commission, as it is at present organised, is attempting to fulfil the above objectives, but there is a feeling in some quarters that its direct participation in the programme has been responsible to a certain extent for stultifying the initiative of the institutions in the field and also for the embarrassments and difficulties regarding personnel and staff, scales of pay, conditions of service and levels of efficiency. A prominent constructive worker has suggested that "the Commission should limit itself to providing assistance to khadi and village industries work in India. It should not have direct responsibility for production and sale".¹⁰ He has suggested that the Commission should provide these assistances through a federation of khadi institutions and another federation of village industries institutions throughout the country. These federations may be organised on a regional basis but the Commission should work only through their representatives at the central level. He has also suggested that "there should be a tariff commission nominated by the Central Government which should indicate on the basis of study the nature and types of assistance that should be provided to this industry". He has concluded by saying that all the heart-burning about the scales of pay, staffing pattern etc. would disappear if this method of organisation is resorted to. It would also be, according to him, a genuinely decentralised way of dealing with the problems which are now bothering the Commission.

7.21 We have given careful thought to the suggestions for the reconstitution of the Commission. We have not thought it necessary to suggest any detailed revised pattern of the organisation of the Commission. We consider that the emergence of the State Boards, the progressive investment by the Commission of the responsibility for the implementation of the programme in the State Boards, the slow but sure pace of decentralisation which the big registered institutions have adopted, the enunciation by the Commission that its future policy and role will generally be of policy making, financing and an overall supervision of the work of the State Boards and institutions leaving the implementation aspect to the latter completely, and above all, the progressive manner in which the artisans are slowly becoming more vocal about their rights, and more responsive

9. Khadi Evaluation Committee, *op. cit.*, p. 216.

10. Note on General Principles dated 25 August 1964 by R. K. Patil.

to their obligations, would indicate that, by and large, the suggestions of the Khadi Evaluation Committee have or are being gradually implemented. We would, however, venture to suggest that the pace of development of the field organisations as well as the pace of entrusting responsibilities to them should be quickened and intensified so that the Commission, untrammelled by the embarrassments and attachment arising from implementing the programmes directly, is enabled to become a guide, friend and philosopher of the entire khadi and village industries movement.

STATEMENT
Strength of Officers and Staff of the Commission

			1960-61		1961-62		1962-63		1963-64	
			Sanctioned	Employed	Sanctioned	Employed	Sanctioned	Employed	Sanctioned	Employed
A. Gazetted staff										
i) Administrative	...	...	71	71	87	87	87	89*	90	90
ii) Technical	...	...	53	50	66	63	76	75	81	75
Total (A)			126	121	153	150	163	164	171	165
B. Non-Gazetted staff										
i) Administrative										
a) Superintendents	...	...	84	75	83	79	93	89	89	89
b) Asstt. Superintendents and Head Clerks	...	...	69	62	76	71	91	88	86	86
c) L.D.C.s., U.D.C.s & Steno-typists	...	...	1185	1135	1265	1155	1359	1236	1368	1368
d) Class IV Staff	...	...	428	378	470	410	530	452	528	528
Total (i)			1766	1653	1894	1715	2073	1865	2071	2071
ii) Technical										
a) Accountants	...	...	32	32	42	39	41	39	43	43
b) Auditors I & II	...	...	116	116	158	146	170	158	176	176
c) Investigators I & II	...	...	49	49	54	60*	76	66	83	83
d) Stenographers I & II	...	...	36	37*	45	42	88	82	98	98
e) Others	...	...	801	723	588	587	897	821	817	817
Total (ii)			1034	957	887	874	1272	1166	1217	1217
iii) Field staff	...	...	1404	1347	1602	1481	1580	1718*	1772	1772
Total (B)			4204	3957	4383	4070	4925	4749	5060	5060
Total (A+B)			4330	4078	4536	4220	5088	4913	5231	5231

* The number of persons employed is more than the number of posts sanctioned due to the appointments made in anticipation of the sanction which were received during the next financial year.

CHAPTER VIII

INTEGRATED DEVELOPMENT PROGRAMME

The Khadi Evaluation Committee considered the intensive area scheme of the Commission as a socio-economic experiment of great promise because it contained the seed of 'integrated rural development'. The Third Plan of the Commission was based on the concept of integrated rural development which was lauded by the Khadi Evaluation Committee on the ground that it has "immense potentialities not only as a programme to reduce rural poverty and unemployment in the immediate future, but as a means of developmental experimentation and innovation which may yield results of great significance for all rural development schemes"¹ The programme includes (i) the intensive area programme, (ii) the gramdan area programme and (iii) the integrated development or gram ekai programme.

Intensive Area Programme

8.2 This scheme was introduced first in 1954. The Khadi Evaluation Committee had examined the working of this scheme in detail and had actually praised the concept. The Estimates Committee of the Lok Sabha, 1961-62, expressed the view that the intensive area scheme fell beyond the scope of the Commission's functions. A discussion of this aspect appears in Chapter 2 paras 7 to 11 of the Report.²

8.3 In all 120 intensive and pre-intensive areas were developed throughout the country. Of these 56 have now been abandoned and the remaining 64 are functioning as full-fledged intensive areas. In these intensive areas besides intensive development of khadi and village industries units, it is intended to assist the people to survey, plan and work for an allround development. Each intensive area is supervised by an organiser and/or an assistant organiser and has a complement of workers in the field to look after the affairs of each of the kshetra samitis which are registered bodies undertaking schemes for development of khadi and village industries. The pattern of assistance for khadi and village industries is the same as in the case of other registered institutions and cooperative societies. Assistance, however, is also given for the employment of trained personnel to look after the affairs of these samitis.

1. Khadi Evaluation Committee, *op. cit.*, p. 139-40.

2. Estimates Committee *op. cit.*, pp. 3 to 5.

8.4 The working of the intensive area scheme has been examined by the Commission from time to time, in the light of the comments of the Estimates Committee of the Lok Sabha, 1961-62, and in the light of the reports of the working of several of these areas. By the end of the Second Plan the stress was on consolidation and intensification of the work already undertaken. In order to review the working of this scheme, in October 1962, the Commission requested the Institute of Economic Growth of which Dr. V. K. R. V. Rao was the then Director, to undertake an evaluation of its working and to submit its report. We understand from the Commission that this report has not yet been submitted. In view of the detailed evaluation undertaken by Dr. V. K. R. V. Rao, we do not propose to assess the working of the intensive area scheme in our report and particularly because the intensive areas which have been continued by the Commission are to be brought on the lines of the gram ekais and assisted accordingly.

Gramdan Villages

8.5 Acting on the resolution passed at a combined meeting of the Khadi Gramodyog Samiti of the Sarva Seva Sangh, the Khadi and Village Industries Board and the representatives of the State Boards, the Commission accepted the need for intensifying its activities in the gramdan villages. In the words of the Pusa Resolution, "as a result of the bhoodan-gramdan movement, the ideal of non-violent society and also our path have become clearer. Thus, our goal is to march towards a non-violent society based on bhoodan and gramodyog."³ In fact, the Commission set up a separate Directorate for the development of khadi and village industries in gramdan villages. In a number of States, between 1959 and 1960 assistance was provided under this scheme. Some of those gramdan areas, as in Madras and Rajasthan, have now been brought under the gram ekai scheme. The progress in the areas of other States was not satisfactory and the scheme was, therefore, discontinued. But the scheme is, at present, in existence in Andhra Pradesh and Maharashtra States. In most of the other States, since the scheme was not taken up with interest, the areas were closed.

8.6 The review of the progress of the scheme would indicate that though the work in the gramdan villages was undertaken with an abundant initial spurt of enthusiasm, neither was it planned nor were the efforts coordinated with a view to creating some lasting impact in these villages. The experience and the lessons, which a sustained effort in these villages would have borne for the future of the gram ekai movement, would have been valuable. The Com-

3. Declaration at the Pusa Convention held from 27 to 29 June 1959.

mission has not been able to obtain these lessons and experience because of the apparently haphazard way in which this whole scheme was implemented.

Integrated Development Programme

8.7 The foundations of the integrated development programme were laid by the intensive area scheme and to a certain extent by the gramdan village scheme. The integrated development programme was actually initiated on 1 April 1961. The objective of this programme is to develop compact areas with a population of about 5000 each into well-knit units of an agro-industrial economy, where, in addition to khadi and village industries other programmes of rural development such as sanitation, housing, health services, education, etc., are also developed. It is intended to stimulate in the local population an initiative and a desire for the development of the village community as a whole and not of the programmes of different sectors of the economy in an isolated manner. The scheme is also intended to provide employment opportunities on an expanding scale to the local community by the exploitation of the local raw materials and their manufacture into finished products which should, to the maximum extent possible, be consumed locally. The selection of these areas is made on a careful analysis and survey of the possibilities which an area offers for such development. In each State, the selection is done by a State Selection Committee. This State Selection Committee includes the representatives of the Commission, State Khadi and Village Industries Board, the local institutions, the Development Commissioner of the State and a representative of the State Sarvodaya Mandal. The areas selected are ultimately to be approved by the Commission. The work in each of these areas is looked after and supervised by a gramsahayak. For every 5 to 10 gram ekais, an assistant organiser and/or organiser is provided. The assistant organisers/organisers are appointed by the State Boards and the gramsahayaks by the institution which sponsors the gram ekai scheme. In order to facilitate quicker development of these areas, the extension of gram ekai movement is generally allowed as far as possible to contiguous villages or blocks of villages so as to increase the effectiveness of the permeating influence of the programme.

8.8 The assistance available from the Commission for the integrated development programme is as follows:

- (i) A grant-in-aid upto Rs. 1800 per year to the sponsoring institution for engaging the services of a trained and qualified worker called gramsahayak;

- (ii) A grant-in-aid to the State Board or the institution for engaging the services of an assistant organiser and/or organiser;
- (iii) Provision to meet the expenses on T.A. and D.A. and contingent expenses upto Rs. 1000 per year for an assistant organiser and Rs. 1800 for an organiser;
- (iv) A sum not exceeding Rs. 500 for conducting an annual seminar (*shibir*) for 20 to 25 ekais;
- (v) A sum not exceeding Rs. 4000 for conducting a State-level conference to be attended by the representatives from all ekais in the State and representatives of other institutions interested in the integrated development programme, Rs. 1000 of it being earmarked for conducting a demonstration of khadi and village industries during the conference;
- (vi) A sum of Rs. 500 or an amount not exceeding 50 per cent of the total expenses towards holding camps for artisans in the blocks or districts; and
- (vii) A nominal sum, not exceeding Rs. 50 per ekai, to cover a part of the expenses incurred on education, propaganda, etc.

In addition, the assistance available under the various khadi and village industries schemes is also available for the gram ekai areas for the institutions or State Boards undertaking specific programmes of khadi and village industries.

Progress

8.9 Since the commencement of the scheme till 31 March 1964, 1646 ekais have been approved. The main activities of these ekais relate to the production and sale of khadi, traditional and ambar, processing of cereals and pulses, village oil, village leather, pottery, fibre and carpentry and blacksmithy. Though the scheme was initiated over three years ago, regular reports about the activities undertaken in these gram ekais have only recently started coming in. The figures for the half year ending 31 September 1963 alone are available and we have thought it not necessary to incorporate them in our report.

8.10 A general review of the progress of the work in these areas, however, reveals that the programme has caught the imagination of the people in certain States, whereas the progress in other States is rather disappointing. For example, in the State of Andhra Pradesh, there was an initial setback on account of the vacillation with regard to the policy about the panchayat samitis sponsoring the gram ekai programme. Later, even after the approval of the ekais,

nothing tangible has been done. In Assam, 40 ekais have been approved but only 6 are functioning, the performance being really poor. The progress in Madhya Pradesh is also poor and vacillation dogs the footsteps of the Maharashtra State Board. The work in Mysore is not satisfactory and only a few ekais have been developed in the Punjab. West Bengal has also a sorry tale to tell. As against this, the work in Bihar, Uttar Pradesh, Gujarat and Madras has been progressing satisfactorily. Apart from the impetus given by the Commission for the development of this movement, local institutions in Bihar (Bihar Khadi Gramodyog Sangh), Madras (Tamilnad Sarvodaya Sangh), Uttar Pradesh. (Gandhi Ashram) and Gujarat (State Board) have displayed considerable enthusiasm in making this scheme a success. It is also the good fortune of these institutions to have with them a band of social and constructive workers who are inspired by the ideology of this movement. In those States where the progress has been disappointing, the reasons are the dearth of constructive social workers inspired by the ideology of the movement, the lack of enthusiasm in the sponsoring institutions, the non-availability of trained and competent workers at the gram ekai level and the inability of either the State Board or the institution sponsoring the scheme to sustain the enthusiasm displayed in the initial stages. It will be obvious from this that the mainspring of the success of this movement is the personnel who are running and organising it. It is they who have been responsible for creating favourable conditions for the development of this programme. It is, therefore, necessary that the programme should be taken up only in those areas where it is possible to harness the services of constructive workers with faith in and devotion to the programme. It would also appear that in order to improve the performance of the gram ekais, as far as possible, compact areas in contiguous blocks should be taken up for development rather than scattered ekais distant from one another.

Training

8.11 The workers required for the supervision of this programme are trained in the gram swarajya vidyalayas and the regional planning institutes. Details of these courses and the number of persons trained have been furnished in Chapter VI (para 6.7).

Suggestions

8.12 We would like to make the following suggestions in respect of the programme of integrated development.

- (i) The free weaving scheme, which has been introduced by the Commission with effect from 6 April 1964 is, to our mind, a very pointed extension of the concept of integrated deve-

lopment. The dovetailing of the programme for the gram ekais with the programme for free weaving is necessary. It should be seen that in all the gram ekais, which have already started work, the maximum push is given to the scheme of free weaving.

- (ii) We would emphasise the need of a minimum programme of development to be undertaken in the gram ekais. As an essential part of this minimum programme should be, of course, included certain basic village industries, such as blacksmithy and carpentry, fibre, tanning, and pottery. Not only should the Commission make efforts for the development of these industries in these areas, but translate the concept of integrated development into reality by the full exploitation of the local raw materials and the maximisation of local consumption of the articles produced.
- (iii) While we commend the concept of integrated development, we would caution the Commission that the practical aspects of the programme and the concrete results attained should be continuously under review so that the programme does not remain a mere ideology.

CHAPTER IX

COOPERATION

Introduction

The first and Second Five Year Plans stressed the importance of organising artisans into cooperative societies because the cooperative form of organisation offers an excellent opportunity for the establishment of a non-exploitative, self-employed and self-reliant rural community. One of the important functions of the Commission has all along been the promotion of cooperative efforts among manufacturers of khadi and persons engaged in village industries. Though industrial cooperatives of village industries were in existence even before the All India Khadi and Village Industries Board was established in 1953, the main impetus for development of khadi cooperatives stemmed from the acceptance by the Commission of the recommendations in this regard of the Khera and later the Zaman Committees which were appointed by the Government and the Commission respectively to go into the working of the ambar charkha programme and the organisation of khadi work.

Cooperative Advisory Committee

9.2 The Commission has constituted a Cooperative Advisory Committee to advise it on all matters pertaining to cooperation in khadi and village industries. The Committee meets periodically and discusses problems relating to the organisation of cooperatives for khadi and village industries, the audit and accounts of the cooperative societies, provision of finance whether from the Commission or through cooperative financing agencies, the education and training of departmental staff, secretaries and members of the societies, the revival of dormant societies, the problem of organising federations of cooperatives etc. The Committee also convenes periodical conferences of the State Registrars of cooperative societies and chairmen of the central financing agencies as well as of the special officers for cooperative societies, the officers of the State Boards and the departmental staff of the Commission, in order to discuss in detail the problems of the cooperatives. The Committee has arranged to conduct case studies in respect of cooperative societies in certain States. It has also appointed sub-committees to go into the working of certain types of cooperatives such as khadi, leather, etc. The Committee considers these reports and suggests the lines of action to be taken by the Commission.

Khadi Cooperatives

9.3 The development of khadi production through coopera-

tives is a recent phenomenon. This accounts for the fact that even in the year 1962-63, the cooperative production of khadi constitutes only about 4 per cent of the total khadi production in the country. There are 1122 cooperative societies for the cotton, silk and woollen industry. Out of these only 674 were certified by the Certification Committee. The remaining societies have not yet been certified. At the end of the Third Plan, the Commission has anticipated that 25 per cent of the production in khadi would be through cooperatives. The position was reviewed by the Second Working Group on Industrial Cooperatives in 1963 in the light of the performance of these cooperatives, and the target of production to be achieved through cooperatives was brought down to 15 per cent. We are afraid that even this represents an overambitious and possibly unattainable target for the reason that there are only 2 years to go before the end of the Third Plan and the percentage of cooperative production is only little over 4. The poor performance of the cooperative sector was responsible for the Commission appointing a one-man committee to study its problems. This committee highlighted the difficulties of the cooperatives in khadi. Most of these difficulties are common to all types of industrial cooperatives. One of the main difficulties peculiar to khadi, however, would appear to be the tardiness in obtaining certificates from the Certification Committee. This is due, according to the one-man committee, to the inability of the societies, "to secure effective and timely guidance in the matter of applying for certificates." The committee has quoted, as related by one of the officers, some of the objections to the certificate of these societies. These objections are "that the right type of khadi cooperative societies which may conform to the certification rules, are not coming up. The societies are generally formed in areas where the established certified institutions have their centres. They are generally sponsored by persons who have no background of khadi work or spirit. They do not adhere to the basic principles such as habitual khadi wearing, nor dealing with the mill yarn etc."¹ We can well understand that unlike the registered institutions operating in the field of khadi which have a long history and are guided by eminent social workers, the khadi cooperatives are organised by artisans who are illiterate, lack business acumen and organisational skill, and find it difficult to obtain good managers and secretaries. We would, therefore, consider that it is the paramount duty of the Commission's and the State Board's staff as well as of the Certification Committee to educate these cooperatives in the process of obtaining certificates and in enabling them to obtain certification without any delay. The formation of khadi co-

1. Report of the one-man sub-committee appointed by the Cooperative Advisory Committee, 1962 para 12.

operatives represents a stage in the decentralisation of khadi work and we regret that the progress in this direction has been extremely disappointing. In this connection, we must refer to the general lack of enthusiasm and desire on the part of big registered institutions, with notable exceptions such as Bihar Khadi Gramodyog Sangh, Gandhi Ashram, U.P., Tamilnad Sarvodaya Sangh, to decentralise their work by organising cooperative units of production and management. We are of the view that unless the "personality growth" in khadi artisans is fostered by an encouraging and benevolent attitude on the part of the registered institutions, cooperative production of khadi is not likely to make any impact. The Commission, while considering the report of the one-man committee and suggesting the strengthening of these co-operatives by the federalisation at the block level and the appointment of central committees according to whose advice and guidance the societies should function, has also suggested that care ought to be taken "to ensure that what has been achieved during the last 40 years for development of khadi through registered institutions and charitable trusts was not dismantled."² We regret we do not agree that the formation of cooperatives in khadi is likely to result in the dislocation of khadi work. As the Commission itself has admitted, "cooperation is a higher form of social organisation".³ We have referred in Chapter III to the poor pace of the association of the artisans and the workers in the management of the registered institutions and we consider that the formation of cooperatives is a step in the direction of enabling artisans to participate in the management of institutions. We would, therefore, recommend that the attitude towards the formulation of cooperatives in khadi should be one of positive encouragement, rather than one of tolerance. We would, however, emphasise that unless the khadi cooperatives are guided by men who are inspired by the ideology of the movement and unless the cooperatives take into account the larger interests of the entire community and not merely the parochial interests of their members, cooperation in khadi cannot make any impact.

9.4 We regret we have not been able to get up-to-date figures relating to the working of khadi cooperatives i.e. share capital, owned funds, deposits, sales, membership etc. As regards targets for the Fourth Plan for khadi, we would suggest that the aim should be to produce at least 20 per cent within the cooperative fold. It will be noticed that we are suggesting only a marginal addition to the target as set out by the Commission for the Third Plan. This

2. Minutes of the 77th meeting of the Khadi and Village Industries Commission held on 22 July 1963, para 16.

3. *Ibid.*

is so, because, as we have explained earlier, there is still a considerable gap between promise and performance in this section.

Village Industries Cooperatives

9.5 As on 31 March 1963 there were 14,924 cooperatives of village industries. Their State-wise and industry-wise distribution is shown in Table 1. The largest number is in the village oil (4,237), palmgur (3,016), leather (2,574), processing of cereals (1898), pottery (1,236) and gur and khandsari (582) industries. It is a matter of great disappointment, that in respect of these societies, also we have not been able to obtain complete information about the details regarding their capital, owned funds, other liabilities, production, sales, profit or loss. We would urge upon the Commission to devise a method by which this basic information is collected and made available in time. In view of this, we regret, it is not possible for us to comment on the working of the industrial cooperatives or their contribution to the total production or sales in respect of these industries with any degree of accuracy.

9.6 We have examined in Chapter III the position regarding audit of accounts of the cooperative societies and have made certain suggestions in this regard. Similarly, we have also examined in detail the question of institutional financing of cooperatives and we have also given our suggestions in this regard. We shall examine here certain other factors which are relevant for a proper working of these cooperatives.

Supervision and Control

9.7 Because of their inherent weaknesses, the khadi and village industries cooperatives need to be supervised very closely. It is not possible for the societies to find the resources for appointing qualified managers, secretaries and other technical staff. We have suggested in Chapter V the grant of liberal assistance for employing such managerial, secretarial and technical personnel. In regard to supervision over the working of these societies, we would endorse the recommendation of the Cooperative Administration Committee appointed by the Government of India which suggested that supervisors for such types of societies should be provided at the rate of one supervisor/inspector for every 10 such societies.⁴ The State Boards are responsible for the implementation of village industries programmes through cooperatives. We have suggested elsewhere that the executive officers of the State Boards may be vested with powers of Joint Registrars of cooperative societies. We would, therefore

4. Cooperative Administration Committee Report 1964, recommendation no. 60.

TABLE 1
*Village Industries Cooperatives Coming Within the Purview of the Khadi and
Village Industries Commission (as on 31-3-1963)*

	Village oil	Palm gur	Village leather	Hand- pounding of paddy	Pottery	Gur & khand- sari	Non- edible oils & soap	Carpentry & Black- smithy	Bee- keeping	Hand- made paper	Fibre	Cottage match	Lime	Total
1. Andhra														
Pradesh	165	855	199	160	95	44	40	83	8	16	8	7	—	1680
2. Assam	86	2	9	358	37	9	7	18	4	2	—	—	—	532
3. Bihar	1053	120	137	370	96	78	45	—	13	7	3	—	—	1922
4. Gujarat	164	25	372	23	84	1	2	—	1	3	8	3	3	689
5. Kerala	220	208	5	83	58	24	10	—	11	7	—	—	—	626
6. Madras	168	1433	48	155	138	9	—	—	17	6	2	—	14	1990
7. Madhya Pradesh	322	20	261	86	129	31	32	50	9	2	4	—	4	950
8. Maharashtra	282	72	422	12	305	49	7	—	9	12	139	—	—	1309
9. Mysore	178	97	77	101	75	20	20	45	24	3	23	1	2	666
10. Orissa	146	32	24	233	64	12	21	6	15	—	2	1	—	556
11. Punjab	294	4	363	36	34	61	99	5	26	5	2	3	—	932
12. Rajasthan	315	24	320	20	33	60	18	29	—	5	—	—	—	824
13. Uttar Pradesh	631	23	282	121	44	145	85	157	2	25	38	7	—	1560
14. West Bengal	119	101	35	86	29	35	9	24	5	3	4	1	—	451
15. Manipur	70	—	6	27	4	—	4	15	8	1	—	—	—	135
16. Tripura	11	—	7	27	7	4	—	9	—	—	—	—	—	65
17. Delhi	10	—	4	—	1	—	—	—	—	5	—	—	—	20
18. Jammu & Kashmir	2	—	—	—	—	—	—	—	1	—	—	—	—	3
19. Pondicherry	—	—	—	—	1	—	—	2	—	—	—	—	—	3
20. Himachal Pradesh	1	—	3	—	2	—	—	1	4	—	—	—	—	11
Total	4237	3016	2574	1898	1236	582	399	444	157	102	233	23	23	14924

suggest that the personnel appointed to supervise the working of the industrial societies should be kept under the control of the State Boards. Later, when the khadi and village industries cooperatives start obtaining their funds from the central financing agencies, the supervisory personnel may, as suggested by the Cooperative Administration Committee be transferred to the central financing agencies.⁵

9.8 As regards the provision of efficient secretaries to manage the affairs of khadi and village industries cooperatives, we would recommend the formation of cadres of secretaries at the State or regional level. These cadres can be operated by the State Boards under whose aegis almost all the industrial cooperative societies are working. As this necessarily involves the transfer of personnel from one type of industrial cooperative to another, we would suggest that the State Boards should arrange, in consultation with the Commission, a course of basic training covering all the industries within the Schedule of the Khadi and Village Industries Commission Act so that it may be possible for these secretaries to function successfully in any industrial cooperative to which they may be posted. We would also recommend that wherever it is possible to economise, a group of cooperatives may be looked after by one secretary. As we are suggesting the formation of a cadre State or region-wise, we do not anticipate that there will be any difficulty regarding language, local conditions etc. which would prevent the successful operation of the cadre system.

Training

9.9 The need for proper and continuous training at all levels cannot be overemphasised. Some steps have been taken by the Commission and the State Boards for training the secretaries of industrial cooperatives and higher officers of the cooperative departments of the State, the State Boards and the Commission, who may be concerned with the management, supervision or administration of these societies. We consider that the progress in the training, particularly of secretaries of societies, is woefully inadequate. The training programme, particularly of secretaries of industrial cooperatives, should be intensified in view of the fact that there are nearly 16,000 societies whereas hardly 300 secretaries have been trained. Considering the need, as pointed out later, of reviving stagnant societies and improving the working of the societies which are indifferent, the completion of the training programme, within a period of about 3 or 4 years and in any case before the end of the Fourth Plan is imperative.

5. Cooperative Administration Committee, *op. cit.*, recommendation no. 58.

9.10. We would also place equal, if not more, emphasis on member-training and member-education. The success of the cooperative movement depends primarily not upon its proper administration but upon the development in the members of the cooperatives of an *esprit de corps*, an understanding of their mutual obligations and rights and of the need for a coordinated functioning of the societies in order that they may be effective business units of organisation. This can be attained by member-training and member-education, which should be conducted in all States with the assistance of the State cooperative unions, the central financing agencies and the State departments of cooperation.

Fourth Five Year Plan

9.11 We have mentioned in Chapter III that only about 35 per cent of the cooperatives are working satisfactorily and that another 30 to 35 per cent which are at present working indifferently could, with effort and assistance, be made to work well. Apart from this, about 30 per cent of the societies are stagnant. We would, therefore, suggest that during the Fourth Plan, emphasis should be on the revival of these stagnant societies and the consolidation of the cooperative movement in khadi and village industries.

CHAPTER X

TECHNICAL RESEARCH

In Chapter III, we have suggested the directions in which technical research in khadi and village industries should be pursued. The Commission has provided fairly extensive research facilities in the course of the First, Second and Third Plans. Several institutions have been established for carrying out research in various industries. In the field of khadi, the Prayog Samiti, which was established by the Sarva Seva Sangh in Ahmedabad in 1958 and is assisted by the Commission, has carried out important improvements in spinning, particularly through the ambar charkha and accessory equipment. This institution has worked in close association with the Ahmedabad Textile Industries Research Association. In the field of khadi weaving, the Commission has established in 1962 a Khadi Research and Advance Training Institute at Wardha. A separate research centre for wool spinning and weaving has been established at Bikaner. In the field of village industries, the Jamnalal Bajaj Central Research Institute for Village Industries, Wardha was established in 1955 on a recommendation in the First Plan, to serve as a link between the National Laboratories, on the one hand and small research centres in the field of khadi and village industries, on the other. It has well-equipped laboratories, workshops and experimental production units. The Central Beekeeping Research and Training Institute at Poona was established in 1962 by taking over the laboratory of the Maharashtra State Khadi and Village Industries Board. This institute has established two research centres, at Mercara and Kodaikanal and proposes to set up a few more during the course of the Third Plan. The Bharatiya Tad Gud Shilpa Bhavan at Dahanu which has a laboratory and a workshop is conducting research and training-cum-production in the palmgur and palm products industry. The Central Village Pottery Institute at Khanapur, though primarily a training centre, has carried out investigations in village pottery development. The research centre for investigating the problems of methane gas plant at Kora Kendra, Bombay, the workshop at Dharwar for developing implements for the fibre industry and the centre at Wanakbori under the processing of cereals and pulses industry which also functions as a research centre for the processing of cereals are institutions run directly by the Commission. In addition, mention must be made of the assisted institutions which have made important contributions to the field of research. The most prominent among these are the Handmade Paper Research Institute Poona, under the Maharashtra State Khadi and Village Industries Board, the flaying-cum-training-cum-research centre at Kora Kendra, Bombay and the

Non-Edible Oil Industries Association which has a central laboratory at Poona and a number of regional laboratories for exercising quality control of non-edible oil and soap produced in the country. The activities of all these research institutions are guided and controlled by the Research Committee to which reference has been made in Chapter III. In addition, for each industry there is a Technical Advisory Committee. One of its functions is to advise on research matters with regard to the particular industry. The important developments in research in respect of each of these industries are reviewed in the following paragraphs.

Khadi

10.2 The ambar charkha introduced in 1956 represented a revolutionary innovation in the field of traditional khadi. Owing to the wide gap between the promise and performance of this charkha, which was due mainly to the absence of proper training of the technical personnel and the artisans, supply of defective tools and perhaps due to overenthusiasm in the distribution of ambar charkha without ensuring other factors necessary to make the programme a success, sustained efforts are now being made in research for the production of a spinning equipment which will step up the earnings of the spinner and result in the production of yarn according to standard specifications. Simultaneously, attention has been very rightly given to the development of the techniques of the anterior processes such as opening and carding of cotton. A device in the form of a set of 9 inches long rotating combs has been found to be the most effective so far for the latter processes. Hand and foot operated implements using this device have been developed ranging in capacities from 200 to 500 gms. per hour which are partly dependent on earlier drafting of the cotton (*poorva pisai*). These implements are satisfactory for short staple cottons though they are stated to be of lower qualitative efficiency than the standard textile machinery for the same operations. They are more suitable for feeding carded cotton to a large number of ambar charkhas operating in or near about a centre, than to family-owned charkhas scattered in small numbers over larger areas. It is stated that metallic fillets or licker-in wire has proved more efficient than the set of combs and permits smaller cleaning, opening and carding implements to be developed. Regarding the spinning instrument, the composite or samyukta model of ambar charkha, in which spinning and roving are carried on side by side, has the highest level of productivity achieved so far. The six-spindle composite charkha can produce 12 hanks (840 yards length per hank) in 8 hours of continuous operation. Very recently i.e. in 1964, the Bhuta Committee appointed by the Commission had modified the six-spindle samyukta charkha and its cotton opening and carding implements. The modified charkha was found in laboratory trials

with Digvijay cotton to spin 2.8 metric hanks per hour to 16-18's yarn which was well-twisted and more even. The modified charkha and its auxiliary implements have been recommended for field trials. In this connection, we are happy to note that the Commission has decided to have this modified spinning equipment and the opening and carding equipments manufactured at a central place taking advantage of the latest engineering techniques in order to have a precision instrument according to standard specifications and calculated to give trouble-free service in the village where repair facilities are not available. The success of the new equipment and its potentialities for tackling unemployment problem will be watched with interest.

10.3 The question of adoption of improved techniques for carding, cleaning and opening of cotton has been engaging the attention of the Commission and, as referred to earlier, suitable equipment is now being devised for opening and carding of cotton. The institutions which used to purchase ginned cotton are now purchasing kapas and having them ginned. A direction in which, we suggest research could be profitably conducted, is for devising of small hand-operated gins or if that is not possible, power-operated gins with small capacities which could enable the ginning operation to be done in the local areas.

10.4 In the case of weaving, considerable progress has been made in the direction of using improved equipments such as pit-cum-frame-loom, take-up motion, long warp equipment, better methods of sizing etc. We note that during the last few years some of the major khadi institutions have established modern machinery for bleaching, dyeing and finishing operations for khadi fabrics. The improvements in textile printing are also slowly being taken advantage of by the producers of khadi.

10.5. A matter to note is that in respect of the woollen industry, improved technology has been adopted at an even more rapid pace than in the case of the cotton industry. Proof of this is the introduction of modern wool-carding machines and modern milling, raising and calendaring machines for woollen fabrics. This has enabled not only an increase in the wages of the spinners as well as weavers, but in higher productivity and in the manufacture of better quality fabrics.

Processing of Cereals and Pulses

10.6 The objectives of research in this industry should be (i) raising the productivity of equipment; (ii) increasing the earnings of the handpounders; (iii) conserving the nutritive elements in rice; and

(iv) keeping the breakage in rice to the minimum. In the improvement of the equipment used by the handpounding industry it has not been possible, hitherto, to show significant results. However, the handpounding industry is one that provides employment to a very large number of people and so, every possibility should be explored for effecting improvements in the equipment without affecting the employment potential. For estimating the degree of polish of rice, as required under the Rice Milling Industry Regulation Act and the Rules made thereunder several steps have to be taken. The weight-method of assessing the degree of polish developed by the Central Research Institute and several chemical methods of assessing the vitamin contents left on the grain after polishing, developed by the Central Food Technological Research Institute, need to be combined to develop a reliable method of assessment of the degree of polish. Research is also required in the direction of improving the keeping quality of underpolished rice. The question of increasing the output of rice, but at the same time preserving its nutritional value in the context of the alarming food scarcity in the country is another main direction in which research should be undertaken. We would suggest the exploration of the possibilities of fulfilling the above objectives in so far as research in the processing of cereals and pulses industry is concerned.

Ghani Oil Industry

10.7 The Commission has adopted a model of an improved ghani called 'Wardha ghani'. It has been adopted in certain areas. In certain other areas such as Bengal, Madras Kerala etc, this ghani has not been accepted, because the localghanis in their oil extraction percentage, weight per charge, capacity of bullocks to draw the ghani etc. are equal if not superior to the Wardha ghani. There is no great difference between the extraction percentage of oil between the village ghani and the ghani (rotaries) operated by power. Therefore, even a marginal difference in the percentage of oil extraction will be of great consequence. Consequently, research must be continued with regard to devising a ghani which will yield the maximum percentage of oil and at the same time, the cost is lowered and capacity for crushing is improved on the existing ghanis in the country. In regard to extraction of oil from some of the non-edible oilseeds, however, expellers operated on oil engines or electric power have been found to be more suitable than the traditional ghani because such equipment is essential for certain types of seeds. We have also been informed that handscrew presses are found useful. While the level of technology needs to be stepped up, we must note that a large number of telis are dependent on this industry and that research should be pursued taking into account the need to preserve

the employment potential rather than merely improve the equipment without realising the consequences of such an improvement on employment.

Village Pottery

10.8. The possibilities of applying modern techniques to the simple operations of the village potter are limited. An improved potter's wheel with substantially higher productivity and efficient kilns for firing the ware are matters in respect of which improvements have taken place. The improved potter's wheel should not only have higher productivity but also be made available at prices within the purchasing capacity of the ordinary potter. The Commission has designed a wheel, the productivity of which has been improved. However, its cost still needs to be brought down. In the matter of kiln, improved designs of modern down-draft kilns can be adopted for this purpose, provided the capital cost is low and they can reach 1000°C. by burning common fuels. Extension work needs to be undertaken to advise potters in the selection and mixing of clays to enable them not only to produce more durable pans and pots at no extra cost, but also diversify the lines of production to include clay pipes and heavy red earthenware which are increasingly in demand in developing villages. We are glad to note that the idea of common workshop has been generally accepted and is functioning as a nucleus unit both for enabling organisational changes to be carried out and as an optimum method of extension in technical services. More efforts also need to be undertaken in the direction of diversifying the industry in the production of tiles, pickle jars, domestic stoneware and industrial ware.

Village Leather

10.9 In this industry, the direction of research should be increasing the earnings of the artisans, supplying them with the new tools of increased productivity and increasing productivity of tools. We have been informed that the improved tools used in the flaying industry today resulted in an increase in productivity. Flaying platforms have also been devised in order to enable the carcasses to be flayed properly. Similarly, considerable research work has been conducted by the Commission in the recovery through the bone digester and other equipment, of all by-products such as tallow, meat-meal, sterile bone-meal, bone-manure, neat's-foot oil, dicalcium phosphate, glue, technical grades of gelatine, bone-char, bone distillation products etc. In regard to the tanning industry, improved equipment based on the use of power for the finishing and processing of leather is already in wide use. This is a welcome direction and has resulted in stepping up the earnings of the artisans as

they have been able to obtain a better price for the leather. As regards the leather goods manufacturing industry, improvement in the working of hand tools and adopting of sewing machines for sewing uppers requires to be undertaken.

Manufacture of Canegur and Khandsari

10.10 Research in the problems of the canegur and khandsari industry has been aimed at persuading artisans to adopt new and improved techniques to raise the earnings of traditional gur-makers and the production of standard quality of gur. Technical know-how regarding sugar manufacture available today can be introduced in the cane-gur making industry through the cooperative organisation. The introduction of improved bullock-driven cane crushers, power crushers, improved furnaces and bhels, of crystallisers and centrifugals has materially advanced these objectives. We suggest that the scope for further improvement in the techniques and the equipments used in the canegur industry should be explored. Since the Commission proposes to discontinue giving any importance to the development of khandsari industry, we do not consider there is any need for undertaking any special research in regard to this industry.

Palmgur and other Palm Products

10.11 The researches and improvements in this industry are mainly concentrated to bring about increase in productivity of the tappers by provision of aerial ropeways, to preserve neera and palm juice with the aid of adequate chemical preservatives, to develop small vacuum-pan sugar plants of 1/3 ton to one ton sugar capacity. The improvement in the productivity of the tapper in particular as a result of the several researches undertaken by the palmgur industry has resulted in increasing the earnings of the tappers. We are of the view that commendable research work in regard to this industry has been undertaken.

Non-Edible Oils and Soap

10.12 The Central Research Institute has conducted investigations and research into many aspects of this industry. These include collection of seed, storage of oilseeds, designing of equipment for depulping and decortication for the different types of oilseeds, maximum recovery of oils from the kernels etc. The National Research Laboratories have carried out research for removing the bitters from non-edible oils, for detoxification of non-edible oilseed cake to render it more suitable as cattle-feed and for improvement in the process of refinement of oils with a view to easier marketing and wider industrial use. We congratulate the Com-

mission for the research work it has sponsored in the non-edible oils and soap industry.

Handmade Paper

10.13. In this industry, the main lines of research are confined to the designing, fabrication and standardisation of the machinery and equipment used in the industry. Investigations of new fibres as raw material for paper and testing of paper and trials of new grades of paper are other aspects of the research programme. Considerable work in the direction of research and improvement in the several aspects of the industry has been done at the Handmade Paper Research Institute, Poona. We are satisfied that the direction in which research has been carried out in this industry represents a very great advancement and indicates great possibility for further development of this industry.

Beekeeping

10.14 Considerable research work has been undertaken by the Central Beekeeping Research Institute of the Commission. The directions in which this research has been undertaken are as follows:

- (i) Bee genetics and bee breeding with a view to raising the productivity of the colonies by breeding and artificial selection of colonies, introduction of improved pedigrees, grafting programmes for rearing queen cells etc.;
- (ii) Bee management with a view to improving the management of colonies for ensuring greater economic return to the beekeepers;
- (iii) Bee botany, including botanical survey of specified areas and introduction of new flora and fauna;
- (iv) Palynology or pollen analysis of different samples of honey from various agencies; and
- (v) Bee chemistry including testing of samples of honey and comparative study of Indian honeys.

In addition to the above, research is also being undertaken in the domestication of the rock-bee and improving the method of extraction of honey from the rock-beehive.

Manure and Methane Gas

10.15 This is a new scheme, for spreading the technology of anaerobic digestion of cowdung, nightsoil and other organic wastes at low cost for producing methane which is a fuel gas of high calorific value suitable for heating, lighting or generation of power

through decentralised means. Before the Commission took up the scheme considerable development of small methane gas plants had started from about 1939 in this country. The technical advancement in this period has been fully utilised in the programmes. However, considerable research is necessary to reduce the capital cost of the plants, to increase the rate of production (particularly in the cold seasons) and to develop methods and equipment for utilisation of the gas for lighting, heating and industrial use. The problems are being systematically investigated at the Research Centre for this industry.

Cottage Match

10.16 The cottage match industry is capable of creating employment opportunities by manufacturing an essential item of daily use. The real research problems of this industry are of developing suitable small scale equipment for splint manufacture out of bamboo and of evolving standard composition for match-heads and for side-paints. The development of splint-making equipment arises from the use of bamboo which is an ubiquitous and practically inexhaustible source compared to soft wood as the raw material usually used for splints. A simple machine has been developed for this purpose but requires considerable improvement. The Central Research Institute has investigated match-head compositions and has indicated correct composition which are safe from the point of view of accidents due to physical shock. The methods of analysis of match-head compositions for control purposes have also been worked out. There is little published information on match compositions since the organised industry keeps the formulae as strict trade secrets. Finally the Central Research Institute has now designed a cheap equipment operated by hand for the production of veneers from soft wood. This equipment has now been sent for field trials. We believe that this will result in vastly improving the speed of production of wood veneers in case it is successful at the field trials.

Fibre

10.17 The fibre industry offers a wide field for application of engineering technique for developing efficient implements for extracting of the fibre by mechanical means as in the leaf fibres, for carding or hackling of fibres, spinning of fibres, spinning of fibre into twines and twisting the twines into ropes and cordage. The industry has a number of foot and power-operated raspadors developed earlier for use in agave, ketki and such other leafy fibres. The workshop at Dharwar has developed scrapers for banana sheaths, both hand and power-operated for extracting fibres, treadle spinning wheels, light and portable rope twisting machines and ball-making

machines. The batara spinning wheels and looms were developed earlier. The industry has adopted the Japanese model of rice straw rope-making machine for making ban twines out of sabai and moonj grasses. We are of the view that praiseworthy work has been done in the fibre industry in the direction of research not only in exploration of new fibres and grasses for the purpose of manufacturing finished products but also in devising improved equipment for the purpose of increasing earnings and saving in time and labour of the artisans.

Conclusion

10.18 The review presented above indicates that, while considerable work has been done in the field of research for village industries by the institutions set up by the Commission, there are certain directions in which as we have pointed out, research needs to be intensified. We would again emphasise that the basic objectives which the Commission must keep before it are those which have been indicated in Chapter II. We would lay special emphasis on the development of research from the engineering aspect of these industries with particular reference to the improvement and simplification of equipment used in the various village industries. The Central Research Institute, we regret to note in this connection, is very weak in its mechanical engineering section and we would urge upon the Government and the Commission to set up a strong mechanical engineering section with a view to designing equipments for the various village industries which will yield a proper balance between improved technology, employment, productivity and additional earnings for the artisans.

CHAPTER XI

KHADI

Background

It is well known that Mahatma Gandhi used to refer to khadi as "the livery of freedom". In fact, khadi was introduced in 1920 as a political weapon for the boycott of foreign goods in general and cloth in particular and thus stimulate in every Indian a desire for independence as well as an attitude of self-discipline. Khadi was a vital part of the non-cooperation movement. However, Gandhiji was always alive to the economic aspects of khadi. He, therefore, emphasised the economic value of khadi as a means of finding work for spinners and weavers, as a measure of relief from the evil of widespread unemployment. Slowly a separate Board called the All India Khadi Board was established in December 1923, but this continued to be an integral part of the Congress organization and working under its direction and supervision. The All India Spinners Association, also known as the Akhil Bharat Charkha Sangh, was formed in 1925. Though this body was closely associated with the Indian National Congress, it was completely autonomous in its working. Till 1935 the Association concentrated its activity on propagation, production and sale of khadi, with the result that unwittingly the social objectives of khadi viz., the stimulation of self-discipline, self-sacrifice and the objectives of reorganizing the national economy on the basis of equity, justice and freedom, receded into the background. These were again therefore brought to the fore by Mahatma Gandhi between 1935 and 1944. The All India Spinners Association emphasised the role of the spinners. Gandhiji said that it was time "we begin to think of their (spinners') needs, their hours of work and leisure and their standard of living".¹ Apart from the payment of standard wages Gandhiji also stressed the importance of other social objectives including (i) self-sufficiency, (ii) decentralisation of production and consumption, (iii) establishment of personal touch with the workers in order to befriend them and bring allround improvement in their economic conditions and (iv) cultivation of cotton practically in every village, without which according to Gandhiji, khadi could never succeed. All these social objectives were given more and more prominence and culminated in the enunciation of the doctrine of "Samagra Seva", the central theme of which was that khadi could have "a permanent effect only when carried out as a part and parcel of the wider programme

1. M. K. Gandhi, *Economics of Khadi*, 1941, p. 467.

of non-violent village uplift or village reconstruction.”² In his inimitably earnest manner Gandhiji exhorted his workers that “the task of making the charkha, which for centuries had been a symbol of poverty, helplessness, injustice and forced labour, the symbol now of mighty non-violent strength of the new social order and of the new economy, has fallen on our shoulders. We have to change history. And I want to do it through you”.³

11.2 This doctrine of Samagra Seva found eloquent expression in the resolution of the All India Spinners Association at its meeting in 1946.⁴ The main points of this were:

- (i) introduction of handspinning and weaving in schools;
- (ii) organization of multi-purpose cooperative societies with khadi as their centre;
- (iii) organization of cotton cultivation within easy access of handspinning;
- (iv) research and training of khadi workers;
- (v) making training in khadi an essential condition for recruitment of all development officers in cooperative, education and agriculture departments;
- (vi) price control of handloom cloth;
- (vii) restriction of purchases of textiles;
- (viii) introduction of handweaving and handspinning in prisons;
- (ix) exclusion of mill cloth and mill-spun yarn from areas where self-sufficiency is attained;
- (x) ceiling on productive capacity of the mills at the then existing level of production and denial of licences for starting new mills; and
- (xi) complete ban on imports of foreign yarn and cloth.

11.3 The development of khadi during the three five year plans had as its objective the fulfilment of the cardinal principles enunciated by Gandhiji and the All India Spinners Association. As the fulfilment of these principles had necessarily to depend upon State policy, there has had to be certain compromises. But basically the khadi programme has set as its goal the fulfilment of these principles because only then can it succeed in reorganising the rural economy. Our review of the khadi programme would, therefore,

2. M. K. Gandhi, *Khadi—Why and How*, 1959, p. 176.

3. *Ibid* p. 155.

4. S. K. Jaju, *The History of the A.I.S.A. (1950) in Hindi*, p. 219.

have to contain an assessment of the extent to which these principles have been followed and what remains to be done in order that the influence of khadi may permeate the core of the rural economy.

Patterns of Assistance

11.4 The khadi programme has been divided into (i) traditional khadi and (ii) ambar khadi. But for the purpose of administration of the programme or of the patterns of assistance such a difference is not important. The main aspects of the development programme for khadi are as shown below.

- (i) Grant of rebate on retail sales of khadi (cotton, woollen and silk). The scheme for rebate on retail sales of cotton khadi has been replaced since 6 April 1964 by the free weaving scheme.
- (ii) Supply of improved implements for ginning, carding, sliver making, twisting, reeling, handlooms and other weaving accessories on the basis of 50 per cent loan and 50 per cent subsidy.
- (iii) Vastraswavalamban subsidy to self-spinners equal to 75 per cent of the weaving charges or 31 paise per sq. yard, whichever is less.*
- (iv) Grant of production subsidy to certified institutions on a slab system in such a manner that more encouragement and adequate protection is given to smaller institutions. This also indirectly acts as a fillip to the setting up of decentralised units.*
- (v) Sales subsidy to khadi marketing institutions on the retail sales of khadi on a slab basis.*
- (vi) Opening of khadi bhandars and the grant of assistance to them for non-recurring and recurring expenditure.
- (vii) Holding of exhibitions of different categories and the grant of assistance for the same.
- (viii) Training in salesmanship, window decoration and the provision of assistance and facilities for this purpose.
- (ix) Organisation of spinning competitions at all-India, State, regional and local levels.

* The Patterns Committee of the Commission has suggested alterations in scale of subsidy for production and sales and a new pattern for the scheme of vastraswavalamban subsidy on the basis of the recommendations of the Free Weaving Scheme Committee.

- (x) Organisation of spinning classes in jails and children's/beggars' homes with a view to enabling the inmates to make an honourable living on their release.
- (xi) Rehabilitation of weavers' families, where spinners are in abundance, and the provision of grant to enable them to secure residential accommodation and purchase of looms and other accessories.
- (xii) Construction of godowns and worksheds.
- (xiii) Setting up of dyeing and finishing units and the grant of assistance on a loan-cum-subsidy basis for finishing equipment, dyeing machinery, etc.
- (xiv) Arrangements for training of spinners, weavers, technicians and other artisans.
- (xv) In addition to the above, management grant to ambar khadi cooperative societies engaged in the production and sale of khadi, loans for the purpose of purchase of cotton, cocoons, raw wool and other raw materials such as dyes and chemicals and loans for working capital for production and sale are also given.
- (xvi) In regard to the ambar programme, assistance in particular is given for setting up of ambar parishramalayas, servicing stations and saranjam karyalayas.

11.5 It will be seen, therefore, that the development plan for khadi (cotton, woollen and silk) is comprehensive and covers almost every aspect of the entire programme.

Institutional Progress

11.6 Although the term khadi comprises cloth woven from cotton, silk and woollen yarn, the main emphasis was on spinning and weaving of cotton yarn. During the period prior to the establishment of the All India Khadi and Village Industries Board, the All India Spinners Association and its branches in the different States organised and certified several institutions for undertaking production and sale of khadi. Soon after the All India Spinners Association merged with the Akhil Bharat Sarva Seva Sangh in 1952, the khadi work was taken up by the All India Khadi and Village Industries Board which appointed a Certification Committee to issue certificates to the institutions desiring to undertake khadi spinning and weaving. Simultaneously, the various branches of the All India Spinners Association got themselves registered under the Societies Registration Act of 1860, and thus became autonomous bodies. When the All India Khadi and Village Industries Board came on

the scene there were 186 institutions in the field of khadi. Most of these were for cotton spinning. Later, the organisation of woollen and silk khadi was also taken up, and by the end of the Second Plan, the number of these institutions rose to 1153 of which 720 were institutions registered under the Societies Registration Act of 1860, 419 cooperative societies and the remaining State Boards. At the end of March 1963, this number rose to 15 State Boards, 925 registered institutions and 674 cooperative societies. Between them they had organised 3950 production and 3560 sales centres. Table 1 summarises the institutional progress.

Table 1*Institutional Progress*

	1958-59	1959-60	1960-61	1961-62	1962-63
1. No. of institutions					
i) State Boards	11	13	14	15	15
ii) Regd. institutions	402	437	720	861	925
iii) Coop. societies	304	319	419	541	674
Total	717	769	1153	1417	1614
2. No. of production centres	2708	3618	3939	3950	3950
3. No. of sales centres	2285	2711	3244	3560	3560

Disbursements

11.7 Table 2 gives the details of the State-wise disbursements for khadi (traditional and ambar) for the First Plan and for every year thereafter till 1963-64. It will be seen that the total disbursements for the khadi programme since the time of the establishment of the Board have been Rs. 126.72 crores. During the First Plan the total disbursements amounted to Rs. 6.23 crores, but they were stepped up very considerably during the Second Plan to Rs. 64.71 crores. During the first three years of the Third Plan, the amount disbursed was Rs. 55.78 crores or nearly 86 per cent of the total disbursements for the entire Second Plan period. It may be mentioned that the total loans disbursed include the loans which may have been repaid or returned and re-utilised by the Commission. But this would make no difference from the point of view of an assessment of the programme. It will also be seen that upto 31 March 1964 there has been a concentration of disbursements in certain States such as Andhra Pradesh (Rs. 8.69 crores or 7 per cent), Bihar (Rs. 20.86 crores or 16 per cent) Madras (Rs. 11.83 crores or 9

TABLE 2

State-wise and Plan-wise Disbursements for Khadi

(Rs. lakhs)

States	First Plan		Second Plan		1961-62		1962-63		1963-64		Total Third Plan Upto 1963-64		Grand Total	
	Grants	Loans ad- vanced	Grants	Loans ad- vanced	Grants	Loans ad- vanced	Grants	Loans ad- vanced	Grants	Loans ad- vanced	Grants	Loans ad- vanced	Grants	Loans ad- vanced
1. Andhra	12.58	22.97	184.09	280.32	24.19	74.83	34.76	146.13	66.08	23.82	125.03	244.28	321.70	547.57
2. Assam	0.36	0.05	12.79	14.29	3.69	2.21	3.84	8.48	4.97	8.70	12.50	14.39	25.65	28.73
3. Bihar	25.30	56.49	306.40	786.10	94.53	276.73	96.53	246.12	84.42	113.01	275.48	635.86	607.18	1478.45
4. Gujarat	30.53	24.99	133.32	119.11	28.41	33.18	48.67	36.61	42.78	90.55	119.86	160.34	283.71	304.44
5. Jammu and Kashmir	0.75	0.30	7.95	5.19	3.03	4.36	2.42	7.20	0.84	5.58	6.29	17.14	14.99	22.63
6. Kerala	3.17	2.98	53.65	75.32	11.40	19.98	16.69	12.79	22.07	7.72	50.16	40.49	106.98	118.79
7. Madhya Pradesh ...	5.08	8.54	63.90	95.58	14.09	29.21	15.81	27.73	17.53	18.16	47.43	75.10	116.41	179.22
8. Madras	13.55	4.79	211.64	345.15	49.23	133.60	86.76	172.47	96.19	69.72	232.18	375.79	457.37	725.73
9. Maharashtra... ..	64.64	61.79	362.86	252.72	44.98	40.71	77.32	66.54	74.77	32.99	197.07	140.24	624.57	454.75
10. Mysore	8.40	2.99	126.48	182.46	24.46	60.67	55.16	65.92	44.45	49.62	124.07	176.21	258.95	361.66
11. Orissa	3.71	0.25	40.05	58.40	8.09	14.00	10.15	9.33	9.54	14.55	27.78	37.88	71.54	96.53
12. Punjab	25.48	30.23	253.95	411.94	52.20	179.73	61.18	196.16	119.94	92.69	233.32	468.58	512.75	910.75
13. Rajasthan	11.04	51.32	150.21	418.57	34.71	130.02	52.00	102.04	38.66	152.05	125.37	384.11	286.62	854.00
14. Uttar Pradesh ...	56.70	68.45	535.52	656.86	119.31	221.14	121.23	240.03	157.22	152.10	397.76	613.27	989.98	1338.58
15. West Bengal	7.06	9.65	87.40	152.56	16.63	17.44	25.55	50.69	19.41	28.11	61.59	96.24	156.05	258.45
16. Delhi	6.82	0.95	55.06	25.82	18.86	8.04	3.98	8.75	4.29	16.36	27.13	33.15	89.01	59.92
17. Goa ... ..	...	...	...	...	...	...	0.24	...	0.70	...	0.94	...	0.94	...
18. Himachal Pradesh ...	0.29	0.75	0.95	...	...	...	...	...	...	...	...	...	1.24	0.75
19. Manipur ... ..	...	...	0.37	0.50	0.02	0.01	0.03	...	0.27	0.01	0.32	0.02	0.69	0.52
20. Tripura	0.10	...	1.22	1.88	0.21	...	0.03	...	0.03	...	0.27	...	1.59	1.88
21. Pondicherry ... ..	...	...	0.13	0.11	...	...	...	...	...	...	...	...	0.13	0.11
TOTAL	275.56	347.49	2588.20@	3882.88	548.04	1245.36	712.35	1391.99	804.16	875.74	2064.55	3513.09	4928.40@	7743.46

@ State-wise break-up for Rs. 0.35 lakhs utilised as money order commission is not available.

per cent), Punjab (Rs. 14.24 crores or 11 per cent), Rajasthan, (Rs. 11.41 crores or 9 per cent) and Uttar Pradesh (Rs. 23.29 crores or 18 per cent). The disbursements in these six States together account for Rs. 90.32 crores or 71.3 per cent of the total. In these States, the facilities, possibilities, and potentialities for the development of khadi work are very good. The large sums disbursed to Rajasthan and Punjab include assistance granted for development of the woollen industry which has been mainly concentrated in these two States. In Bihar, Uttar Pradesh, Madras and to a certain extent in Andhra Pradesh, there are major institutions which have a very long history of service in the khadi world, and were in existence even before the days of the All India Spinners Association. In particular, these States enjoy the advantage of having a corps of workers interested and devoted to the propagation of khadi. From the point of view of balanced regional development however, it is necessary to mention, that in large areas, where rural unemployment is a striking phenomenon and measures need to be adopted for the reduction of such unemployment, the khadi programme has not made much headway. It would follow from this, that the Commission, the State Boards and the constructive organizations in these States such as West Bengal, Mysore, Kerala, Madhya Pradesh, Orissa, etc. need to devote particular attention so that khadi work can catch up. Both the Khadi Evaluation Committee and the Estimates Committee of the Lok Sabha, 1961-62 have brought out pointedly the imbalance in the development of khadi between the different States. The Commission has explained, that tradition, favourable climate and circumstances in the States of Uttar Pradesh, Bihar, Madras etc. on the one hand, and the absence of workers, institutions and local demand on the other in the other States, were responsible for the imbalance. We concede that this explanation is legitimate, but we wish to make the point that in the larger interest of removing unemployment or reducing under-employment, concerted efforts ought to be made for the development of khadi in the areas, in which the development has so far been tardy. We consider, that this is all the more necessary, because, the foundation for the Third Plan of the Commission is integrated development, under which one of the essential characteristics is local production for local consumption. In fact this philosophy has been carried in the realm of khadi to its logical conclusion by the introduction of the free weaving scheme from 6 April 1964, under which the main emphasis is village, regional or area self-sufficiency with an emphasis on the production of varieties to meet local demand. Recently, emphasis has also been given to the programme of decentralised activities. We would suggest, in the light of these factors,

that the Commission may re-examine and reorient its approach to the development of khadi.

11.8 Table 3 sets out the purpose-wise disbursements of funds upto the end of the year 1963-64. It will be seen that out of the total amount of Rs. 49.28 crores disbursed as grants Rs. 33.70 crores or nearly 68 per cent are accounted for by rebates and subsidies. The disbursements for training amount to Rs. 8.33 crores or just 17 per cent. Investments account for Rs. 3.66 crores or about 7 per cent and other promotional schemes for Rs. 2.49 crores or about 5 per cent. Of the total disbursements of Rs. 77.43 crores as loans, Rs. 69.32 crores or nearly 90 per cent are accounted for by working capital loans for production and sales and loans for purchase of cotton. Investments, which include loans for godowns, plant and machinery, etc. constitute the remaining 10 per cent. The establishment expenditure on khadi amounts to nearly 2 per cent but this is of course, exclusive of the administrative expenditure incurred for the supervision of the khadi programmes at the level of the Commission, the State Boards and the institutions. The proportion of grants to the total disbursements has, as already pointed out in Chapter IV on financial analysis been 44 per cent in the First Plan, 40 per cent in the Second and 37 per cent during the three years of the Third Plan. There has been a significant increase in the proportion of loans to the total disbursements. While this is a healthy sign in itself and may indicate that the institutions are becoming more self-reliant, a close examination of the position would, however, reveal that the institutions have not been able to build up a reserve out of the margins allowed by the Certification Committee if they had managed the institutions economically and efficiently by some saving out of the margin of 20 per cent. The result has been the continued dependence of the institutions on the Commission. While we concieve that in view of the rapid expansion in production, large sums of money for working capital became necessary and for this, the institutions had necessarily to go to the Commission, we would like the Commission to look into the question of whether in case of institutions, which earn large sums of interest by depositing their resources in fixed or other deposits, some interest should be charged on their borrowings from the Commission in order to deter them from doing so. We feel that in the implementation of the khadi programme, the institutions should take into account the totality of the resources available.

Production and Sale

11.9 The Planning Commission had formulated a common production programme for the cotton textile industry, and had

TABLE 3
Purpose-wise Disbursement of Funds for Khadi

Purpose	(Rs. lakhs)								
	First Plan			Second Plan			1961—62		
	Grants	Loans advanced	Loans outstanding	Grants	Loans advanced	Loans outstanding	Grants	Loans advanced	Loans outstanding
1. Rebates and subsidies ...	225.27	...	...	1543.13	...	...	433.29	...	...
2. Training ...	14.87	...	...	681.87	...	...	81.42	...	...
3. Other promotional schemes...	30.67	...	...	122.44	...	...	28.32	...	...
4. Investment ...	4.45	1.50	...	194.21	609.88	401.89	43.88	40.86	324.95
5. Working Capital :									
(a) Cotton purchase ...	...	104.09	69.82	...	1308.30	572.36	...	340.45	579.47
(b) Production and sales ...	...	241.90	223.21	...	1969.71	1655.01	...	864.05	2092.68
TOTAL (5) ...	...	345.99	293.03	...	3273.01	2227.37	...	1204.50	2672.15
6. Establishment* ...	...	...	...	46.64	...	...	11.04	...	...
GRAND TOTAL ...	275.56	347.49	293.09	2588.29	3882.89	2629.26	547.95	1245.86	2997.10

* Excludes the establishment expenditure on the Commission's office.

TABLE 3 (Continued)

(Rs. lakhs)

Purpose	1962—63			1963—64			Total		
	Grants	Loans advanced	Loans outstanding	Grants	Loans advanced	Loans outstanding	Grants	Loans advanced	Loans outstanding
1. Rebates and subsidies ...	569.22	...	...	598.27	...	...	3369.48	...	...
2. Training	44.44	...	...	60.23	...	...	832.83	...	...
3. Other promotional schemes	28.16	...	...	39.88	...	...	248.97	...	...
4. Investment	51.79	110.69	305.91	71.44	48.65	269.34	365.77	811.58	269.84
5. Working Capital :									
(a) Cotton purchase ...	...	375.21	570.79	...	351.93	601.46	...	2474.98	601.46
(b) Production and sales	...	906.09	2571.89	...	475.16	2733.27	...	4456.91	2733.27
TOTAL (5) ...	...	1281.30	3142.68	...	827.09	3334.73	...	6931.89	3334.73
6. Establishment*	18.74	...	...	34.84	...	...	111.26	...	...
GRAND TOTAL ...	712.35	1391.99	3448.59	804.16	875.74	3604.07	4927.57	7743.47	3604.07

*Excludes the establishment expenditure on the Commission's office.

allotted a production target of 150 million yards for the khadi industry. In addition, the Third Plan of the Commission provided for a production of 55 lakh square yards of woollen and 40 lakh square yards of silk khadi. It was on this basis that an allocation of Rs. 69 crores was also made during the Third Plan. Table 4 below gives the details of the production and sales of khadi during the Second Plan, and for the first two years of the Third Plan.

Table 4

Year	Production		Sales					Total
	Qty.	Value	Consumer	Agents	Artisans	State Govts.	A/T.	
1956-57	436.13	822.52	354.56	26.24	42.47	102.25	97.98	623.50
1957-58	612.06	1148.39	471.35	32.04	74.91	140.91	110.64	829.85
1958-59	723.32	1375.72	531.86	62.00	80.88	90.66	95.90	861.10
1959-60	715.86	1414.46	711.28*	39.54	97.64	107.51	104.48	1060.45
1960-61	647.77	1423.49	962.37@	61.50	139.33	136.93	107.12	1407.25
1961-62	762.02	1690.98	1476.93&	69.88	113.81	153.38	63.54	1877.54
1962-63	896.12	2121.56	1382.99	194.39	138.83	164.91	155.64	2036.78

* includes sales to other agencies worth Rs. 86.38 lakhs

@ includes sales to other agencies worth Rs. 110.75 lakhs

& includes sales to other agencies worth Rs. 533.86 lakhs

11.10 It will be seen from this table that the production of khadi has been steadily increasing since 1956-57. The production in 1962-63 was a little more than double that in 1956-57 and its value a little more than two and a half times. There was a slight fall in production in 1960-61, but this was due to the accumulations in 1959-60, which naturally acted as a brake on the purchase of yarn by the institutions from the spinners. The position regarding the accumulated stocks is being separately considered.

11.11 Similarly, the value of the sales has also continuously been on the increase between 1956-57 and 1962-63. The value of sales has more than tripled during the seven year period. The sales have constantly kept pace with the production. The increases between the years 1959-60, 1960-61 and 1961-62 are particularly noteworthy. It will be seen that there has been a significant increase in the sales to consumers through the bhandars and bhavans between the years 1956-57 and 1961-62. The off-take by the consumers has increased by nearly 4 times. The increase between the years 1960-61 and 1961-62 is particularly marked because during this one year the off-take increased by nearly 53 per cent. There is a slight fall in the off-take in 1962-63, but we presume, that, in the

absence of any large-scale accumulations during the year, the phenomenon is a transitional one. Not less than 60 to 70 per cent of the total consumption is accounted for by sales to consumers through the bhandars and bhavans. The value of sales to Government departments (both States and Central) is on an average between 15 to 20 per cent. The sales to agencies has also been progressively on the increase. In fact, during the year 1962-63 these sales have recorded a phenomenal increase and are more than $2\frac{1}{2}$ times the value of such sales in 1961-62. As against this, though the position regarding sales to the artisans is satisfactory, there has not been any significant increase in the consumption by the producers themselves. In fact, between the years 1960-61 and 1962-63, the percentage of the consumption by the artisans to the total consumption has markedly gone down from about 10 to 7. This feature deserves particular attention because one of the principal objectives of the free weaving scheme is to increase the local consumption mainly by the producers themselves. It is obvious that this objective must be brought home effectively to the producers and artisans.

11.12 We shall now examine the relationship between the loans sanctioned for working capital and the position regarding production. Table 3 sets out the purpose-wise disbursements for khadi under which are included the figures of working capital loans disbursed. It will be seen from the figures of disbursements of working capital that upto the end of the Second Plan, a total sum of Rs. 22.12 crores had been disbursed as working capital for production and sales. This amount has naturally to be related to the production in the last year of the Second Plan which is valued at Rs. 14.23 crores. The Commission generally sanctions a total sum of 105 per cent of the value of production for the working capital (production and sale) requirements of the institutions. On this basis, the working capital that should have been sanctioned roughly amounts to Rs. 15 crores. Repayments by the institutions are not taken into consideration for commenting upon the ratio of outstandings to production as these repayments are ploughed back for their further requirements. It is obvious from the figures of disbursements of working capital loans that the institutions have, on the basis of the formula adopted by the Commission, a sum of nearly 50 per cent more than what they are entitled to. This position certainly needs looking into. In fact, in later years the position has unfortunately deteriorated still further. For example, the total working capital loans (for production and sales) at the end of the year 1962-63 were Rs. 39.82 crores. As against this, the production was 896.16 lakh sq. yds. valued at Rs. 21.22 crores. The additional production between the year 1960-61 and the year

1962-63 was 248.35 lakh square yards, and the difference in the value of production was Rs. 6.98 crores, or roughly Rs. 7 crores. For an additional value of production of nearly Rs. 7 crores, the additional working capital sanctioned by the Commission is nearly Rs. 17.7 crores. The ratio of the working capital for production and sale to the total value of the production for the year 1962-63 is 14:7 whereas it should really have been only 20:21. It will also be seen that for the additional production between the year 1960-61 and 1962-63, $2\frac{1}{2}$ times the amount of working capital required was ploughed back to the institutions. Some conclusions from this depressing situation are inevitable. The first is, that in respect of the increase in the production, there has been a constant lag between total volume of production and total volume of sale. The second is, the significant number of idle ambar charkhas and their drag on production. A third conclusion is the difficulty of the institutions to repay the loans occasioned either by the absence of fluidity in their turnover or by the diversion of the working capital loans for other purposes such as construction of hospitals or hostels and in some cases, purchase and installation of capital equipment and machinery, construction of godowns etc. Under any circumstances, these conclusions, make it obvious that there has not been adequate scrutiny with regard to the requirements of the institutions and no remedial action taken as and when the difficulty of repayment, locking up of capital, accumulation of stocks etc., manifested itself. It may also be necessary to scrutinise the formula on the basis of which the requirements of the working capital of the institutions are sanctioned. We are glad that the Commission has appointed a committee to go into the question of examining the factors governing the requirements of working capital of institutions. We are sure that the committee will take into account all the salient considerations brought out in this report, so that in future the requirements of the institutions for a given volume of production are properly scrutinised and the amounts required sanctioned without any delay. It should also be the duty of the Commission to prevent the diversion of funds from one purpose to another. Such periodical vigilance will also enable the Commission to attack the problem as it arises instead of as in the case of disposal of accumulated stocks of khadi, going to the rescue of the institutions several years after the phenomenon of accumulation had started manifesting itself.

11.13 There is another angle from which the trends in production can be viewed. As will be obvious from the figures given in table 3 investment for capital purposes including introduction of improved equipment and machinery and for strengthening the

infra-structure of the economy by expansion of economic overheads such as dyeing and processing overheads, transport, saranjam karayalaya etc. at the end of the Second Plan was a little over Rs. 4 crores. We must point out in this connection that we have only taken the total amounts outstanding, and not the total loans advanced or the amounts sanctioned as grant. This is because we wish to avoid the mistake of overestimating the investment by either taking the total loans advanced a portion of which may have been repaid or adjusted, or grants, the utilization of which is spread over a number of years, depending upon the life of the particular investment. However, during the first two years of the Third Plan, an additional amount of Rs. 1.52 crores was advanced for the purpose of investment. Against this, the additional output was Rs. 6.98 crores. When the additional investment is compared with the additional output, the position appears to be favourable. But it must be realised that in this additional output the investment upto the year 1961-62 is also involved. Besides, since, as we shall explain later on, nearly 60 per cent of the ambar charkhas are lying idle and thereby involve idle investment, the position would really be disturbing. All these factors would lend support to the view that the question of the investment in khadi with a view to their proper and productive uses and a determination of the relationship between the total input and total output needs to be undertaken by the Commission. We would urge upon the Government and the Commission to examine this particular point as we are afraid that there may be a tendency on the part of the institutions to over-capitalise themselves by the acquisition of assets which are productive only from the long-term point of view, or by the dissipation of the resources obtained by them from the Commission in prestige items such as godowns, plants and machinery which cannot by the very nature of the circumstances be utilized to yield the full return. We are afraid that this over-capitalisation may also be partially responsible for the total defaults on the khadi side which amount to nearly 27 per cent of the total loans to be repaid by the institutions (Rs. 2.77 crores out of Rs. 10.28 crores due as on 31 March 1964.)

11.14 Reference has been made in para 11.9 to the fact that the Government of India had accepted 160 million yards as the target for textile production in khadi. From table 4 it will be obvious that in 1961-62 the production of khadi was only 76.2 million sq. yards and in the year 1962-63 it was 89.6 million sq. yards. Though the production *per se*, as has been pointed out earlier, has increased from year to year, the production has fallen far short of the target formulated by the Commission and accepted

by the Government of India. The Commission considered this matter very carefully early in 1964 during the mid-term appraisal of the Third Plan, and has suggested to the Planning Commission that the target for khadi at the end of the Third Plan may be fixed at 100 to 110 million yards. If we forget the fall in production in the year 1960-61, which, as has been explained earlier, was due to the accumulations in the year 1959-60, it will be seen that there is 6 to 7 per cent increase in production every year. The complete figures for 1963-64 are not available but it is feared that there might be little or no increase over the production for 1962-63. Even estimating therefore that during the last 2 years of the Third Plan a 6 to 7 per cent increase each year is attained, the production at the end of the Third Plan would be about 100 to 105 million yards. This attainment would be possible if the free weaving scheme catches the imagination of the countryside. Unless therefore there is some radical disturbance, we expect that the production at the end of the Third Plan would be in the region of 100 to 110 million yards. We are glad that the Commission has itself, on reassessment of the situation, come to a realistic estimate of its performance at the end of the Third Plan.

11.15 Table 5 shows the State-wise production of khadi (cotton-traditional-commercial|vastraswalamban|ambar|silk and wool-len) during the Second Plan and during the first two years of the Third Plan. Similarly table 6 sets out the details of sales of khadi of all varieties during the same period. An analysis of these two tables reveals certain very interesting features. We have already indicated in para 11.7 that the disbursements are heavy in States like Andhra Pradesh, Bihar, Uttar Pradesh, Madras, Rajasthan and Punjab, where the khadi industry has been established traditionally. The production of khadi in these States amounted to 755.49 lakh sq. yards in 1962-63, which is about 84 per cent of the total production in the country. However, during the first two years of the Third Plan the production increased at a relatively smaller pace than during the latter half of the Second Plan. During the course of our tours, an apprehension was expressed in certain quarters that in these States perhaps, a point of saturation had been reached and this accounted for the comparatively slow rate of increase. It has been explained to us that there is considerable difficulty in finding the right type of workers for the expansion of the khadi programme. There has been a crying need for decentralization and this has also strained the manpower resources of the institutions. As a result of these factors expansion of khadi work in these States would, we were told, be difficult in future. We have emphasised in para 11.7 the need for

TABLE 5
State-wise Production of Khadi

Quantity : lakh sq. yards
Value : Rs. lakhs

State	1956-57		1957-58		1958-59		1959-60		1960-61		1961-62		1962-63	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
1. Andhra ...	33.31	69.16	61.08	119.25	93.15	167.15	82.62	157.96	69.70	144.15	69.67	155.44	83.61	176.22
2. Assam ...	0.23	1.53	0.43	2.60	0.56	5.00	0.77	3.79	0.56	2.13	0.60	2.92	1.55	8.74
3. Bihar ...	49.87	75.45	72.49	116.41	91.59	163.90	129.41	248.43	107.53	222.37	121.16	257.20	183.73	356.93
4. Gujarat ...	13.89	23.21	19.69	34.53	24.91	48.24	23.98	49.48	9.15	22.87	18.50	39.62	26.63	64.48
5. Maharashtra...									2.47	5.60	5.69	13.65	6.62	23.90
6. Jammu and Kashmir	6.65	13.49	4.07	16.80	2.56	18.85	3.74	18.39	5.94	23.18	10.32	32.74	17.82	43.55
7. Kerala ...	3.32	5.95	3.72	6.93	6.69	11.24	13.08	23.35	15.99	28.02	10.33	18.92	11.55	22.21
8. Madhya Pradesh ...	2.63	4.87	3.60	6.41	6.40	13.84	7.06	13.67	8.07	18.53	8.42	19.12	8.60	29.01
9. Madras ...	59.63	126.63	69.29	147.62	87.19	180.66	101.23	232.65	77.65	194.12	98.90	240.86	115.75	312.61
10. Mysore ...	7.60	20.42	20.98	59.16	23.98	50.94	17.35	39.19	21.59	54.73	16.62	44.87	25.21	69.73
11. Orissa ...	2.71	5.84	4.01	8.24	5.96	11.31	2.74	4.84	5.47	10.15	6.54	13.58	7.84	16.15
12. Punjab ...	112.84	189.65	154.41	267.13	128.33	235.70	102.14	190.32	104.01	205.77	123.56	251.79	110.57	262.02
13. Rajasthan ...	28.96	65.21	39.76	82.54	59.38	112.26	43.13	82.96	41.51	101.41	56.79	142.88	47.12	157.85
14. Uttar Pradesh ...	105.87	198.50	140.34	232.70	167.96	301.99	168.37	292.28	148.80	319.10	170.76	367.16	214.71	490.75
15. West Bengal ...	5.93	18.59	10.22	37.85	14.69	41.70	13.36	46.52	13.97	48.92	18.65	63.94	9.55	45.94
16. Delhi ...	2.51	3.71	7.97	10.22	9.97	12.94	6.88	10.63	15.36	22.44	20.51	26.29	25.26	41.47
TOTAL ...	436.13*	822.52*	612.06	1148.39	723.32	1375.72	715.86	1414.46	647.77	1423.49	762.02	1690.98	896.12	2121.56

*State-wise break-up for 0.18 lakh sq. yards. of khadi valued at Rs. 0.31 lakhs is not available.

TABLE 6
State-wise and Year-wise Sales of Khadi

(Rs. lakhs)

Sr. No.	State	56-57	57-58	58-59	59-60	60-61	61-62	62-63
1.	Andhra	45.85	72.42	65.17	72.60	93.23	130.45	118.81
2.	Assam	1.49	1.65	4.27	2.26	3.21	5.85	3.89
3.	Bihar	67.62	71.28	59.97	87.18	178.98	289.94	333.17
4.	Bombay	97.33	93.69	129.01	93.23	22.31 98.86	73.71	101.01
5.	Delhi	33.94	31.07	34.82	40.66		75.16	91.05	153.72
6.	Jammu & Kashmir	0.58	0.67	1.16	5.58	5.14	8.33	10.70
7.	Kerala	7.84	10.06	10.28	17.43	23.46	29.41	24.38
8.	Madhya Pradesh	4.04	17.57	27.72	14.68	43.79	62.64	61.02
9.	Madras	51.52	97.40	83.05	173.79	144.37	231.33	230.38
10.	Mysore	16.68	58.93	57.62	42.82	45.53	94.77	88.39
11.	Orissa	1.95	3.64	2.09	1.29	3.74	17.72	14.93
12.	Punjab	29.57	42.60	66.72	104.45	150.50	182.06	175.01
13.	Rajasthan	18.72	34.14	45.26	26.40	91.59	91.78	83.72
14.	Uttar Pradesh	133.75	167.88	153.09	254.71	305.84	309.27	360.92
15.	West Bengal	14.64	16.21	24.97	18.89	52.93	34.58	27.19
16.	Goa	—	—	—	—	—	—	2.85
Total		525.52	719.21	765.20	955.97	1300.13	1814.00	1881.14
A/T Sales		97.98	110.64	95.90	104.48	107.12	63.54	155.64
Grand Total		623.50	829.85	861.10	1060.45	1407.25	1877.54	2036.78

} Gujarat
} Maharashtra

balanced regional development. This need becomes all the more pressing in view of the circumstances obtaining in the traditional States. The Commission's efforts in inculcating the khadi programme in comparatively new States require to be energised because in such States khadi would offer a fair means for alleviating the problem of unemployment.

11.16 An analysis of the consumption of khadi also reveals to a large extent the imbalance between production and sale. This imbalance is largely due to the growing emphasis of the Commission on the production of commercial khadi or to use another expression, in making khadi a "business proposition." It has been explained to us that nearly 60 per cent of the total sales or even more are accounted for by urban consumption. The metropolitan cities of Delhi, Bombay, Madras and Calcutta are extremely good consumers of khadi particularly the processed and ready-made varieties. Naturally, there has been a concerted effort to produce according to the requirements and in that process, the foundation on which the Third Plan of the Commission was based, has been inclining to wobble. The emergence of Acharya Vinoba Bhave on the scene and the consequent arrest of the desire to make khadi cater for distant markets has restored a spirit of reality into the production and sale of khadi. While it is too early to assess the results of the free weaving scheme it must be emphasised that unless the bedrock on which khadi, as a part of the rural economy stands, is made firm the khadi programme is not likely to have any permanent place in the reorganization of the village community. It is possible to conceive that the efforts for local consumption and local production would not conflict with the production of certain varieties, which are particularly in demand, in the rural areas. No doubt, the emphasis of the programme should not be submerged in the production of khadi to meet distant markets.

11.17 Sales of khadi have increased from year to year in most of the States; in some in very much larger percentage than in the others. A matter of concern is the position in Assam, Kerala and West Bengal. As has been explained earlier, there was a phenomenal rise in the sales in the year 1961-62 as compared to the previous year and therefore a fall in 1962-63 over the 1961-62 level, unless it is very appreciable, cannot be considered depressing. In Assam, Kerala, and West Bengal at any rate the position needs to be examined and the marketing organisation strengthened. Delhi takes the pride of place, in that, there has

been a consistent increase in the sales from year to year. Between 1960-61 and 1962-63, sales were nearly quadrupled. They increased twice in 1961-62 and twice again in 1962-63. All this is particularly due to the pioneering activities of the Khadi Gramodyog Bhavan of the Commission, the Delhi Sales agencies of the various major institutions and above all, the very favourable response shown by consumers with regard to the purchase of ready-made and processed goods and the favourable attitude of the Government in giving orders for blankets.

Ambar Charkha Programme

11.18 Gandhiji's earnestness for providing the spinners with an efficient, trouble-free and simple apparatus will be obvious from the fact that he offered prizes of Rs. 5,000 in 1923 and Rs. 1 lakh in 1929 for the manufacture of a really efficient spinning instrument. In 1948-49, Shri Ekambarnathan of Papankulam of Tirunelveli district, Madras State constructed a two-spindle wooden spinning instrument, embodying the ring spinning technique. Its preliminary examination revealed its immense possibilities because in one hour it could produce 1.5 hanks. Further trials and comparisons with the traditional charkhas were carried out in 1948-49 and all this confirmed the potentialities. Shri Ekambarnathan laboured intensively in 1952-53 particularly for making the belni also a practicable proposition. Besides, a number of other workers carried out for a period of more than 5 years, a number of experiments the result of which was the construction of a 4 spindle wooden ambar, a belni and the dhunai modhia together described as the ambar set. The All India Khadi and Village Industries Board in its draft proposals for the Second Plan proposed to distribute 25 lakhs of ambar charkhas to spinners, to train them over a period of 3 months and to produce at the end of the period i.e. 1960-61 about 400 million pounds of yarn needed for the production of 1500 million yards of cloth. The Board's original proposals envisaged the supply of this yarn to the handloom weavers, but later, in accordance with the decision of the Sarva Seva Sangh the Board undertook the full responsibility of weaving cloth out of the yarn produced by the ambar. The Village and Small-Scale Industries (Second Five Year Plan) Committee did not examine these draft proposals in detail, because it considered that the data available on the technical and mechanical soundness of the instrument, its productivity, the quality of the yarn spun on it and its acceptance to the handloom weavers of mill spun yarn were inadequate to express any definite opinion. The Committee, however, suggested that field trials in regard to these matters should be undertaken. This was

done by the Board and during the currency of the pilot programme, the Government appointed the Ambar Charkha Enquiry Committee to assess the technical and economic aspects of the ambar charkha and the programme based on it. This Committee, known as the Khera Committee, recommended in the main the following:

- (i) Continuation of the experimental ambar programme on an increasing scale and a periodical review of its working;
- (ii) Manufacture and distribution of 75,000 ambar charkhas during 1956-57;
- (iii) The implementation of the programme to be supplemented by intensive efforts to improve the designs of the spinning and roving units and also by a competition for an improved design of the apparatus; and
- (iv) Except for its precision parts, the charkha be manufactured on an entirely decentralised basis and not in factories because this would facilitate the provision of servicing facilities on the scale needed by the spinners.

The Committee listed certain conditions which, in their opinion, would be favourable for the successful implementation of the ambar programme. These were, first the replacement of traditional charkhas by the ambars; secondly, introduction of ambars among weavers to the maximum extent possible, thirdly, formation of cooperatives; fourthly, organization and development of ambar projects so as to relate them directly to the development and transformation of the village economy; fifthly, introduction of the scheme where the need for providing employment was the greatest; sixthly, intergration of the ambar with the Community Development Programme; seventhly, introduction of the programme in cotton-growing areas and cultivation of cotton in C.D. blocks; and finally reduction and elimination of subsidy on the basis of self-sufficiency as soon as possible.

11.19 The Planning Commission recognised in 1956 the potentialities of the ambar charkha by providing in its textile policy that 300 million yards of the additional production of 1700 million yards required for 1960-61 should be out of ambar yarn.

11.20 As suggested by the Khera Committee, the programme was reviewed from time to time. In July 1957 after a review, the Commission suggested to the Government that for the year 1957-58 the size of the programme of manufacture may be scaled down from 1,80,000 to 1,15,000 ambar sets and the target for production

of cloth from 20 million to 15 million yards. The review revealed certain distressing features including the poor quality of the ambar charkhas, the unsatisfactory arrangements for their servicing and repairs and for distribution of spare parts, the poor quality and technical incompetence of the instructors and the carpenters in the parishramalayas and the uniformly poor arrangements for the follow-up service of trained spinners. A committee to suggest the steps to remove these defects was appointed and on the recommendations of this committee, which were accepted by the Commission revised proposals were formulated. The size of the programme and targets of production were, therefore, modified by the Planning Commission in January 1958, as a result of which the introduction of a lakh of ambar sets during each of the last 3 years of the Second Plan was provided for and the target of production at the end of the Second Plan was fixed at 60 million yards.

11.21 The Khadi Evaluation Committee reviewed the working of the ambar programme both in its financial and physical content. It came to certain conclusions, some of which are important enough to bear repetition :

- (i) "Output per ambar is as low as 1.82 hanks per day as against 6 assumed by the Khera Committee;
- (ii) "Though the earnings have increased, they have not increased in proportion to the organisational effort and investment;
- (iii) "At least 40 per cent of the spinning units are inactive and are an index of so much loss of invested capital and non-utilisation of productive capacity;
- (iv) "Increased output per unit has in fact led to embarrassing surpluses of production and the institutions have slowed down the rate of expansion and are displaying considerable amount of reluctance to go ahead with the programme of ambar development;
- (v) "It is reported that a large number of ambars cannot be plied, owing to their being in a state of disrepair; and
- (vi) "The problem of marketing has assumed serious dimensions and in some cases large stocks of yarn and, in others, of cloth have accumulated".⁵

The Committee expressed the view that the conditions mentioned by the Khera Committee as necessary for the successful in-

5. Khadi Evaluation Committee, *op cit.*, p. 59.

roduction and development of the ambar programme had not been fulfilled. However, the Committee expressed the view that "these rather depressing conclusions do not, however, logically point to the overall conclusion that ambar programme has to be written off and should have no place in the development effort of the community. . . . The meagre results show not the failure of ambar, but inadequacy of approach and effort".⁶

11.22 The findings of the Khadi Evaluation Committee largely conditioned the ambar programme of the Commission during the Third Plan. The Commission divided the programme into two parts; first the "continuance" programme and second the "expansion" programme. So far as the first part was concerned, the Commission proposed: (i) to activate all the ambar charkhas 40 per cent of which were estimated to be inactive so that by the end of the Third Plan all the 3.5 lakh charkhas which were estimated to have been distributed by the end of 1960-61 are in effective operation; (ii) to raise the productivity of the charkha from an average of 2 to 3 to an average of 4 hanks per day during the Plan period and to make every effort to raise the productivity still higher; and (iii) to increase gradually the number of working days from an average of 75 days in the first year of the Third Plan to an average of 150 in the third and fourth year and to 200 in the last year of the Plan period. As a result of all these efforts the Commission expected to reduce the price of khadi yarn and the price of cloth by about 15 to 20 per cent.

11.23 Under the second part i.e. the expansion programme, the Commission proposed to introduce at the rate of 100 charkhas per gram ekai, 3,00,000 ambar charkhas in 3,000 gram ekais estimated to be set up during the Third Plan. In each of these ekais the ambar programme will be an integral part of the development programme of the whole area. Each ekai would be organised as far as possible into a self-contained production centre of yarn as well as cloth.

11.24 Each centre will strive hard to promote self-sufficiency in cloth, i.e. strive to market production locally itself. By the implementation of the continuance and the expansion programmes of ambar charkha the Commission estimated that at the end of the Third Plan the production of cloth out of ambar yarn would be 74.3 million yards made up of 27.4 million yards under the expan-

6. Khadi Evaluation Committee, *op cit.*, p. 60.

sion and 46.9 million yards under the continuance programme.

Expansion Programme

11.25 Table 7 gives the details of the number of ambar charkhas manufactured and the number of charkhas distributed from the year 1958-59 to the year 1962-63. The table also shows the targets proposed in the Plan and the proposals for each year upto the year 1965-66.

Table 7

Year	Plan target	Budget proposal	No. of charkhas manufactured	No. of charkhas distributed
(1)	(2)	(3)	(4)	(5)
Upto				
1958-59	—	—	2,66,833	2,44,355
1959-60	—	—	61,842	76,597
1960-61	—	—	35,207	42,910
1961-62	40,000	40,000	9,459	9,459
1962-63	60,000	60,000	4,075	4,075
1963-64	60,000	1,00,000	—	—
1964-65	60,000	10,000	—	—
1965-66	80,000	—	—	—

11.26 It will be seen from the table that the proposals during the first two years of the Third Plan were to fulfil the expansion programme, that was planned by the Commission. From the number of charkhas distributed, however, it will be seen, that whereas it was proposed to introduce a lakh of charkhas during the first two years of the Third Plan, the total number of charkhas manufactured and distributed was only 13,534. Compared to the targets in the Plan the performance can be considered discouraging, but this performance will have to be viewed against the background of the fairly colossal failures of the ambar charkha programme in the Second Plan, the repercussions that these failures had not only in the minds of the Commission, the Public Accounts Committee, the Estimates Committee, and of the Government, but also on the morale of the institutions which more out of enthusiasm than out of a realization of their capacity had undertaken to fulfil the ambitious targets of introduction of ambar charkhas. Viewed in this context, the Commission ought, in our opinion, to be complimented for its realism for resisting any further enthusiasm, which would have been completely unjustifiable.

11.27 Another factor, which was responsible for the slow progress of the expansion programme is the inadequate pace at

which the gram ekai programme has blossomed. In this programme, as has been pointed out in Chapter VIII there is a big gap between the promise and the performance and it is this gap which is responsible for the inability of the Commission to introduce the ambar charkha programme with any great rapidity in those areas. We shall examine a little later performance so far as the renovation or continuance programme is concerned but we must say that on the whole the Commission has done well in going slow in regard to the expansion programme. In the statement of policy issued by the Chairman of the Commission on the ambar programme he has mentioned that "even in the case of ambar charkha it is not desired to limit the production to the present level or prevent it from being useful as a means for providing employment to the people". But the Commission has, however, in actual practice, in the light of the past experience, decided to introduce new ambar charkhas only in areas where the percentage of idle charkhas to the total charkhas already distributed is negligible (such as parts of Tamilnad and Uttar Pradesh) or in new areas (such as gram ekais) in which the Commission has to start new work, etc.

Ambar Charkha Continuance Programme

11.28 As we have observed earlier, the Commission had decided to devote its attention primarily to activate all the charkhas that were idle and to step up their utilisation. It was estimated by the Khadi Evaluation Committee that nearly 40 per cent of the ambar charkhas were idle. Till the end of the Second Plan nearly 3.6 lakh ambar charkhas were distributed, out of which nearly 1.40 lakhs at least were reported to be idle and had to be activated|renovated. The magnitude of the activation programme is therefore obvious.

11.29 According to a recent analysis, the main reasons for the ambar charkhas becoming idle were the following.

- (i) Ambar charkhas were distributed without exploring the chances of their successful operation. The importance of making arrangements for repair and service facilities was not realised.
- (ii) Ambar yarn was not purchased regularly by the institutions from the spinners. The arrangements for servicing, repairs and replacement of spare parts of the ambar charkhas were extremely unsatisfactory.

7. Statement of Policy dated 9 September 1963 issued by the Khadi and Village Industries Commission.

- (iii) During floods the houses of some of the spinners were damaged and so the iron parts of the ambar charkhas were also affected.
- (iv) Some spinners felt the ambar charkha, particularly the belni, very heavy for operation.
- (v) Charkhas were distributed in some cases to people who used to earn Rs. 1.5 to Rs. 2 a day but they could not earn this much on the ambar charkha.
- (vi) Ambar charkhas were distributed to some whose average earnings were about a rupee a day but the work was not heavy. Such people did not persevere on ambar charkha because of its heaviness.
- (vii) Facilities for plying the ambar charkhas were not available in new villages to which spinners went after their marriage.

11.30 It was necessary to take all the above circumstances into consideration under the activation programme. The renovation consisted in the attachment of a gear wheel, the provision of calender, improvement to the mala — all designed with a view to increasing efficiency in production as well as enabling the charkhas to run smoothly. The renovation programme was expected to proceed cautiously but without loss of time. The institutions which wanted the charkhas renovated were given an opportunity to have either a four-spindle or a six-spindle model which had been devised. Later, however, the Commission has decided that during the year 1964-65 it should concentrate on the activation of the four-spindle ambar charkhas that were lying idle.

11.31 The entire question of the disposal of all ambar charkhas, the progress of the renovation scheme and the adjustment of the old hire purchase accounts and other cognate matters were discussed in detail by the Commission at its 76th meeting held on 24 and 25 June 1963. The Commission decided as follows:

- (i) Since Government had agreed to the writing off of the irrecoverable amounts of hire purchase loans in respect of ambar charkhas supplied prior to 1 September 1961 which were destroyed, lost or beyond repair, the Commission decided, that vigorous action should be pursued in this matter. Information in respect of charkhas supplied after 1 September 1961 should also be obtained and the Government persuaded to similarly agree to write off the irrecoverable amounts in respect of these charkhas also.

(ii) One of the conditions which determine the eligibility of an institution for the subsidy portion of the assistance for an ambar charkha was that 900 hanks should be produced on it. Experience on the working of the ambar, particularly its quality, its state of repair and the level attained by the trainees, made this condition extremely difficult to fulfil. On a proposal made by the Commission therefore, the Government agreed that 50 per cent of the amount of the hire purchase loan advanced to the institutions for the supply of ambar charkhas to the spinners by the Board and/or the Commission on or before 31 August 1961 may be written off on the basis of an overall production of 900 hanks on the charkhas put to use. Even this proved extremely difficult and the Commission therefore suggested that the ambar charkhas should be considered to have been supplied on 50 per cent grant, and 50 per cent loan basis without any conditions as in the case of charkhas distributed after 1 September 1961. The Commission decided to pursue this matter with the Government.

(iii) In respect of the large number of ambar charkhas lying idle and which the Government had permitted the Commission to take back from the institutions, it was decided that these be activated and re-issued. It suggested that the following action may be taken in consultation with a few major institutions to whom large number of charkhas may have been distributed and which would account for the major portion of the total number of charkhas distributed:

- (a) The institutions should be persuaded to take steps to activate as many charkhas as possible. Because of the uncertainty of response from the spinners, the institutions may be conservative in their estimates of the number of idle ambar charkhas which could be activated. However, the institutions should take steps to activate as large number as possible.
- (b) The cases of charkhas which could not be renovated or activated should be examined on merits and the hire purchase loan on these charkhas should be written off.
- (c) The Commission should itself take over some of the idle charkhas, renovate them and distribute on a completely subsidised basis to those spinners who

have been able to spin 5000 hanks of yarn on ambar charkhas already distributed to them.

- (d) No institution having four-spindle charkhas lying idle with it should be permitted to manufacture six-spindle charkhas unless it has made proper arrangement for the disposal or functioning of these four-spindle charkhas. Where however there are no four-spindle ambar charkhas or such idle charkhas have been disposed of, there may be no objection to distribute and ply six-spindle ambar charkhas.

11.32 It will be seen from the above decisions that the Commission was extremely keen on the activation and renovation programme as well as the settlement of the hire purchase loans. The Commission decided that monthly reports should be submitted to it. Upto the end of July 1964, for which we have been able to get figures, 50,363 charkhas were re-modelled and 19,177 were converted into six-spindle. On 31 March 1963 the corresponding figures were 21,281 and 8,623. No break-up between activated and renovated charkhas is available. Table 8 will give an idea of the extent of the activation|renovation programme and its contribution to the activation of idle ambar charkhas:

Table 8

	As on 31.3.1961	As on 31.3.1963	As on 31.3.1964
1. Number of charkhas manufactured	3,63,882	3,77,416	No addition
2. Number of charkhas distributed	3,63,882	3,77,416	N.A.
3. Number of charkhas renovated			
a) Remodelled	—	21,281	50,363
b) Converted into six-spindle	—	8,623	19,177
Total (3)	—	29,904	69,540
4. Number of charkhas working	2,18,329	1,50,000	N.A.
5. Number of charkhas idle	1,45,553	2,27,416	N.A.
6. (5) as % of (2)	40	60	—

11.33 It will be seen that the activation|renovation programme has proceeded at an extremely slow pace. The total number of

charkhas which have been activated|remodelled or converted into six-spindle is 69,540. This is the result of the efforts of three years. The Commission's plan was to activate all the idle ambar charkhas. Even assuming that all the remodelled and converted charkhas are from among those that were idle, a considerable amount of further work remains to be done, as only 31 per cent of the problem has been tackled. But the assumption which we have referred to is not justified because some of the remodelled or converted charkhas are those which are actually working. In fact, the enthusiasm for conversion and renovation has been more from the spinners who are operating the charkha and who want a better instrument. The Commission appears to have activated, renovated or at least given preference to such charkhas. It was wrong on the part of the Commission to have done so when the specific object of the programme was to activate the idle charkhas. As a result, the enthusiasm of the people owning the idle charkha and who expected them to be activated has flagged. The infection of idle charkha has therefore spread. All these circumstances point to the conclusion that the percentage of idle charkhas far from decreasing has increased. We would suggest to the Commission to give priority to the programme for activation of the idle charkhas in view of the continuing unsatisfactory position and the need to bring them back into operation. We must regret, in this connection, that no accurate figures of the number of ambar charkhas manufactured, distributed, idle and active have been made available to us. In fact we understand that most of these figures are estimates. This is unsatisfactory. We would, therefore, suggest to the Commission to undertake immediately a comprehensive census of all the ambar charkhas whether active, idle, lost, destroyed, unserviceable etc. We would also suggest that if an institution is not able to account for an ambar charkha or unable to give information about its whereabouts, serious notice should be taken when considering proposals for assistance for its programme.

11.34 It was expected that with the activation of the ambar charkhas and the expansion programme particularly in the gram ekais, the quantity of ambar yarn and therefore the quantity of ambar cloth will progressively increase. Table 9 gives details of the production of ambar yarn, estimates of pure ambar cloth that could be produced out of this yarn and the actual production of mixed cloth i.e. cloth woven out of a mixture of ambar and traditional charkha yarn.

It will be seen that the proportion of the production of ambar cloth to the total has been steadily falling since 1958-59. This reveals

Table 9

Year	Ambar yarn (lakh lbs.)	Estimated ambar cloth (lakh sq. yards)	Mixed cloth (lakh sq. yards)	Percentage of col. 3 to col. 4.
1	2	3	4	5
1957-58	25.43	91.55	111.45	82.14
1958-59	38.40	138.24	240.38	57.51
1959-60	34.55	124.38	256.49	48.49
1960-61	32.22	115.99	234.25	49.52
1961-62	34.07	122.65	264.08	46.44
1962-63	36.79	132.44	318.72	41.55
1963-64 (Upto September)	8.57	30.85	103.29	29.41

that in the production of mixed cloth the proportion of traditional charkha yarn has been continuously increasing thus giving a stimulus to the traditional charkha programme. This also is the proof of the falling ambar cloth production.

11.35 The role of the traditional charkha in the context of the development of the ambar programme has, strangely enough, not become less important. The traditional charkha still remains the bedrock of the khadi programme because even today about 60 per cent of the cotton khadi produced is out of traditional yarn. In fact, the Chairman of the Commission in a policy statement issued in September 1963 has stated that "the traditional charkha can under no circumstances be given up. Nor is it the intention to restrict the production through traditional charkha only to self-sufficiency.... It is the clear policy of the Commission that not only should traditional charkhas continue to function, but they should be encouraged and also carried to those places where they are needed most. In a country where 10 per cent of the people have an income of less than 20 or 25 P. per day, traditional charkha has a place. It cannot be filled by any other medium even in the sphere of khadi and village industries".

New Model Ambar Charkha

11.36 Research for the improvement of the ambar charkhas and in the preparatory processes has been going on in the Prayog Samiti, Ahmedabad. After a great deal of effort a new model of the charkha as well as a new model of the set for carrying on the

preparatory processes was designed. The Commission appointed a committee of textile experts on 11 September 1963 to examine these new models and suggest modifications, if any. The committee consisted of the following:

Shri P. H. Bhuta	Chairman
Dr. C. Nanjundaiya, Director, Bombay Textile Research Association	Member
Shri L. D. Vora	Member
Shri K. Sreenivasan, South Indian Textile Research Association	Member
Shri Atul K. Bhagavati	Member
Shri B. R. Ramaswamy, Ahmedabad Textile Industrial Research Association	Member
Shri Krishnadas Gandhi	Member

The committee suggested certain modifications in the models. Later the Bombay Textile Research Association re-examined the handspinning units with a view to confirming whether the modifications recommended had been carried out. The findings confirmed this. A short spinning trial was also taken with Digvijay cotton in order to enable the technical committee to give its final opinion. The findings of the committee were as follows:

Spinning Trials

- (i) "Digvijay cotton processed through hand-pisai belni, tape pedal dhunai modhia and gear dubba belni was spun to about Ne 20s on the apron charkha.
- (ii) "Similarly the roving prepared on samyukta roving was spun on samyukta charkha where two spindles were working with cotton twines and two spindles with nylon bands.
- (iii) "The production of the charkhas together with yarn breakage rates are given below:

(a)	Hanks/Hour	Breaks/Hour
Samyukta charkha (fed with samyukta roving)	2.2	3.3
Apron charkha (fed with gear dubba belni roving)	2.5	12.9

“Samyukta roving spun on samyukta charkha using nylon band drive for the spindles has given the best yarn both with respect to C.S.P. and uster unevenness. The nylon band drive to the spindles has shown that the slippage is less resulting in a higher actual t.p.i. in yarn compared to cotton twine drive.

- (b) “Further, samyukta charkha fed with samyukta roving has given higher production and less breaks per hour”.

Recommendation

“It is recommended that the samyukta charkha and roving be taken up for field trials together with the preparatory machines, incorporating all the modifications suggested by the technical committee”.

These recommendations were accepted by the Commission and steps are being taken, we understand, to produce charkhas on the model recommended by the Technical Committee with the collaboration of Messrs. Textools (India) Limited. The Commission has decided to manufacture in the first instance 12,000 charkhas at the rate of 1,000 charkhas per month. Further charkhas will be manufactured after the results of the operation of these charkhas are obtained.

11.37 The objective which the Commission has placed before it in propagating the new model is to place in the hands of the spinner an instrument which will give him a net earning of about one rupee per day and at the same time enable him to have a trouble-free service from a precision tool, which, in the first two to three years of its life would need no repair. We are happy that the Commission has continued the research on the ambar charkha and now proposes to place the new spinning instrument as suggested by the Technical Committee before the spinners. The objectives which the Commission proposes to fulfil are commendable. We note with satisfaction that learning from the experience of the unsatisfactory performance of the old model of the ambar charkha the Commission has decided to have this new charkha manufactured under centralised direction and avoid the risk of lack of precision. We also note that in the first instance the Commission proposes to satisfy itself with the manufacture of about 12,000 charkhas. We would, however, caution the Commission against any over-enthusiasm or over-optimism in regard to the model. It is likely that if the new model fulfils the expectation of the Commission there will be tremendous pressure on the Commission to introduce it in large

numbers. It is possible that at that time the Commission may yield to the pressure without satisfying itself completely about the training of the artisans, the technical competence of the persons looking after the training, the facilities for repairing and servicing, the aspect of cost and the limitations of the manufacture of this instrument in a decentralised manner. It is essential that the Commission should keep the above points in view if the experience of the old model is not to be repeated. The cost of the new model is also an important consideration particularly in the light of the purchasing and/or repaying capacity of the spinner. We hope that it will be possible for the Commission to see that this factor is kept prominently in view at the time of the manufacture on a large scale of this new model.

Free Weaving Scheme

11.38 It was noticed as the Second Plan proceeded that the emphasis on the production of khadi to suit the requirements of a distant market and the growing shift in favour of commercial production were, to a large extent, taking khadi away from the concept of integrated development, local production and enlargement of local sale. The decline in percentage of the vastraswavalamban production to the total production of khadi also confirmed the above fact. It was at this time that the constructive workers spearheaded by Acharya Vinoba Bhave called for re-enunciation of the khadi programme. The question was also discussed by the Commission with the constructive workers in a series of conferences and at various meetings of the Board. In March 1963 at its Trivandrum meeting the Board recommended to the Commission the acceptance of the new scheme of free weaving according to which the entire emphasis was shifted to production for meeting local demand. The Commission also discussed the new scheme with the then Prime Minister, the Finance Minister, the Minister for Industry and the Member (Industry) of the Planning Commission in October 1963 whereafter it adopted a detailed resolution deciding to bring into operation the free weaving scheme. The important points in that resolution will bear repetition.

- (i) The scheme (replacement of rebate on khadi by a system of free weaving service) has in it the germs of reorganisation of the rural economy and of giving a spurt to the production of khadi, stimulating consumption in the rural areas and providing for increased employment.
- (ii) The consequence of the new scheme would be partially to reorder the pattern of production to suit the rural

requirements from the point of view of countage of yarn used and the quality of cloth so as to bring the price of khadi within the purchasing capacity of the rural people. The Commission is confident that this step will attract the rural consumers towards khadi. For a person who produces cotton for himself and spins for himself, khadi will then not mean any additional cost. For a person who does not produce cotton but spins for himself, khadi will be available approximately at the price of cotton.

- (iii) There was a pointed suggestion in some quarters which were apprehensive about the effects which the new scheme may have on the sales of khadi that the new scheme may be tried as a pilot project. After a detailed consideration of this aspect, it was decided to introduce the scheme in all the areas. All action needed for such introduction should be planned and executed without delay. The given date the Commission considered should be 6 April 1964.
- (iv) Adequate steps will have to be taken to inform and educate the consumer — both rural and urban — about the fact that the change-over from sales rebate to weaving subsidy does not mean for the consumer any increase in the cost because rebate and subsidy nearly equalise. To the consumer, khadi will be available at the same price as before. The only difference will be that the rebate available to him will be now deducted at the weaving stage.

11.39 The Commission realised that a possible impact of the new scheme might be a reduction of off-take and therefore a reduction in employment. In order to reduce the effect of such a reduction, the Commission suggested the following:

- (i) Purchase and sale by the Commission of yarn surplus to the requirements of the institutions according to their production programme, provided the surplus yarn conforms to specifications prescribed by the Commission;
- (ii) Disposal of the existing stocks of commercial khadi both standard and sub-standard, by the grant of necessary facilities and by other steps;
- (iii) The stocks of khadi unsold before the introduction of the new scheme should be written down by 20 per cent and shown on the prevailing price labels in accordance

with the procedure outlined by the Rebate Revision Committee; and

- (iv) It would be necessary to enlist the support and take advantage of the very helpful attitude of the national leadership both in Government and outside.

11.40 After a considerable amount of preliminary work, such as propaganda, revision of forms, education of the workers, revision of wages, prescription of schedules on overheads and other charges, the weaving subsidy scheme was brought into effect all over India on 6 April 1964. The broad features of the scheme are as follows.

- i) The Commission will subsidise 20 per cent of the processing bill on all processing done either on yarn or on cloth. In view of the subsidy the institution will charge only 80 per cent of the processing bill to the consumers by reckoning the cost structure.
- ii) The Commission will reimburse the weaving charges for plain grey weave to the institution. The subsidy to meet the management costs will also be sanctioned to the institutions as before, for the present.
- iii) The overhead expenditure at different levels of production and sale may be levied as under:
 - (a) 7 per cent at production centre,
 - (b) 4 per cent at production vastragar, or retail sale at the production centre,
 - (c) 4 per cent at sales vastragar,
 - (d) 12 per cent at retail bhandar and
 - (e) 1 per cent of invoice value for packing, forwarding, freight, transport charges etc. in case of inter-institutional transactions.

11.41 Detailed instructions for the preparation of cost chart and the fixation of wages for weaving have been issued by the Commission to the various institutions. State committees for the fixation of wages and their revision from time to time have also been appointed. The Commission has also conducted few seminars for the benefit of all the workers from the institutions in regard to maintenance of the different forms which may be required for the purpose of accounts and audit.

11.42 The proposal for the introduction of the free weaving scheme and the reimbursement of the weaving subsidy to the institutions on the basis of the wages fixed by the local committees and agreed to by the Commission, has been submitted to the Government. Since the approval of the Government has not been received, the Commission found it necessary to pay an advance of the production subsidy that would be admissible to the institutions in order that the work of the institutions may not suffer on account of the locking up of their capital by non-receipt of the amount of production subsidy. We would urge upon the Government to accord approval to the scheme without any more delay in view of the repercussions such delay will have on the programme.

11.43 We have tried to ascertain what the impact of the weaving scheme would be on the production of cotton khadi, and how far it would affect the estimates of the requirements for khadi during the Fourth Plan as well as the estimates of production of khadi during the Third Plan. We were given certain estimates under which it was mentioned that because of the impact of the new scheme, there will be an increase of about 10 per cent in respect of commercial production, 5 per cent in respect of swavalamban production and 10 per cent in respect of rural sales during the year 1964-65 and 15 per cent, 10 per cent and 15 per cent respectively in respect of commercial production, swavalamban and rural sales in 1965-66. As we consider that these anticipations needed more justification, we requested for certain specific details. We have, however, not received detailed suggestions from the Commission upto our signing the report.

11.44 During the course of our tours, we made pointed enquiries about the effect of the new free weaving scheme on sales particularly commercial sales. We have been informed that the fears held out in some quarters about the decline in the commercial sales in the urban centres have not been proved true. On the contrary we have been informed that in some areas, the sales have increased. We would not wish either to be optimistic about the effect of this scheme on urban sales or at the same time deny the immense possibility which it holds for expansion of rural consumption. If the scheme succeeds in generating a demand and enthusiasm among the rural population, it would have had considerable effect on the reorientation of the rural economy towards self-sufficiency on the lines which were conceived by Mahatma Gandhi and which are being emphasised by Acharya Vinoba Bhave and the constructive workers of the khadi movement. Khadi in that event would become an organic part of the village economy, the

spearhead of a concerted effort for improvement in all spheres so that the rural masses can, as envisaged by the Planning Commission, at last be given an opportunity "to lead a good life".

Woollen Industry

11.45 Though the All India Khadi and Village Industries Board took certain measures for the development of the woollen industry on a cottage basis, systematic efforts for its development were commenced only during the latter half of the Second Plan. The aspects of the development programme for the woollen industry include the organisation of production units, the purchase of raw wool and its distribution to the spinners, arrangements for the milling and finishing of wool, and supplies of blankets and other woollen material required by the Defence Ministry and other Departments of the Government. In addition, technical advice and assistance for improving the quality of the blankets and other woollen material is given. Since the scope of the industry is different in the north and the south, two separate expert committees were appointed to advise on the development programme for these different areas.

Progress

11.46 In 1962-63, 360 organisations (251 cooperative societies and 109 registered institutions) were engaged in the development programme of the woollen industry within the purview of the Commission. These organisations had on their roll 2,22,510 spinners. Some of the spinners obtain raw wool from the societies|institutions and after spinning the same give it back. In other cases the societies|institutions purchase woollen yarn from the spinners for weaving it into cloth. Similarly over 14,800 weavers were on the rolls of the institutions or were members of the cooperative societies. In view of the technical nature of the processes in the wool industry, these institutions and societies employed as many as 1625 persons for managerial and technical functions. The production of woollen khadi of all varieties is given in table 10.

Table 10

Year	Quantity (lakh sq. yds.)	Value (Rs. lakhs)
1956-57	15.63	51.76
1957-58	28.07	121.39
1958-59	30.37	118.15
1959-60	28.87	136.34
1960-61	43.28	222.37
1961-62	58.52	298.79
1962-63	76.00	415.89
1963-64	N.A.	400.00

* Incomplete

11.47 It will be seen that over the seven years between 1956-57 to 1962-63, production has increased by nearly four times in quantity and by nearly seven times in value. During the last two years of the Second Plan and the first two years of the Third, the production has increased by one and a half times and the value of such production by nearly two times. All this is the result of the attention given by the Commission to the development of this industry since the year 1959-60. The most important factor responsible for stepping up production is the large volume of orders given by the Government. We regret, however, that we have not been in a position to get the details of the composition of the production in different varieties. We made attempts to obtain this information in a broad manner during the course of our tours. From what we have heard we are inclined to believe that about three-fourths of the total production represents blankets including kambals and about 10 per cent coarse and rough varieties of coating. The balance constitutes finer varieties such as pashmina, marino, lohis, knitted goods and other woollen garments and apparel. While we are no doubt gratified about the orders given by the Government for the production of blankets, we would like to sound a caution that advance orders should be obtained and the system of inspection should be so organized as to go on simultaneously with production. We are suggesting this because the requirements of the Government may necessitate certain rigid standards adherence to which would be absolutely necessary. If inspection does not proceed at the same time as production, there is likely to be large rejections which cannot be disposed of in the civilian market and will therefore result in locking up the capital of the institutions. We would suggest that if possible, the Commission should obtain an assurance from the Government for the supply of woollen blankets and other woollen goods on a long-term basis in accordance with the same principles which govern the supply of the requirements under the "accepted tenders" scheme for cotton khadi. The present level of production for Government requirements can then be carried on and kept up with a degree of certainty. At the same time, we must urge as has been pointed out by the Panel on Woollen Industry appointed by the Government of India, that unless the civilian market is progressively tapped and production is organised to meet these requirements, the woollen industry cannot be established on a permanent footing.

Purchase of Raw Wool

11.48 The most essential raw material required for the woollen industry is raw wool, the purchase and supply of which is, we re-

gret, not systematic. Raw wool has to be procured not only from indigenous sources; some portion or some varieties have even to be imported. We understand that in an effort to systematise the purchase and supply of wool, the Director of Cotton of the Commission has very recently been entrusted with the responsibility for the purchase of raw wool and its supply to the institutions and societies. So far as the processing side is concerned, it is looked after by another branch in the Commission's headquarters; so far as the supplies for Government requirements are concerned, it is advised and attended to by an adviser functioning from Delhi. We consider, that, in view of large number of institutions which are engaged in the woollen programme and in view of the fact the value of production is nearly Rs. 4 crores constituting about 20 per cent of the total khadi production, a separate Directorate be set up, charged with the responsibility of the development of the woollen industry in all its aspects, namely, purchase and supply of raw material, technical guidance and assistance for production, processing, finishing etc., attention to the needs of the Government including procurement from institutions, arrangements for inspection and supply to the Government etc.

11.49 In particular we would suggest the organisation of the purchases under the Wool Directorate on a more systematic and expert level. Very much more than in the case of cotton, expertise is required for the purchase of wool with regard to its quality, grading and price, restricted availability, suitability for production of certain varieties, lasting qualities, mixing and blending of different types of wool, etc. All these aspects would require a clear and definite purchase policy. We have noticed that the purchases are done in an ad hoc and arbitrary manner. In view of the expansion of the woollen industry in the hill and border areas and the difficulties in transport and communications in certain parts of the year in these areas, it is necessary that the supplies of the wool to these areas should be systematised. The Commission should formulate its purchase policy keeping all these points in mind. We would, in this connection, also suggest that in view of the technical nature of the industry, properly qualified technical personnel must be appointed to look after this work and advise the institutions and societies in their production. We are of the view that unless these steps are taken, the development of the woollen industry under the aegis of the Commission is likely to be haphazard.

11.50 A word is required about the organisational structure of the woollen industry. Most of the woollen work in the north

is carried on by old registered institutions, most of which are also engaged in the cotton khadi production programme. In Maharashtra, Mysore and Andhra Pradesh, a large number of cooperative societies are functioning. We understand that some of these societies have been responsible for misuses in regard to claims of subsidy under the woollen industry programme which came to the adverse notice of the Public Accounts Committee. People interested in the woollen industry programme are the sheep rearers, the wool shearers, the spinners and weavers. In many cases they belong to different communities each of which is vocal about its own claims. The organisation of composite cooperative societies of these categories of people may present serious problems of administration and co-ordination. At the same time, one of the defects attributed to the woollen industry programme of the Commission is that the actual producers are not in the picture. We would, therefore, suggest that the Commission should consider carefully how this industry both in the north and south, should be organised bearing in mind the points we have made above.

Future Development

11.51 We have referred above to the steps necessary for re-organising the woollen industry. As regards the scope of this industry during the Fourth Plan, the Woollen Advisory Committee of the Commission which recently considered this matter has suggested that the target and pattern of production should be as under:

Table 11

	Value: Rs. lakhs		
	1964-65	1965-66	1966-67
1. Blankets and kambals for civilian consumption	416	416	416
2. Shawls and lohis	65	65	65
3. Coating	30	30	30
4. Knitted goods	1.69	2	3
5. Pashmina, marino and other finer varieties	51.21	56	56
6. Blankets for defence purposes	110	153	197
Total:	673.90	722	767

The Panel for the Woollen Handloom Industry which was appointed by the Government of India estimated that during the Fourth Plan the woollen industry can be sufficiently expanded to meet the

demand for various varieties. It has suggested the following targets for the Fourth Plan.

	Rs. lakhs
Production of blankets and kambals for civilian purpose, apparel and knitted goods etc.	700
Barrack blankets and other goods required by government	200
Border areas	200
Total	1100

The Panel concluded that the woollen industry would have reached this stage even at the end of the Third Plan. In view of the difficulties in marketing and accumulation of stocks, the Commission also decided at its meeting held on 7 October 1963 to limit the production of blankets to Rs. 6.73 crores i.e. the level expected to be reached in 1963-64. While we agree that particular attention should be given to the development of the woollen industry in the Himalayan and border areas, we would also suggest that the possibilities of development of this industry through diversification in Andhra Pradesh, Maharashtra and Mysore be explored as, we have been informed, the scope in many parts of these States is very large.

Silk Industry

Production

11.52 The silk producing areas in India are West Bengal, Assam, Manipur, Bihar, Mysore and Kashmir. The quantity and value of production of silk during the last year of the First Plan and for every year thereafter till the year 1962-63 are as shown in Table 12.

Table 12

Year	Quantity lakh sq. yds.	Value Rs. lakhs
1955-56	6.22	28.04
1956-57	7.00	30.07
1957-58	12.59	55.73
1958-59	14.46	61.69
1959-60	15.39	83.83
1960-61	13.42	85.10
1961-62	15.45	105.19
1962-63	18.33	121.26

No separate figures for sale of silk khadi are available because these are included in the figures of khadi sale. It will be seen from the above table that excepting in the year 1960-61, there has been a steady increase in the production of silk. During the eight years between 1955-56 and 1962-63, the production has nearly trebled in quantity and increased in value over four times. The progress no doubt is satisfactory. In its Third Plan the Commission had estimated the target for 1962-63 at 21.51 lakh sq. yards valued at Rs. 147.00 lakhs. There is a gap of about 13 per cent between the target and the achievement. The Commission has proposed that by the end of the Third Plan the production of silk khadi will reach 40.25 lakh sq. yards estimated to value Rs. 280 lakhs. We consider that in view of the organisational difficulties and certain difficulties regarding the supply of cocoons, it will not be possible for the Commission to achieve this target.

Disbursements

11.53 Though the Commission had provided in the Third Plan a sum of Rs. 6.30 crores for the silk industry, no separate budget allocations or figures of disbursements for this industry are available. In fact even as recently as January 1963 the Commission considered that it was not necessary to provide special funds for the silk industry⁸. We consider that though the requirements for the silk industry may be met out of the khadi fund, it might be desirable to have a separate budget as well as separate allotments for the silk industry in view of its increasing importance.

Organisation

11.54 The Commission has constituted a Silk Advisory Committee which advises the Commission on the policies regarding the silk industry. The Khadi Evaluation Committee suggested that "to protect the interests of artisans engaged in hand-reeling of raw silk and to assure rearers a minimum standard price, on the one hand, and to develop and expand production of pure silk and waste silk, on the other, production and expansion of pure silk and silk waste yarn and cloth should be unified.... The Khadi and Village Industries Commission should be assigned this function.... The Silk Board, of course, is and should continue to be the appropriate body for administering all projects for the improvement and expansion of silk rearing"⁹. The Commission accepted the recom-

8. Minutes of the 71st meeting of the Khadi and Village Industries Commission held on 31 January 1963 — Resolution No. 126(5).

9. Khadi Evaluation Committee *op. cit.*, p. 69.

mentation. Since these recommendations have to be implemented by the Government we would suggest that the Government should decide this matter early. The coordination between the activities of the Commission and the Central Silk Board is to be brought about by reciprocal membership.

11.55 The silk rearers and artisans in the silk industry are among the most exploited sections of the rural community. The silk industry as it was being carried on, therefore, needed reorganisation in order to improve the economic conditions and status of the rearers and artisans. The Commission, therefore, decided in January 1963 that "the present method of work of the existing institutions need not be disturbed, but in view of the fact that silk industry in all its stages had to be integrated the additional programme of work be executed preferably through cooperative societies of rearers, reelers, spinners and weavers engaged in the production of silk khadi".¹⁰ It was also decided that the Certification Committee should be required to give certificates for the production of yarn to cooperative societies of reelers and rearers. Later it was, however, represented that composite societies of reelers, rearers, spinners, and weavers could not easily be formed because reelers and rearers are in one place whereas the spinners and weavers are located in places very far apart. In recognition of this difficulty it was decided that composite cooperative societies be formed wherever possible and arrangements for coordination between different sections of artisans engaged in the silk industry brought about in areas where no such societies could be registered. It was also decided that while emphasis should be given to development of cooperatives and the orientation of the programme in the manner mentioned above, there should be no unnecessary disturbance in the channel now in operation. The question was further discussed at a meeting of the Commission held in March 1964 on the basis of the advice given by the Board at its meeting held on 22 and 23 February 1964 on the note submitted by the Member, Khadi of the Commission. It was decided that no emphasis should be given on the development of mulberry silk industry and that the development of the industry in the mooga and endi should be encouraged particularly because a large number of spinners were tribals and an opportunity would thus be obtained for the development of work among the weaker sections of the population.

11.56 The most essential raw material for the silk industry is cocoons. There is considerable exploitation of the spinners by

10. Minutes of the 71st meeting of the Khadi and Village Industries Commission held on 31 January 1963, Resolution No. 126(4).

the middlemen in this matter. Besides, as the scarce supplies of this raw material are required for the silk industry under the purview of the Commission and the silk industry in the large-scale sector, there is always a competition for obtaining it. We consider, that the best method for systematising purchase and supply of cocoons would, as in the case of cotton, be to make it a commodity to be governed by the Regulated Agricultural Produce Market Act. We understand that the Government of West Bengal have introduced legislation to this effect. We consider that it is time the Governments of the other silk producing States or cocoon rearing areas should also follow suit.

Fourth Plan

11.57 The production of silk during 1962-63 amounted to 18.33 lakh sq. yards valued at Rs. 121 lakhs. On the basis of trends of production during the last seven years we estimate that the production of silk at the end of the Third Plan would amount to 25 lakh sq. yards valued at Rs. 175 lakhs. In the light of the achievements of the industry and potentialities for its development, we would suggest that the target for the Fourth Plan may be fixed at 40 lakh sq. yards valued at Rs. 280 lakhs. This incidentally is what has been estimated to be the achievement of the Commission at the end of the Third Plan.

Cotton

1 Purchases

11.58 About 90 per cent of the total khadi production in 1962-63 is of cotton and the balance is of silk and wool. The loans sanctioned for the purchase of cotton to the various institutions engaged in the khadi programme are as shown in Table 13.

Table 13

(Rs. crores)

	Loans advanced	Loans outstanding
First Plan	1.04	0.70
1956-57	1.55	2.10
1957-58	2.11	2.91
1958-59	2.66	3.55
1959-60	2.81	4.04
1960-61	3.90	5.72
1961-62	3.41	5.20
1962-63	3.75	5.71
1963-64	3.52	6.02
Total	24.75	6.02

The loans for cotton are of 18 months' duration. There is no repayment during the first six months and thereafter the loan is repayable in 12 equal monthly instalments.

11.59 The purchases of cotton are effected by the institutions from the loans sanctioned to them. The requirements of many of the smaller institutions, however are combined and purchases made by the Commission on their behalf. The Commission occasionally arranges purchases for all cotton required by some of the major institutions. The purchases made by the Commission are usually on the basis of indents which are called twice in a year. The first call in respect of institutions consuming largely winter cotton is issued in July and the second in respect of summer cotton is issued in January. This system was introduced in 1963. Prior to this, the Cotton Section of the Commission used to obtain, on the basis of production figures of various institutions, a blanket sanction from the Standing Finance Committee in respect of all the institutions whether the indents were received or not. This procedure was changed because of the defaults which many of the institutions committed after the loans for cotton were sanctioned to them. However, during the year 1963, in spite of calls for indents having gone out early in July 1963 and the indents being required before the first of August no institution sent an indent before the prescribed date and it was only after repeated reminders that the indents started coming in some cases, as late as October 1963. The delay has been explained as being due to the inability of the institutions to visualise production programme for the subsequent year, the absence of machinery for systematic expansion and perhaps a certain amount of laxity on the part of the institutions because, being an essential raw material, the Commission rarely refuses to sanction loans to an institution for this purpose. In view of the non-receipt of indents from the institutions even though they were informed of the new procedure and requested to clear the dues in the absence of which further loans would not be sanctioned to them, the funds for cotton purchases were held with the Directorate of Cotton. In November 1963 on a representation from the institutions therefore, the earlier position under which clearance of defaults was not insisted upon, was restored. However, as a safeguard, the cotton loans were sanctioned on condition that the cotton purchased therefrom should remain in the temporary custody of the State Director of the Commission. But this also has created complications. The State Directors are unable to release the cotton unless the earlier defaults are cleared, with the result that in some cases, the cotton stocks remain with the Commission and have to be disposed off at a loss.

11.60 The institutions may perhaps be experiencing difficulties in submitting indents in time or in clearing the defaults and taking the cotton from the custody of the State Director of the Commission. At the same time it will be realised that in respect of purchases of such large quantities of cotton, unless timely action is taken the benefit of large-scale purchases at the appropriate moment will not accrue. The cotton loan procedure obviously therefore, needs systematisation and we would therefore suggest that the Commission in consultation with its Cotton Purchase Committee devise a procedure by which such a stalemate is avoided. In the light of the institution of the working fund, we believe that in future it will be possible for the institutions to adhere to a systematic practice. We have no doubt that centralised purchase with its attendant advantage of increased bargaining power will enable the institutions to get cotton in a cheaper manner.

ii Production

11.61 Reference has been made to Gandhiji having enunciated the importance of cultivating cotton practically in every village without which, according to him, khadi could never succeed. The sphere of cultivation of cotton unfortunately does not fall within the ambit of the Commission's activity. The Agriculture Departments of the State Governments look after this activity in their States. Excepting therefore for the limited purpose of undertaking research in the cultivation of certain special types of cotton, the Commission does not concern itself with the production of cotton. Research in the cultivation of perennial cotton and annual cotton as well as special varieties required for special type of yarn are sponsored by the Commission. Similarly experiments on the production of hybrids, Asiatic and exotic varieties are also sponsored and assistance given. Close liaison is maintained with the Indian Central Cotton Committee whose representative is a member of the Cotton Production Advisory Committee of the Commission. Experiments for planting Lakshmi cotton on bunds of paddy fields have also been conducted. Many of these experiments have yielded satisfactory results. The question of the importance of growing cotton locally and the Commission undertaking this responsibility in the light of the free weaving scheme has engaged the attention of the Board and the Commission and opinion is getting strong in favour of the Commission itself undertaking this activity in case the Agriculture Departments of the State Governments or the Indian Central Cotton Committee cannot so interest themselves. Undoubtedly it is the Commission's responsibility to make arrangements for the supply of the raw material required for an industry

within its schedule. But we hope that in view of the well defined spheres in which the Commission, the Agriculture Departments and the Central Cotton Committee act, it will be possible for the Indian Central Cotton Committee to persuade the Agriculture Departments of the State Governments to undertake for and on behalf of the Commission arrangements for the cultivation and the supply of cotton that may be required for the success of the free weaving programme.

iii Utilisation

11.62 We may refer to the question regarding the waste involved in the utilisation of cotton by khadi producers. It has been observed that institutions are inclined to utilise superior cotton for lower performance. This is due partly to the non-availability of clean short and medium staple varieties which tempts the institutions to submit indents for cotton of better varieties to spin even lower counts. The remedy for this is to devise an efficient instrument for the pre-spinning processes of cleaning and carding. Such efficient instruments may have to be operated by power. But we believe, that, in the interest of the optimum utilisation of cotton, there will be no objection to the use of power in such processes. Perhaps arrangements for centralised cleaning and distribution of the cleaned cotton to the institutions would be an excellent proposition. Such a system may also be conducive to better mixing and hence more even and better spinning. Secondly, since humidity requirements cannot be easily arranged in the field of khadi, there is a tendency for khadi producers to use a higher staple length for a lower strength of cotton. For instance, in Rajasthan — a very dry area — mostly jarila or 197/3 cotton which is suitable for spinning 20s elsewhere in the country is utilised for spinning 12s and 14s, for which a cheaper substitute like Kalyan having less staple length and strength could be easily utilised. Thirdly, there are currently no suitable varieties for spinning 10s or 12s since even the best of Bengal are very much lower for spinning 10s and 12s and even Kalyan after improvement would still be a little too high for this performance. In order to avoid this difficulty, quite a number of khadi producers use superior cotton for spinning 10s and 12s. The remedy for this is for the Commission to see that the Indian Central Cotton Committee takes steps for evolving a suitable variety for the range of production of 10s and 12s which, incidentally, is very widely required for producing cloth for supply to the Government. It may also be necessary, as we have suggested in Chapter X, para 3, to devise a hand or power-operated ginning implement which will enable the cotton to be ginned locally to avoid transport cost and give clean cotton to the producers.

11.63 It will be seen that considerable technical research in the cultivation and utilisation of cotton to meet the specific requirements of the khadi producers needs to be done. We would suggest that the Commission pay special attention to this matter in consultation with the Indian Central Cotton Committee.

11.64 We shall now consider the working of some of the general schemes which are implemented as a part of the khadi programme.

1. Spinning Competitions

11.65 To encourage spinners in order to attain proficiency in spinning fine yarn of 60s and above, the Commission conducts spinning competitions at local, regional, State and all-India levels. Table 14 shows the details of year-wise expenditure on the scheme.

Table 14

Year	Amount spent (Rs. lakhs)
First Plan	1.37
1956-57	0.86
1957-58	0.82
1958-59	0.93
1959-60	1.48
1960-61	0.49
1961-62	0.31
1962-63	0.72
1963-64	1.97
Total	8.95

11.66 We are doubtful whether any useful purpose is served by the continuance of such competitions. We would suggest that this scheme may be discontinued.

2. Spinning Classes in Jails

11.67 In order to rehabilitate morally the inmates of jails and the inmates of children's/beggars' homes, arrangements are made to teach them spinning so that on their release or return they can pursue an honourable means of living. Implements and raw materials are provided by the State Governments while the instructor is provided by the Commission. This scheme is worked out in close cooperation with the State Governments, and the jail authorities have always been extremely helpful. The name of the inmate who is trained in spinning is communicated to the certified institution of

the area in which the person may reside and to which he may return after his release. The certified institution enlists him as a spinner. This results in his getting employment after release. During the course of our tours, we had occasion to see the work in some jails. We were extremely impressed by the very useful role which this scheme has played in rehabilitating the convicts. It has injected a sense of discipline into them, given them training in an industry which they can pursue after release and has succeeded in elevating them in a moral sense. In view of the fact that the work of spinning is carried on under controlled conditions, the quality of the work is uniformly high. We consider that this scheme should be introduced in as many jails as possible. The total expenditure incurred from the beginning of the scheme till 1963-64 is hardly Rs. 6.54 lakhs. We consider that the expenditure on the scheme is thoroughly justified.

3. Rehabilitation of Weavers

11.68 The khadi industry has invariably been experiencing difficulty in getting handloom weavers to weave khadi yarn continuously. Because of the competition offered by the handloom industry and the higher wages as well as comparatively more continuous work provided by the handloom weavers' cooperative societies and the handloom master weavers, the weavers do not stick to weaving handspun yarn. It is necessary for the institutions to have a group of weavers who could be persuaded to weave handspun yarn. Weavers' families are, therefore, rehabilitated in areas where spinners are in abundance. A grant of upto Rs. 500 is given to weavers' families. The institution provides for residential accommodation and free land to weavers' families who come from a distance of more than five miles. The grant is made for purchasing a new loom set and for payment of wages which are lost by the weaver till the commencement of work at the new centre. Table 15 gives details of the amount spent on this scheme and the number of weavers resettled.

Table 15

	Amount spent (Rs. lakhs)	No. of weavers rehabilitated
Upto 1955-56	1.25	250
1956-57	0.41	83
1957-58	0.73	145
1958-59	2.00	400
1959-60	2.86	570
1960-61	1.60	321
1961-62	0.62	145
1962-63	2.31	754
1963-64	5.09	741
Total	16.87	3,409

11.69 The importance of rehabilitation of weavers in the light of the free weaving scheme cannot be overstated. In order to see that local consumption keeps pace with local production, it is necessary to ensure that the arrangements for weaving the yarn spun by the spinners are made so that not only the cost of transport is reduced but also regular supply of cloth is arranged. The Commission has proposed as part of the free weaving scheme to make arrangements for weaving within a radius of 10 to 15 miles of an institution. We commend this idea. We would place the greatest emphasis on this scheme. It will also help coordination between spinning and weaving. It will generate cooperation between these two classes of artisans and result in the development of self-sufficient village economy.

11.70 We would, in this connection, also advocate the need for making arrangements under a common shed for weaving of special varieties required such as for supply to the Government and for export. Such varieties can only be prepared under controlled conditions and under circumstances where supervision and standardised production can be attained. We would also suggest that the Commission formulate a coordinated scheme for spinners and weavers in suitable areas under workshed. We noticed during the course of our tours that this had already been tried to a certain extent in Kerala and the results are very promising.

Marketing of Khadi

1. Introduction

11.71 The Commission has laid considerable emphasis on the marketing of khadi of all varieties. The activities in this regard can be divided into three spheres.

- i) Sales development for attending to all indigenous sales to the civilian market and measures necessary for this purpose including sanction of assistance for bhavans and bhandars, holding of exhibitions, propaganda and publicity, sale of hundis etc. The Sales Development Directorate of the Commission attends to this function.
- ii) Government supplies including arrangements for procurement, inspection and supply. A separate department of the Commission attends to this work.

- iii) Exports for attending to the requirements of external markets.

2. Sales Emporia and Bhandars

11.72 The Khadi Gramodyog Bhavans run by the Commission have been performing a significant role in the marketing of khadi and have acted as a clearing house for khadi of all varieties produced in all the States. Their constantly increasing sales turnover has also had a stimulating effect on the local institutions. Table 16 gives details of the sales of these bhavans since 1957-58.

11.73 As has been mentioned in para 11.4 the Commission grants assistance for setting up khadi bhandars and gramodyog sales depots. As on 31 March 1963 the total number of bhandars for which assistance has been given is 2609. Similarly assistance has been given for the setting up of 1,129 gramodyog sales depots. The Estimates Committee of the Lok Sabha, 1961-62 has suggested a review of the scale of assistance for non-recurring and recurring expenditure to khadi bhandars and sales depots. The review was necessary in order to ensure that "while the assistance is related to the actual turnover of the bhandars, it provides sufficient incentive to increase the sales. It might also be examined whether the initial non-recurring expenditure could be met by granting long-term loans."¹¹ The Commission has not yet taken a final decision on this recommendation. We understand that the Commission has referred the matter to its Patterns Committee for advice. We believe there is a sufficient force in the observation of the Estimates Committee and would urge the Commission to review this matter very early.

3. Exhibitions

11.74 Exhibitions offer an excellent media for the display and publicity of the products of khadi and village industries as well as an invaluable means of educating the people in the economic, philosophical and social objectives of the khadi and village industries programme. The Commission, therefore, has given considerable assistance to institutions and State Boards for organising and participating in exhibitions. In addition, the Commission organises every year an all-India exhibition which generally synchronises with the annual sessions of the Indian National Congress which attracts tremendous crowds and thus offers an opportunity to the Commission to put out its programme and the

11. Estimates Committee *op. cit.*, p. 22.

TABLE 16

Retail Sales at Emporia

(Rs. lakhs)

Year	Bombay		Delhi		Calcutta		Madras		Bangalore		Goa		Total	
	Khadi	Village industries products	Khadi	Village industries products	Khadi	Village industries products	Khadi	Village industries products	Khadi	Village industries products	Khadi	Village industries products	Khadi	Village industries products
1957-58	21.90	11.12	29.43	0.55	2.67	0.38	2.56	0.47	—	—	—	—	56.56	12.52
1958-59	21.31	13.07	26.14	1.10	8.12	1.48	6.31	0.93	2.79	0.31	—	—	64.67	16.89
1959-60	22.31	13.82	30.82	1.46	9.00	1.61	9.42	1.22	7.83	0.80	—	—	79.38	18.91
1960-61	24.26	16.55	36.65	3.63	10.32	1.69	9.24	1.56	8.76	0.83	—	—	89.23	24.26
1961-62	*	*	51.13	2.87	13.50	1.98	12.54	2.01	8.84	1.04	—	—	86.01	7.90
1962-63	*	*	116.66	5.38	19.34	2.76	15.53	2.35	8.65	2.05	2.22	0.63	162.40	13.17
1963-64@	*	*	171.57		19.51		20.61		9.08		3.20		223.97	

* The Bombay Bhavan was transferred to the Bombay Suburban Village Industries Association in 1961-62.

@ Break-up is not available.

objectives behind it. The conduct of the exhibitions and the maintenance of accounts in some of these all-India exhibitions had come to the adverse notice of the Public Accounts Committee.¹² We would suggest to the Commission to formulate a proper manual of procedure for participation in exhibitions, keeping accounts of expenditure, checking of vouchers, submission to audit etc. as well as a code of conduct for participation in all exhibitions.

11.75 Table 17 shows details of the grants given to the various institutions, cooperative societies and State Boards for participation in exhibitions as well as the number of exhibitions held.

Table 17

	No. of exhibitions	Amount spent (Rs. lakhs)
First Plan	124	18.71
1956-57	88	8.51
1957-58	76	8.37
1958-59	105	19.42
1959-60	163	18.45
1960-61	294	21.37
1961-62	306	18.52
1962-63	125	7.88
1963-64	346	14.66
Total	1,627	135.89

Since the declaration of the national emergency in October 1962 there has been a slowing down in the programme of exhibitions. The Patterns Committee of the Commission has suggested the restriction of the number of all-India and State-level exhibitions to 4 or 5 in a year. The Committee which stressed the organisation of exhibitions in rural parts of the country primarily aimed at popularising different varieties of khadi and demonstrating improved techniques of production, has suggested that "properly organised exhibitions in schools, colleges and universities can play a very great part in educating the literate masses in the ideals, purposes and benefits of a characteristically rural development programme which khadi stands for and are likely to create a favourable climate for the expansion of khadi in its new perspective." We entirely endorse the views of the Patterns Committee and would suggest an orientation of the Commission's policy in regard to

12. 7th Report of the Public Accounts Committee, 1962-63, pp. 75 to 77.

sanction of assistance for organising and participating in exhibitions in this direction.

4. Accepted Tenders

11.76 We have examined the very important contribution of Government purchases to the total sales of khadi. We have mentioned in para 11.11 that these constitute on an average, about 15 to 20 per cent of the total sales. The possibilities of expansion of the woollen industry for the production of blankets required by the Government by taking advantage of the favourable attitude of the Government are also immense. The importance of this was recognised by the Commission and it decided that "expeditious steps should be taken to build up adequate stocks of khadi of the prescribed specifications to meet the requirements of Government supplies. Towards this end advance orders might, if necessary, be placed with the producing centres. A scheme might also be thought of for providing incentives on khadi production meant for Government supplies and export."¹³

5. Exports

11.77 Possibilities of exports of khadi and products of village industries to other countries were being explored from time to time, by the participation of the Commission in exhibitions held by the Government of India in foreign countries. For example, the Commission participated in 7 foreign exhibitions during 1960-61 and in 9 during 1961-62. Simultaneously the prospects of exports of khadi were being explored by the despatch of samples by the Khadi Gramodyog Bhavan, Bombay. During 1961-62 the Commission sponsored an agreement which the Bombay Suburban Village Industries Association entered into with two parties in the United States one of which agreed to import into the United States khadi silk and cotton. These parties were to be given a monopoly of import and during the period of the agreement which was for 10 years, the Commission should arrange to see that no certified khadi excepting under these agreements were exported from India to the United States. It was expected that the parties would lift the following minimum quantities of khadi.

Year	Lakh metres
1962-63	4.00
1963-64	6.00
1964-65	10.00
1965-66	12.50
1966-67	20.00

13. Minutes of the 88th meeting of the Khadi and Village Industries Commission held on 29 and 30 June 1964, para 30, 10.

On the advice of the Board, the Commission authorised the Bombay Suburban Village Industries Association to operate the scheme for two years whereafter its working could be reviewed. We understand that unfortunately there have been some difficulties between the Bombay Suburban Village Industries Association and the parties in the United States with the result that no export under the agreement has commenced. About Rs. 6 lakhs worth of khadi have, however, been exported to the United Kingdom. The possibilities of export to foreign countries of khadi and village industries products are however immense. The Commission has decided in recognition of these possibilities that "in the larger interests of the khadi development programme aiming at provision of employment in rural areas...it was essential that...an export market for khadi was built up on a sound footing".¹⁴ While we would not emphasise the export of khadi to the detriment of local consumption, we must draw the pointed attention of the Commission to the vast possibilities of earning valuable foreign exchange by export of khadi and also village industries products. The production for this purpose and the arrangements for export would require a system and organisation and exercise of tact, initiative and integrity. We hope it will be possible for the Commission to devise arrangements bearing these points in view.

Accumulation of Unsold Stocks

11.78 Table 18 indicates the details of the production of commercial khadi, sales and stock in hand at the end of every year from 1956-57 to 1962-63 and carry-over stocks.

Table 18

(Rs. crores)

Year	Production of commercial khadi	Sale	Balance	Carry-over stock
1956-57	6.3	6.2	0.1	1.2
1957-58	8.9	8.3	0.6	1.8
1958-59	12.3	8.6	3.7	5.5
1959-60	13.0	10.6	2.4	7.9
1960-61	13.5	14.1	—0.6	7.3
1961-62	15.8	18.8	—3.0	4.3
1962-63	20.2	20.4	—0.2	4.1

It will be seen from the above table that though the sale of khadi increased by nearly 220 per cent between the years 1956-57 and 1962-63, there has also been appreciable carry-over stocks

14. Minutes of the 88th meeting of the Khadi and Village Industries Commission held on 29 and 30 June 1964, para 30.9.

inspite of the fact that in the last three years the sales surpassed the production of those years. Attention is invited to the position of carry-over stocks at the end of the years 1959-60 and 1960-61, which was heavy enough to cause concern and to make the Commission take steps for disposal of these stocks. It therefore curtailed the pace of expansion in the production of khadi in these years.

11.79 To suggest methods to tackle the grave position about accumulated stocks, the Government of India on the suggestion of the Commission appointed a committee called the Khadi Marketing Committee under the chairmanship of the Textile Commissioner. The Commission was also represented on this Committee. The main recommendations of this committee are given below.

1) "The large accumulation of khadi stocks was attributed to the following factors:

- i) the organisation of production on the basis of offering employment to whoever was willing to spin cotton into yarn;
- ii) a part of the production of yarn was of sub-standard quality, produced by newly recruited spinners and the cloth woven therefrom, therefore, became unsaleable;
- iii) inadequate training and supervisory arrangements in connection with the spinning of yarn on the ambar charkha;
- iv) the consumer preference for cheaper mill cloth; and
- v) the willingness to buy khadi even at a sacrifice has not kept pace with the increase in production.

2) "The Committee considers that the programme should be separated into (a) an economic programme for khadi production and (b) a relief programme for yarn production.

3) "Under the economic programme the possible sales of khadi and the requirements of pipe-line stocks should be estimated and the production of khadi restricted to this quantity. For producing this quantity of khadi, the necessary quantity of traditional charkha yarn and ambar yarn should be used.

4) "The yarn remaining surplus after meeting the requirements of khadi producers should be taken over by the relief programme

and released for sale to the handloom and powerloom sectors for use along with mill yarn for the production of cloth other than khadi.

5) "The Committee has estimated the demand for khadi on the basis of an annual increase of 5 per cent in the sales and stock requirements to 35 per cent of production, at 105 million yards in 1965-66, the last year of the Third Plan.

6) "The Committee estimates that about 38.4 million lbs. of yarn will be surplus to the requirements of khadi production during the remaining period of the Third Plan, which will have to be disposed of under the relief programme.

7) "Since ambar yarn is not as strong as mill yarn and is not ordinarily popular with the handloom or powerloom weavers, it would not be possible to dispose of the surplus ambar yarn unless substantial inducements are provided to the weaver.

8. "The Committee recommends that at least an average minimum rebate of 40 per cent be paid on the sale of ambar yarn under the relief programme, the actual rebate varying from count to count and from quality to quality and the rebate on khadi would remain at 20 per cent".¹⁵

11.80 The Board considered the report of this Committee which had previously been examined by a sub-committee of the Commission. The Board endorsed the views of the sub-committee "that the proposal for the production of mixed fabrics from hand-spun yarn and reeled yarn would not only not help to solve the problems presented by the increase in the production of handspun yarn but that it might not be of help in fostering the khadi sentiment or in satisfying the handloom weavers or in helping the maximum diffusion of employment or in saving expenditure on account of subsidy".¹⁶ The Board, however, suggested that "a comprehensive programme should be prepared for taking over yarn of the prescribed specifications which was surplus to the needs of the institutions" in order that the spinners might get continuous employment. In pursuance of these recommendations the Commission established at its headquarters a separate section for attending to the following:

15. Report of the Khadi Marketing Committee, 1962, pp. 33-40.

16. Minutes of the 30th meeting of the Khadi and Village Industries Board held on 15 and 16 September 1962, item No. 5 paras 22 and 23.

- i) "advising the institutions engaged in khadi production work to produce specific varieties of khadi which had a ready market;
- ii) "providing the needed technical assistance to khadi producing institutions to assist in production of specific varieties of khadi;
- iii) "on the lines of the programme for khadi supplies against government orders, for placing with the khadi producing institutions long-range orders for production of particular varieties of khadi;
- iv) "for purchasing khadi thus produced from the institutions; and
- v) "for selling it to the sales organisations against their demands."¹⁷

11.81 In order to help the institutions in the disposal of the accumulated stocks, the Commission with the approval of the Government took the following principal measures :

- i) sanction of additional rebate of 6 per cent on the retail sales of khadi during September—November every year since 1959-60 to 1962-63.
- ii) refresher course for training spinners found deficient in their performance; and
- iii) supply of improved designs and adequate arrangements for dyeing, printing and processing.

11.82 In order to reduce the pressure of accumulated stocks some of which were of sub-standard variety, the Commission submitted a scheme in 1961-62 which was sanctioned by the Government of India. The proposal and the operation of it have been very succinctly brought out in the report of the Public Accounts Committee of Parliament, 1963-64, the relevant extract of which is reproduced below.

"With a view to enabling the clearance of accumulated stocks with khadi producing institutions, the Government of India advanced a loan of Rs. 2.70 crores in March 1961 to the Commission for the purchase of surplus khadi from the aided institutions or for the grant of loans to these institutions to meet the loss arising from the disposal of the accumulated

17. Minutes of the 67th meeting of the Khadi and Village Industries Commission held on 29 September 1962, Item No. 8, para 11.

stocks at reduced rates. The Commission acquired surplus khadi worth about Rs. 2.82 crores in all, but the goods continued to remain in the godowns of the respective institutions, who bore the storage charges. The Commission met the insurance charges amounting to Rs. 43,000.

“Subsequently, in September, 1961, loans to the extent of Rs. 188.68 lakhs were advanced by the Commission to the aided bodies with the approval of the Government to enable them to take back the stock of sub-standard khadi and dispose of them by allowing an additional rebate. 50 per cent of this additional rebate, subject to an overall ceiling amount of Rs. 25 lakhs fixed by Government, was to be borne by the Commission. In spite of these concessions, the institutions could dispose of stocks worth about Rs. 73.58 lakhs only (October 1962). The Commission had not yet worked out their share of the loss on account of additional discounts allowed by the institutions on these sales, but the amount was expected to be of the order of Rs. 7 lakhs.

“In view of the slow pace of disposal and the inability of the institutions to liquidate the accumulated stocks, the Commission was, again authorised by Government in June 1962, to procure sub-standard goods still lying with the institutions and to sell them after processing or converting them into ready-made garments, subject to the condition that the total loss to the Commission under the scheme including any additional rebates allowed should not exceed Rs. 37 lakhs. Clearance of the remaining stock of sub-standard khadi valued at Rs. 1.15 crores had not materialised (October 1962).

“Explaining the background of the case the representative of the Ministry stated that there was a continuing increase of stocks of sub-standard khadi but it was unavoidable when khadi operations were increasing because whosoever could spin, the yarn was taken from him and payment made. It was added that the Commission felt that unless the accumulated stock of sub-standard khadi was lifted, there could be no fresh production and hence some solution had to be found, and the action referred to in the audit para was thought to be the solution. This transaction did not involve any rebate or extra payment to the institution. It was added that except for Rs. 60 lakhs out of Rs. 1.89 crores worth of stocks that were to be disposed of, the loans had been recovered.

“The Committee are unable to understand why the surplus and sub-standard khadi was in the first instance purchased outright and left with respective institutions presumably to be sold by them and subsequently loans amounting to Rs. 1.89 crores were still given to enable the very same stock holders to repurchase the stocks to be sold at an extra rebate. The straightforward course, would have been to ask the stock holders in the very beginning to sell the stocks at an extra rebate and to reimburse them to the extent Government agreed to share the actual loss. The Committee feel that the course actually followed amounts to wrong use of public money, to which they take serious exception”.¹⁸

11.83 Notwithstanding all these measures the Commission found that the progress was not only not satisfactory but was tardy. With the approval of the Government, the Commission once again decided to fix the price of sub-standard goods and purchase them from the institutions for their quick disposal at a minimum discount of 5 per cent less than the label price in addition to the normal margin allowed to the vastragar and retail sales bhandar. By 31 March 1964 stocks amounting to about Rs. 1.93 crores had been purchased. However, inadequate organisational arrangements forced the Commission to again take the help of institutions to sell the goods. Once again therefore the goods were sold to the institutions at 20 per cent reduction on the net value of the goods so that they might in turn arrange to sell them to consumers. The position as on 31 March 1964 was as follows.

- i) The gross value of the cloth was Rs. 1.93 crores. The reduction effected was Rs. 63.04 lakhs. The net value was therefore Rs. 1.30 crores.
- ii) Out of the stocks of the net value of Rs. 1.30 crores, stocks worth Rs. 1.02 crores have been disposed of and there is a balance of Rs. 27.50 lakhs remaining with the Commission.
- iii) Though stocks have been sold, the sale proceeds in full have not been received from the institutions and State Boards. In fact not more than Rs. 40 lakhs have been received, and the balance of about Rs. 60 lakhs is yet to be recovered.

18. Report of the Public Accounts Committee 1963-64; pp. 12-13.

11.84 The Commission, in its anxiety to see that these stocks are disposed of, is now proposing with the assistance of its bhavans to take back the stocks which have not yet been disposed of, effect whatever reduction is absolutely necessary and dispose them of once for all. The institutions and State Boards who have not paid the value of the goods taken by them are also being separately urged to expedite payment of the sale proceeds.

11.85 Since the Public Accounts Committee of Parliament has already criticised the Commission for these transactions, we do not wish to add anything except highlight some of the very confusing and disturbing factors in this situation.

- i) The Commission does not at any stage seem to have made up its mind one way or the other in regard to disposal of these accumulated stocks, since its decision has varied at every stage of this complicated transaction.
- ii) It is a matter of regret that for the same goods money has been given more than once either in the form of cash, temporary loans or adjustment of loan instalments or sales on credit. The totality of these transactions shows a disregard of financial principles and unawareness of public accountability.
- iii) The impression one gets from the transaction is that the uppermost idea appears to be to avoid losses to the institutions as much as possible.
- iv) For generations the tradition in the khadi world has been that the responsibility for the disposal of sub-standard goods has always been with the institution. For the first time in the history of the khadi movement an attempt was made to transfer this responsibility to an outside authority and thus deprive the institutions of the initiative to dispose of the goods themselves.
- v) It is a matter of regret that even now the Commission is not yet out of the woods because about 20 per cent of stocks have yet to be disposed of and nearly 60 per cent of the value of the goods sold to the institutions and the State Boards has not yet been realised by the Commission.
- vi) The Commission at the initial stage when it purchased the goods and at the ultimate stage when it decided to

purchase the goods and sell them perhaps over-estimated its ability to tackle this problem, because soon thereafter the goods had to be given back on both the occasions to the institutions and the State Boards to sell them. This obviously shows that the real responsibility should always remain with the institutions, and the Commission should help in finding markets or in reimbursing losses in genuine cases.

We may be forgiven if we give expression to our view that these transactions are unbusiness-like and do not have a parallel in any business organisation.

11.86 The position regarding accumulated stocks, we regret to learn, continues to be acute. On a special request from us the Commission obtained the figures of the stocks with the institutions as on 31 March 1964 in order to obtain an idea of the magnitude of the problem and the steps to be taken on a permanent basis for avoiding the periodical recurrence of the phenomenon of accumulation. These figures reveal that as on 31 March 1964 the institutions carry a stock valued at Rs. 13 crores of which Rs. 7 to Rs. 8 crores are cotton khadi and Rs. 3 to Rs. 4 crores woollen khadi. This accumulation is nearly 50 per cent of the estimated value of production in 1963-64. We do not consider this at all a normal situation and would therefore suggest to the Government and the Commission to consider this matter and suggest some permanent solution which may include a periodical review say once a year of the stock situation and the writing off, if necessary, of the losses that may be occasioned as a result of the periodical disposal of accumulated and sub-standard cloth at a reduced price.

Employment

11.87 As on 31 March 1963, opportunities of work created through the development of khadi (including ambar) aggregated to a little less than 18 lakh persons of whom 15.64 lakhs were spinners who worked part-time, 1.50 lakhs were full-time weavers and 85,000 various other categories of workers engaged full-time in ancillary processes such as washing, printing and dyeing. The contribution of the ambar charkha programme to this total was about 3.77 lakhs in spinning and 0.6 lakhs in weaving and other ancillary processes. While these figures indicate the aggregate of opportunities of employment provided in the rural areas of the country since the inception of the khadi programme, the net addition to the total employment during the first two years of the Third

Plan amounted to 0.84 lakh full-time and part-time. Table 19 sets out the details of employment.

Table 19

(Figures in thousands)

	1956-57	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63
1. Spinners:							
a. Traditional	743.6	858.6	1007.4	1089.9	1144.4	1163.7	1186.7
b. Ambar	45.8	144.6	245.0	321.6	363.9	373.4	377.4
Total (1)	789.4	1003.2	1252.4	1411.5	1508.3	1537.1	1564.1
2. Weavers	60.1	73.5	80.3	119.8	124.7	124.7	149.6
3. Others	31.2	59.2	67.0	75.8	81.2	84.4	84.7
Grand Total	880.7	1135.9	1399.7	1607.1	1714.2	1746.2	1798.4

11.88 We would like to clarify a few points in regard to the nature, content and magnitude of this employment. The information made available to us in the first place is far from complete at any moment of time in its coverage. Secondly, since the data are incomplete and are not continuous, it is not possible to indicate even roughly which activity or activities can be considered strictly part-time and which full-time in their true sense. Broadly speaking, since both spinning and weaving tend to intensify during the agricultural off-seasons, the pursuit of these occupations can be said to have offered by and large seasonal opportunities of employment. Moreover, spinning whether on the traditional or ambar charkha has so far attracted generally women who have to spend a major part of their day in attending to domestic chores and social and other callings, and who thus can devote not more than 3 to 4 hours on an average on the charkha. This work period is even shorter during the times of festivals and marriages. In a large number of cases more than one or two members of the family spin on the same charkha. Thus it would appear that any estimate of employment will tend to be either an overestimate or underestimate in the absence of accurate details of work period and per unit production. In view of the distribution of these charkhas in far-flung villages among a large number of households and the nature of occupation, the collection of such details poses very difficult statistical problems. Similarly, weaving of handspun yarn also is seasonal but can be considered to be of a longer duration, both in its work period and content. A weaver is generally assisted by one or two members of his family particularly in sizing and warp-

ing. Some sample surveys undertaken by the Commission have shown that while a large proportion of weavers' families in rural areas is generally agricultural landless workers, a sizeable portion of spinners is from among small agricultural land owners and lower middle class such as teachers, clerks etc. We consider that all these have an important bearing on understanding the nature and content of employment in khadi. In short, spinning provides employment for about 2 to 4 hours in a day for about 100 to 150 days and weaving for 6 to 8 hours a day and for about 200 days a year. We have our doubts however, whether the ambar charkha, though a decidedly better equipment than the traditional charkha, has proved attractive enough to induce the spinners to work longer periods except perhaps in a few urban areas and among the lower middle class families. Ambar has to go a long way before it can become an instrument of real promise to those for whom it was meant as a means of livelihood.

Wages

11.89 The periodic reports received by the Commission, though incomplete, throw some light on the amount of wages paid to different categories of artisans in khadi. An examination of the cost-charts shows that, on an average, about 65 to 66 per cent of the total value of cloth at the point of sales constitutes wages. Roughly, of the total wage bill, 6 per cent is for carding, 33 per cent for spinning, 25 per cent for weaving and 2 per cent for other ancillary processes. The Khadi Evaluation Committee also came to more or less the same conclusion about the composition of the various wage elements. Moreover, the surveys carried out by the Commission in certain parts of the country showed that the spinning (including carding, slivering and other preparatory processes) and weaving wages accounted for about 60 to 63 per cent of the total value of cloth. On this basis, the total wage-bill in khadi may be estimated at about Rs. 11 crores in 1961-62 and Rs. 14 crores in 1962-63. In other words, the wages paid in 1962-63 to spinners may be estimated at Rs. 8.2 crores, weavers at Rs. 5.3 crores and others at Rs. 0.50 crore.

Fourth Plan

11.90 In para 11.14 we have critically examined the performance of khadi so far which would lead us to estimate a target of 160 to 170 million sq. yards in the Fourth Plan. Similarly in para 11.51 we have indicated the target for the Fourth Plan in respect of wool and in para 11.57 in respect of silk. We have not given

the financial outlays which may possibly be required for the fulfilment of these targets. In the Third Plan, an outlay of Rs. 69 crores consisting of Rs. 45.11 crores grants and Rs. 23.89 crores loans has been provided. This is exclusive of the departmental receipts of the Commission in the form of refunds of grants, repayment, return of loans which was expected to be of the order of Rs. 30 to Rs. 35 crores. The production that has been attained in the year 1962-63 is 89.61 million sq. yards valued at Rs. 21.21 crores. The expectation at the end of the Third Plan is 113.75 million sq. yards of the value of Rs. 28.50 crores. The targetted production at the end of the Fourth Plan would, according to us, be 166 million sq. yards worth about Rs. 40 crores. This is more or less the same target as was suggested by the Commission and accepted by the Government for the Third Plan during which the Government provided Rs. 69 crores and allowed the departmental receipts to remain with the Commission. It would, therefore, be obvious that for attaining the same production at the end of the Fourth Plan, the requirement would be more or less the same. Therefore, we are of the view that so far as khadi is concerned, it may not be necessary for the Government to provide any additional loan for working capital or for stocking cotton.

11.91 So far as grants are concerned, we would suggest the following outlay.

i) For subsidy under free weaving scheme and production/sales subsidy at an average of 25 per cent of the total value of production	Rs. 33.50 crores
ii) Investment (equipment, tools and finishing plants etc.)	Rs. 7.00 crores
iii) Training, experiments etc. at 10 per cent of the value of production	Rs. 4.00 crores
iv) Other miscellaneous items such as exhibitions, promotional schemes etc.	Rs. 2.00 crores
v) Central expenditure on establishment, supervision etc. at the rate of 10 per cent	Rs. 4.00 crores
Total	<u>Rs. 50.50 crores</u>

The outlay for grants agreed to by the Government for the Third Plan was Rs. 45.11 crores. As against this an outlay of Rs. 50.50 crores grants is required during the Fourth Plan. In view of these circumstances we do not consider that any higher amounts for the additional production either under loans or grants during the Fourth Plan are required than that provided by the Government in the Third Plan.

11.92 As stated above the outlay in the Third Plan provided by the Government is Rs. 69 crores plus departmental receipts of about Rs. 30 to Rs. 35 crores. In other words, since the loan and the departmental receipts will be allowed to remain with the Commission in view of the institution of the working fund only an additional provision of Rs. 50.50 crores as grant will be required. The total provision in the Fourth Plan will, therefore, not exceed the outlays provided by the Government in the Third Plan and the departmental receipts put together.

CHAPTER XII

PROCESSING OF CEREALS AND PULSES

The industry of processing of cereals and pulses by hand has long been an important one and continues to be so today. It provides employment opportunities to a large number of persons, particularly women for about 150 days in a year. It ensures a higher percentage of recovery of rice from paddy than in the mill. Hand-pounded rice is nutritive and a preventive of certain diseases because of its higher food and vitamin value. It was for these reasons that the Planning Commission in the First Plan made a positive recommendation that "in the interest of rural employment and to ensure better nutrition, the Government should now formulate a programme for replacing the huller type of rice mill by organised handpounding of rice".¹ The Village and Small-scale Industries Committee in 1955 considered "that handpounding of rice should be treated as an integral part of village economy for the purpose of meeting domestic and local demand. The factors which operate to dislodge it from this position should be resisted and counteracted".² In 1962, the production of rice was 33.6 million tons. We have been informed that the handpounded rice accounts for 10 to 15 million tons or roughly 40 per cent of the total production of rice. The share of the Commission's programme in the handpounding industry, is hardly 1 per cent. From these figures the leeway to be made by the Commission even in respect of covering the handpounding industry is obvious. The Commission's efforts should be directed towards this end.

12.2 The development programme of the industry as undertaken by the Commission consists of the following aspects:

- (i) The manufacture and supply of improved implements required in the industry and the grant of assistance for this on a loan-cum-subsidy basis—the main implements are chakkis and dhenkis;
- (ii) The establishment of marketing depots to ensure regular supply of handpounded rice to customers and the grant of assistance for this purpose;
- (iii) The construction of godowns and drying yards for stocking paddy, handpounded rice, implements and the grant of assistance for the same;

1. First Five Year Plan, *op. cit.*, p. 318.

2. Karve Committee, *op. cit.*, para 106. p. 47.

- (iv) Training in the organisation of production and the manufacture of handpounding implements and in hand-processing of cereals and pulses; and
- (v) Loans for stocking of paddy, for working capital for marketing depots and for capital formation to registered institutions and cooperative societies.

Disbursements

12.3 Table 1 sets out disbursements in the industry State-wise during the First Plan and for every year thereafter till 1963-64. During the first plan the disbursements amounted to Rs. 21.01 lakhs (grants Rs. 7.65 lakhs and loans Rs. 13.36 lakhs) whereas during the Second Plan it rose to Rs. 282.57 lakhs (grants Rs. 51.54 lakhs and loans Rs. 231.03 lakhs) or by nearly 13 times more. During the first three years of the Third Plan, the total disbursements were Rs. 389.88 lakhs (grants 74.38 lakhs and loans Rs. 315.50 lakhs). This is about 25 per cent more than the estimated outlay for the Third Plan of Rs. 255 lakhs. There is a wide disparity between the outlay provided and the actual disbursement during the first three years of the Third Plan. Till 1962-63, Rs. 242.75 lakhs (grants Rs. 15.39 lakhs and loans Rs. 227.36 lakhs) have actually been refunded or repaid by the State Boards and the institutions. This amount forms about 40 per cent of the total disbursement to the industry. Many of the State Boards and institutions have returned the amounts on account of either their inability or unwillingness to use the money for this industry. In view of this, it would be obvious that there has been no proper scrutiny of the requirements of the State Boards and institutions and no proper planning or correlation between disbursements and requirements. We are of the view that considerable improvement is required in this direction.

12.4 Upto 1962-63, out of the total disbursement of Rs. 569.39 lakhs (grants Rs. 105.05 lakhs and loans Rs. 464.34 lakhs) about 40 per cent (Rs. 41.78 lakhs) of the grants were for production subsidy, another 20 per cent (Rs. 20.67 lakhs) for subsidy on implements, about 14 per cent (Rs. 13.85 lakhs) as grants for establishment of marketing depots, about 8 per cent (Rs. 7.89 lakhs) for construction of godowns and drying yards and about 5.8 per cent (Rs. 5.86 lakhs) as grant for training. More than 82 per cent of the total loans disbursed was for the stocking of paddy and a little more than 13 per cent for the construction of godowns, drying yards and marketing depots. We would suggest that the Commission should explore the possibilities of institutional financing of the loans required for stocking of paddy on a guarantee system and even by covering the margins required by the financing agencies. Similarly, we must draw specific attention to our recommendations in Chap-

TABLE 1
Processing of Cereals and Pulses Industry
State-wise Plan-wise and Year-wise Disbursements

(Rs. lakhs)

States	First Plan		1956-57		1957-58		1958-59		1959-60		1960-61		Total Second Plan	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
1. Andhra	—	1.00	0.68	1.11	0.55	0.96	0.53	3.98	0.61	4.16	1.62	16.68	3.99	26.89
2. Assam	—	1.20	0.03	—	0.49	0.95	0.26	11.92	0.82	2.01	2.18	4.35	3.78	19.23
3. Bihar	—	1.20	1.61	2.76	0.86	2.00	0.89	2.71	1.26	16.07	1.13	11.15	5.75	34.69
4. Gujarat	6.39	2.90	4.77	2.15	3.64	3.00	5.08	4.04	0.49	0.04	2.36	6.88	17.22	24.35
5. Maharashtra									0.26	7.50	0.62	0.74		
6. Jammu & Kashmir	—	—	—	—	0.05	0.10	0.05	—	—	—	0.07	0.15	0.17	0.25
7. Kerala	—	0.49	0.06	0.21	0.11	0.72	0.27	2.93	0.14*	0.69	0.54	—	1.12	4.55
8. Madhya Pradesh	0.56	1.05	0.05	0.30	0.12	1.28	0.81	5.63	0.19	0.45	0.39	3.17	1.56	10.83
9. Madras	0.04	0.56	0.14	1.17	1.43	1.74	0.81	5.70	0.81	4.94	0.80	3.81	3.99	17.36
10. Mysore	—	0.07	0.18	0.37	0.16	2.13	0.78	2.55	0.14	3.80	1.36	8.14	2.62	16.99
11. Orissa	—	1.20	0.73	1.62	0.21	2.90	0.64	1.59	0.73	7.42	1.15	3.83	3.46	17.36
12. Punjab	—	0.05	0.03	1.39	0.36	0.65	0.63	1.31	0.27	6.14	0.39	3.10	1.68	12.59
13. Rajasthan	0.65	0.05	0.29	0.22	0.17	0.20	0.17	0.40	0.13	5.19	0.35	3.25	1.11	9.26
14. Uttar Pradesh	—	3.28	—	0.07	0.54	1.05	0.74	1.86	0.68	4.06	1.30	10.41	3.26	17.45
15. West Bengal	0.01	0.31	—	0.32	0.48	0.95	0.22	1.54	0.44	6.65	0.69	7.77	1.83	17.23
16. Himachal Pradesh	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17. Manipur	—	—	—	0.39	—	0.10	—	—	—	1.19	—	—	—	1.68
18. Tripura	—	—	—	0.10	—	—	—	0.22	—	—	—	—	—	0.32
19. Delhi	—	—	—	—	—	—	—	—	—	—	—	—	—	—
20. Pondicherry	—	—	—	—	—	—	—	—	—	—	—	—	—	—
21. Goa	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	7.65	13.36	8.57	12.18	9.17	18.73	11.88	46.38	6.97	70.31	14.95	83.43	51.54	231.03

(Continued)

TABLE 1 (Continued)
Processing of Cereals and Pulses Industry
State-wise Plan-wise and Year-wise Disbursements

(Rs. lakhs)

States	Total First & Second Plans		1961-62		1962-63		1963-64		Total Third Plan		Grand Total	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
	1. Andhra	3.99	27.89	3.22	12.60	1.32	5.89	4.03	9.16	8.57	27.65	12.56	55.54
2. Assam	3.78	20.43	0.63	5.55	0.43	12.40	—	0.43	1.06	18.38	4.84	38.81
3. Bihar	5.75	35.89	1.13	11.43	3.06	11.43	2.86	13.13	7.05	35.99	12.80	71.89
4. Gujarat	23.61	27.25	2.92	13.78	4.00	9.49	1.64	7.01	8.56	30.28	37.08	74.11
5. Maharashtra			1.56	11.91	0.91	2.32	2.44	2.35	4.91	16.58		
6. Jammu & Kashmir	0.17	0.25	0.29	0.36	0.25	0.44	0.59	2.01	1.13	2.81	1.30	3.06
7. Kerala	1.12	5.04	1.41	6.96	1.17	5.10	3.97	14.71	6.55	26.77	7.67	31.81
8. Madhya Pradesh	2.12	11.88	2.16	11.24	1.46	6.56	2.13	8.65	5.75	26.45	7.87	38.33
9. Madras	4.03	17.92	2.26	6.22	2.83	7.82	3.15	8.00	8.24	22.04	12.27	39.96
10. Mysore	2.62	17.06	2.15	16.64	0.86	11.53	1.96	7.20	4.97	35.37	7.59	52.43
11. Orissa	3.46	18.56	2.06	8.14	0.70	5.69	1.05	6.84	3.81	20.67	7.27	39.23
12. Punjab	1.68	12.64	1.81	8.11	0.83	4.28	1.22	6.25	3.86	18.64	5.54	31.28
13. Rajasthan	1.76	9.31	0.64	1.55	1.25	4.82	0.81	1.99	2.70	8.36	4.46	17.67
14. Uttar Pradesh	3.26	20.73	1.84	5.67	—	—	0.22	0.81	2.06	6.48	5.32	27.21
15. West Bengal	1.84	17.54	0.55	6.58	2.01	4.79	2.24	6.63	4.80	18.00	6.64	35.54
16. Himachal Pradesh	—	—	—	—	—	—	0.02	0.10	0.02	0.10	0.02	0.10
17. Manipur	—	1.68	—	—	—	—	—	—	—	—	—	1.68
18. Tripura	—	0.32	0.11	0.27	—	—	*	0.03	0.11	0.30	0.11	0.62
19. Delhi	—	—	0.04	0.25	—	0.10	0.17	0.25	0.21	0.60	0.21	0.60
20. Pondicherry	—	—	—	0.03	—	—	—	—	—	0.03	—	0.03
21. Goa	—	—	—	—	—	—	0.02	—	0.02	—	0.02	—
Total	59.19	244.39	24.78	127.29	21.08	92.66	28.52	95.55	74.38	315.50	133.57	559.89

* Less than 500

ter V regarding the grant of assistance for the construction of godowns particularly because, in this case, we believe the assistance of the warehousing corporations both of the Centre and the States would be forthcoming. We regret to observe in this connection that we have not been able to get information in respect of the number of turnovers in the godowns and their capacity and it is therefore not possible for us to comment upon the adequacy of the number of godowns, the necessity of such godowns and whether they have yielded the benefit which was planned or intended of them. In fact we have been informed that nearly 25 per cent of the amounts disbursed for the construction of 359 godowns as on 31 March 1964, have actually been refunded by the institutions. It is also apprehended that some more amounts are still lying unutilized in the scheme for construction of godowns. We underline the imperative need for proper planning and economy on the part of the Commission in this matter.

12.5 The largest disbursements for this industry were in the States of Andhra Pradesh (Rs. 54.68 lakhs), Assam (Rs. 43.65 lakhs), Bihar (Rs. 43.60 lakhs), Mysore (Rs. 60.02 lakhs), Orissa (Rs. 46.50 lakhs), West Bengal (Rs. 42.18 lakhs), Madhya Pradesh (Rs. 46.20 lakhs), Madras (Rs. 53.23 lakhs) and Gujarat and Maharashtra (Rs. 111.19 lakhs). A matter of interest is that rice-growing States like Madhya Pradesh, Punjab and Madras have absorbed comparatively smaller amounts, from which the conclusion would emerge that the disbursements have been arbitrary and have not followed (a) either the possibility of handpounding in the surplus States, or (b) the requirements of these States for handpounding.

Production and Sales

12.6 Table 2 shows the details of the production of handpounded rice since 1955-56 till 1962-63 and sales of rice from 1959-60 onwards. Information regarding sales in respect of the previous years is not available. The figures of rice produced are based on the assumption that the yield of rice from paddy under handpounding is about 63 per cent.

12.7 Though we have received complaints about non-supply of handpounded rice it will be obvious from the table that if the presumption of yield of rice at 63 per cent of the quantity of paddy dehusked is correct, the industry is facing marketing difficulty because the sales are not keeping pace with the production. We regret that we have not been able to obtain accurate information about the turnovers of the marketing depots, the number of depots actually functioning and the expenditure incurred on them. We would suggest to the Commission that its Directorate in charge of processing

of cereals and pulses should be reorganised and energised with a view to supplying information and reports required and for attending to the marketing problems of the industry effectively.

Table 2

Quantity: lakh quintals
Value: Rs. in lakhs

Year	Paddy de-husked	Rice produced	Sales of rice	
			Qty.	value.
1955-56	1.91	1.20	N.A.	N.A.
1956-57	4.08	3.02	N.A.	N.A.
1957-58	4.38	2.82	N.A.	N.A.
1958-59	4.17	2.63	N.A.	N.A.
1959-60	5.20	3.28	2.65	146.31
1960-61	8.49	5.35	4.11	241.72
1961-62	9.83	6.19	5.00	272.59
1962-63	10.21	6.43	5.05	318.35

N.A.: Not available.

Training and Employment

12.8 The total number of persons both supervisors and artisans trained from 1953-54 to 1962-63 is 1101. As almost all of them are either actually working in various capacities in the industry or are to be absorbed in them, there has, therefore, been no wastage of training facilities.

12.9 It is claimed that the industry within the purview of the Commission provides employment to 16,275 full-time and 41,263 part-time workers. The figures of part-time employment include persons who are self-employed and who consume the rice handpounded by them. The total outlay during the last 10 years has been of the order of Rs. 5.69 crores; the per capita expenditure, therefore, amounts to nearly Rs. 982 which is really on the high side.

12.10 It must, however, be remembered that the Commission's coverage is limited to about 1 per cent of the industry as a whole. On this basis the total number of people including self-employed who are likely to get employment opportunities in the handpounding industry would run into several lakhs. It is, therefore, imperative on the Government to provide conditions under which these employment opportunities could be availed of.

Rice Mills and Regulation

12.11 In pursuance of the recommendations of the Rice Mil-

ling Committee appointed by the Government of India in 1954, the Rice Milling Industry Regulation Act was enacted in 1958. The provisions of this Act and the rules made thereunder stipulate that all existing rice mills should obtain a permit and thereafter a licence for carrying on rice milling operations. Before a permit for the establishment of a mill is given, a detailed enquiry will be made with regard to the number of rice mills operated in the locality, the availability of paddy in the locality, availability of power and water supply, the type of rice mills to be installed and the effect of the installation or functioning of the rice mills on the employment position in the locality. The Act should therefore be considered to have provided safeguards for the continuance of the handpounding industry. The rules also provide that the licencees shall not remove more than 5 per cent or less than 3 per cent of bran. In spite of all these salutary provisions there has been a steady increase in the number of rice mills and hullers. At the end of the year 1963, there were about 42,279 rice mills and hullers. In some States the effect of the establishment of these rice mills and hullers has been very detrimental to the interests of the handpounding of paddy industry. A recent sample survey of 54 villages in Maharashtra State revealed that there were 55 mills—1 each in 13 villages, 2 each in 10, 3 each in 2 and 4 each in 4 villages. Out of the total production of 2.30 lakh B.mds. of paddy, in these villages the quantity handpounded was 65,000 B.mds. (approximately) or just 28.5 per cent. When the Rice Milling Committee reported on the situation in 1954, the percentage was 38.5 per cent. In 10 years there has been a fall of 10 per cent. The fall in some other States, we are given to understand, is even more staggering. The Commission, we understand, has taken up with the State Governments and the Central Government the question of the enforcement of the provisions in the Act and of streamlining the enquiries to be made before permission is given either to instal a new rice mill or huller or to revive defunct rice mills. A suggestion has also been made that it should be made obligatory on the part of the licensing authority or the authority granting a permit to consult the State Khadi and Village Industries Board before such a permit or licence is given. The Central Government, we are informed, has regretted its inability to introduce a provision in the Act for making such consultation obligatory. The Central Government is also contemplating the establishment of rice mills—6 are proposed to be started immediately—with imported machinery, the recovery of which is reported to be 8 per cent more than from the existing mills. Such an aggressive and massive effort on the part of the Government is likely, in our opinion, to completely drive away the handpounding of paddy industry even from those areas where it still has a foothold. The Commission's efforts unfortunately have made such a small impact on the entire programme

of dehusking of paddy that, perhaps, the fears of the Government about the capacity of the handpounding of paddy industry to deliver the total amount of rice required may be justified. But, in view of the fact that such a large number of people find employment in the industry and also in view of the scope for expansion, we would consider it to be the Government's duty to provide facilities to this industry. The inroads of the huller and the mill in the areas where handpounding has a foothold should be completely stopped.

Fourth Plan

12.12 The total disbursement during the first three years of the Third Plan amount to Rs. 3.88 crores whereas the total outlay provided in the Third Plan for this industry was only Rs. 2.55 crores. In the remaining two years of the plan period, the Commission estimates an outlay in the neighbourhood of Rs. 1.75 crores. The total expenditure envisaged by the Commission during the Third Plan is therefore of the order of Rs. 5.63 crores. The total production under this industry, in terms of paddy dehusked is estimated at the end of 1965-66 to be 13.31 lakh quintals valued at Rs. 665.50 lakhs. The corresponding figures during the year 1963-64 are 11.00 lakh quintals valued at Rs. 550 lakhs. During the Fourth Plan, the total outlay is estimated at Rs. 1301.65 lakhs (grants Rs. 232.45 lakhs and loans Rs. 1069.20 lakhs). During the last year of the Fourth Plan the expected production of paddy dehusked is estimated to be 21.43 lakh quintals valued at Rs. 1071.50 lakhs. In other words, the production of paddy dehusked is expected to be increased by 50 per cent over the estimates for 1965-66 and by nearly 100 per cent over the performance in 1963-64. It is estimated by the Commission that employment will be provided at the end of the Fourth Plan in terms of mandays to the extent of 58.92 lakh mandays—whereas it was only 30 lakh mandays during 1963-64 and is estimated to increase to 36.35 lakh mandays at the end of the Third Plan period. The employment is expected to be doubled between the 1963-64 and 1970-71 or increased nearly $1\frac{1}{2}$ times between the end of the Third Plan period and the end of the Fourth Plan period. We regret that in view of the difficulties which the industry is facing from several points of view—i.e. the regulation of the rice mills, the setting up of new rice mills in the public sector, the difficulties of marketing handpounded rice—the plan which the Commission has formulated can be considered unrealistic. We regret that we are also not in a position to assess with any degree of precision the requirements for this industry until the policy of the Government and the capacity of the industry are determined on a more realistic basis. However, assuming that there are no major variations in policy and assuming the continuance of the present tempo we would suggest an outlay of about Rs. 7 to 8 crores because we do not expect production to in-

crease to more than 15 to 16 lakh quintals by the end of the Fourth Plan.

Suggestions

12.13 We would like to make the following suggestions in regard to the development programme of this industry.

- (i) In view of the present unsatisfactory working of the programme, we would suggest that service cooperatives be encouraged to provide improved equipment required for handpounding of paddy so that the members could take advantage of this equipment for handpounding of paddy required by them.
- (ii) We would also suggest that in every panchayat in a rice producing area, assistance may be given by the Commission for the setting up of equipment required for handpounding. The villagers could thus take advantage of this equipment and have the rice required by them handpounded at their own cost. Wherever necessary, the Commission may sanction the equipment on cent per cent grant basis so that handpounded rice is made cheaper and popular.
- (iii) While normally no stocking or marketing loan for individual or institutions or cooperative societies need to be given, such assistance can be extended to areas where village panchayats, panchayat samitis, zillah parishads, institutions and cooperative societies are able to get advance orders for handpounded rice from organisations or groups of individuals or for the requirements of the community.
- (iv) We regret that the Government, both at the centre and the States, have not laid adequate emphasis on the nutritional values of handpounded rice. We would urge that this deficiency be removed. The Government should undertake or sponsor marketing research studies with a view to propagating handpounded rice as is done in foreign countries when certain special products are popularised on the grounds of health.
- (v) Both in the interests of reducing the food scarcity, as well as to provide nutritious food, it is necessary to see that the percentage of polish prescribed in the Rice Milling Industry (Regulation) Rules is adhered to scrupulously. Research in regard to the manner in which the amount of polish is retained should be continued on a priority basis. We would also urge upon the Government to tighten the machinery for enforcing this salutary provision.

- (vi) We are of the view that the Government should have a clear policy in regard to the spheres, capacities and roles of the rice milling industry in the handpounding, small-scale and large-scale sectors.
- (vii) Before investing scarce national resources in imported or manufactured equipment, the Government should satisfy itself that the existing machinery cannot be renovated.
- (viii) Planned and sustained efforts should be made to evolve an improved equipment for dehusking and polishing as well as devising an improved process of par-boiling in order to reduce wastage, physical fatigue and cost of production. The last factor will have a pronounced effect on the difference in price between mill-pounded and handpounded rice.
- (ix) A better conceived and more imaginative programme should be devised for training the artisans in the use of improved equipment and particularly in disseminating information about the nutritive and health-giving properties of hand-pounded rice.
- (x) We have observed that the Commission has uptill now not given adequate attention to the industry of hand-processing of other cereals and pulses. We consider that the Commission should formulate and implement a comprehensive programme for this purpose.

CHAPTER XIII

GHANI OIL INDUSTRY

The ghani oil industry engages the largest number of traditional craftsmen, next only to the palmgur industry. The hereditary artisans engaged in the industry use traditional equipment but they have been able to survive in spite of the competition offered by the large-scale and the small-scale sectors.

13.2 The development programme of the ghani oil industry within the purview of the Commission comprises of the following aspects:

- (i) Supply of improved ghanis on a pattern of 50 per cent loan and 50 per cent grant and registration of traditional ghanis for assistance;
- (ii) establishment of ghani-manufacturing workshops of different sizes;
- (iii) construction of sheds for ghanis on a grant-cum-loan basis;
- (iv) conversion of traditional ghanis into improved ghanis;
- (v) loans for share capital and capital assistance to cooperative societies and registered institutions;
- (vi) loans for stocking of oilseeds; and
- (vii) assistance for the construction of godowns for storage of oilseeds, oilcakes and oil on a pattern of 50 per cent loan and 50 per cent grant.

In addition to the above, management grant for sales centres of oil on a graded scale for four years is paid by the Commission. The Commission also conducts and grants assistance for conducting training schemes for inspectors, mistris and telis.

13.3 Table 1 gives details of the disbursements State-wise, plan-wise and year-wise under this industry during the First Plan and for every year thereafter upto 1963-64. It will be noted from this table that, whereas the total disbursements during the First plan was only of the order of Rs. 31 lakhs, it was stepped up to Rs. 5.32 crores during the Second Plan. During the three years of the Third Plan, it was Rs. 5.18 crores. It is interesting to note that the total outlay estimated during the Third Plan was only Rs. 4.17 crores, which has been exceeded by 24 per cent even during the first three years of the Plan. We cannot say with any degree of certainty that the comparatively higher rate of disbursements during the three years of the

TABLE 1

Ghani Oil Industry
State-wise, Plan-wise and Year-wise Disbursements

(Rs. lakhs)

State	First Plan		1956-57		1957-58		1958-59		1959-60		1960-61		Second Plan	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
1. Andhra	0.80	0.78	0.95	2.71	3.65	3.35	3.78	1.93	0.69	4.01	1.37	5.09	10.44	17.09
2. Assam	0.46	0.22	0.07	0.17	0.98	1.55	0.84	2.16	0.40	0.42	1.08	2.77	3.37	7.07
3. Bihar	0.95	0.67	2.26	5.41	2.85	13.35	4.32	7.49	6.10	13.28	7.73	23.87	23.26	63.40
4. Gujarat	2.87	5.00	3.65	6.54	4.52	9.43	9.24	14.12	2.13	3.53	4.15	14.48	28.62	66.33
5. Maharashtra									3.59	8.16	1.34	10.07		
6. Jammu & Kashmir	0.06	—	0.01	0.02	0.16	0.13	0.08	—	0.16	0.31	0.10	0.51	0.51	0.97
7. Kerala	0.24	0.22	0.27	0.30	1.49	1.88	2.54	2.28	1.82	10.36	0.86	0.75	6.98	15.57
8. Madhya Pradesh	0.89	2.18	0.76	3.71	2.47	2.70	2.90	7.27	1.16	6.11	1.94	7.62	9.23	27.41
9. Madras	0.73	1.36	0.96	2.85	4.22	7.25	5.94	14.70	2.19	5.53	2.49	5.61	15.80	35.94
10. Mysore	0.12	0.02	0.02	0.07	1.29	2.48	0.85	2.01	0.53	1.26	1.64	6.72	4.33	12.54
11. Orissa	0.26	0.13	1.37	1.96	3.08	2.46	0.86	3.23	0.67	2.39	2.45	5.15	8.43	15.19
12. Punjab	0.63	1.38	1.05	1.05	2.15	4.88	1.31	0.99	1.26	4.50	2.87	2.27	8.64	13.69
13. Rajasthan	1.82	4.59	4.00	7.53	1.21	4.02	3.53	—	2.00	9.60	2.90	7.70	13.64	28.85
14. Uttar Pradesh	1.31	2.23	1.30	1.51	3.03	8.90	4.67	21.34	5.23	11.17	5.15	13.14	19.38	56.06
15. West Bengal	0.38	0.69	0.10	0.38	2.09	5.35	0.74	2.03	0.87	3.08	0.32	1.47	4.12	12.31
16. Delhi	—	—	—	—	0.13	—	0.05	0.26	0.25	0.26	0.11	0.26	0.54	0.78
17. Himachal Pradesh	—	—	—	—	—	—	—	—	—	0.03	—	—	—	0.03
18. Manipur	—	—	0.01	0.02	0.06	—	—	—	—	0.13	—	0.18	0.07	1.33
19. Tripura	0.01	—	0.07	0.10	0.04	0.07	—	—	0.03	0.18	*	—	0.14	0.35
20. Pondicherry	—	—	—	—	—	—	—	—	—	0.08	—	—	—	0.08
Total	11.53	19.47	16.85	34.33	33.42	67.80	41.65	79.81	29.08	85.39	36.50	107.66	157.50	374.99

*Less than Rs. 500

(Continued)

TABLE I (Continued)
Ghani Oil Industry
State-wise, Plan-wise and Year-wise Disbursements

(Rs. lakhs)

State	Total First & Second Plans		1961-62		1962-63		1963-64		Total Third Plan		Grand Total	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
	1. Andhra	11.24	17.87	5.45	10.73	1.58	10.41	1.79	8.45	8.82	29.59	20.06	47.46
2. Assam	3.83	7.29	0.76	1.65	0.30	0.97	0.35	2.00	1.41	4.62	5.24	11.91
3. Bihar	24.21	64.07	13.64	21.80	11.24	18.28	0.03	2.49	24.91	42.57	49.12	106.64
4. Gujarat	31.49	71.33	0.61	14.26	3.98	23.60	2.80	10.70	7.39	48.56	50.16	177.19
5. Maharashtra			3.47	21.90	1.76	19.25	6.05	16.15	11.28	57.30		
6. Jammu & Kashmir	0.57	0.97	0.18	0.43	0.61	1.33	0.40	1.24	1.19	3.00	1.76	3.97
7. Kerala	7.22	15.79	0.63	2.87	2.70	7.06	2.11	6.43	5.44	16.36	12.66	32.15
8. Madhya Pradesh	10.12	29.59	5.77	23.97	1.01	4.25	2.70	6.27	9.48	34.49	19.60	64.08
9. Madras	16.53	37.30	3.17	6.32	2.96	11.77	2.15	20.75	8.28	38.84	24.81	76.14
10. Mysore	4.45	12.56	1.66	7.34	2.71	7.29	2.27	18.42	6.64	33.05	11.09	45.61
11. Orissa	8.69	15.32	0.31	7.17	1.29	1.90	1.50	5.40	3.10	14.47	11.79	29.79
12. Punjab	9.27	15.07	1.33	9.70	1.87	9.87	1.38	5.49	4.58	25.06	13.85	40.13
13. Rajasthan	15.46	33.44	5.02	8.58	0.91	6.74	3.95	6.12	9.88	21.44	25.34	54.88
14. Uttar Pradesh	20.69	58.29	4.85	7.19	1.24	2.46	1.05	3.46	7.14	13.11	27.83	71.40
15. West Bengal	4.50	13.00	1.65	5.53	0.78	8.02	0.82	7.96	3.25	21.51	7.75	34.51
16. Delhi	0.54	0.78	0.70	—	0.05	0.16	0.06	0.14	0.18	0.30	0.72	1.08
17. Himachal Pradesh	—	0.03	—	—	—	—	—	—	—	—	—	0.03
18. Manipur	0.07	1.33	—	—	—	0.07	0.01	0.06	0.01	0.13	0.08	1.46
19. Tripura	0.15	0.35	—	—	—	—	0.01	0.01	0.01	0.01	0.16	0.36
20. Pondicherry	—	0.08	—	—	0.03	0.14	*	—	0.03	0.14	0.03	0.22
Total	169.03	394.46	48.57	149.44	35.02	133.57	29.43	121.54	113.02	404.55	282.05	799.01

*Less than Rs. 500.

Third Plan represents any increase in production, considering the fact that the removal of the excise duty on the production of mill industry is reported to have caused some hardship for the successful operation of the ghani. A large portion of this amount represents undisbursed amounts with the State Boards. An analysis of the disbursements, according to the different schemes, makes it clear that the bulk of the expenditure is on the construction of ghani sheds (Rs. 99.03 lakhs), distribution ofghanis (Rs. 97.92 lakhs), working capital loan for stocking of oilseeds (Rs. 581.35 lakhs), contribution to the share capital of the oilmen's cooperatives (Rs. 87.18 lakhs), management charges (Rs. 60.36 lakhs) and sales rebate (Rs. 48.09 lakhs). From the above it will be seen that more than half the total disbursements for this industry were for the purchase and stocking of oilseeds and for working capital for theghanis. Nearly 10 per cent of the total disbursements were for the distribution of improvedghanis and another nearly 9 per cent for the consolidation of the capital structure of the oilmen's cooperative societies. The expenditure on administrative organisation and tertiary services accounts for a very small proportion of the total disbursements. It is possible to conclude from this that if there are no violent price fluctuations in the oilseeds trade and if there is no indiscriminate expansion of the power-based sector of the oil industry, the ghani oil industry can continue on more or less the same position during the Fourth Plan.

Production and Sales

13.4 Table 2 indicates the total quantity and value of production and sales of oil as well as cake.

Table 2

	Oil produced		Oilcake produced		Oil sold	
	Quantity	Value	Quantity	Value	Quantity	Value
1956-57	0.58	93.65	N.A.	N.A.	N.A.	N.A.
1957-58	1.43	269.23	N.A.	N.A.	1.26	242.35
1958-59	3.26	633.76	4.94	156.16	2.84	554.32
1959-60	4.96	991.41	7.62	237.23	4.25	870.10
1960-61	5.96	1354.70	8.84	314.42	5.28	1291.17
1961-62	7.23	1670.39	11.54	399.99	6.01	1495.21
1962-63	6.77	1628.53	10.58	352.37	6.02	1543.36

Note: Production of oil during the year 1963-64 is expected to be of the order of 6.28 lakh quintals i.e. 0.49 lakh quintals less than the figure for the previous year.

It will be seen from the above figures that the quantity of oil produced as well as sold has been constantly increasing. There is a slight fall in production between the years 1961-62 and 1962-63. But during the same years sale of oil kept pace with the sale of previous years.

13.5 During 1963-64, the Government of India removed the excise duty which was previously being levied at Rs. 20 per quintal on each unit of the mill oil industry, the production of which was 70 B. maunds and over per year. Since the ghanis operated by the village oilmen were exempt from this excise duty, a differential cushion was automatically provided which helped to sustain the industry. With the removal of this cushion, the ghani oil industry ran into difficulties as will be seen from the fall in the production and sales of oil during the year 1963-64. The difference between groundnut oil pressed in ghani and groundnut oil crushed by the mills is not appreciable; but the sale price of mustard oil and sesamum oil pressed in ghani is higher by Rs. 7 to Rs. 10 per B. maund. In the case of coconut oil, the price of oil pressed in ghani and crushed in mill is on par because the cooperatives of telis pressing coconut oil are able to get the advantages of bulk buying and planned selling. However, where individual telis produce the oil and market it themselves, they face competition from the mill oil. With the lifting of the excise duty, the price differential has now increased to 10 to 15 paise per kilo. The Commission has made repeated representations to the Government for either the restoration of the excise duty or for the grant of a countervailing production subsidy to the ghani oil industry in order to enable the oilmen and their cooperatives to continue in production. The Government of India has agreed to the grant of an interim production subsidy of 6 paise per kilo with effect from 16 July 1963. In view of the insufficiency of this subsidy, the Commission is still pursuing the case with the Government for a higher rate of production subsidy.

13.6 In this connection, we regret to know that the Commission has not yet taken steps to disburse the management grant which was sanctioned in 1961-62 and the production subsidy which was sanctioned in July 1963 to the oilmen and their cooperative societies. We understand that the conditions under which grants and subsidies will be paid are still being finalised. We are unhappy that, even after the sanction from the Government has been obtained, it has not yet been possible for the oilmen and their cooperative societies to get the necessary relief. We are of the view that, if the sanctioned relief had been disbursed in time, the impact of the aboli-

tion of the excise duty would not have been so seriously felt by the ghani oil industry.

Organisation

13.7 Since 1957-58 the Commission has embarked on a programme of organising oilmen into cooperatives. This programme has been very successful and there are over 4,400 primary cooperatives of oilmen and over 300 multi-purpose cooperative societies of which telis are members. As against this, the number of registered institutions, which have taken up the development programme of this industry is a little over 400. The large bulk of these cooperative societies are in Bihar (1006) and Uttar Pradesh (732). Andhra, Maharashtra, Madhya Pradesh, Mysore, Punjab and Rajasthan have also a fair number of cooperatives, over 200 each.

13.8 It is, however, a regrettable feature that the working of these cooperative societies is far from satisfactory. We are of the view that the enthusiasm in organising these cooperative societies has far outrun discretion. In the initial stages, technical personnel were not given to man these societies; assistance for working capital, purchase ofghanis and construction of sheds was not given at the same time and there were delays in the cooperative department in regard to recommendation of loans. These are stated to be the reasons for the unsatisfactory working of these societies. We have also been informed that in Bihar and Uttar Pradesh where the ghani oil industry is concentrated, the State Governments levy a purchase and/or sales tax, as a result of which the prices of the oilseeds and/or prices of the oil are pushed up because the tax cannot be borne by the oilseeds-crushers and is necessarily therefore passed on to the consumers. In view of this, the cooperative societies find it difficult to market their oil. The Commission has taken up the matter of exempting the ghanis from the purchase and/or sales tax with the respective State Governments. But in view of the fact that the response of the State Governments has not yet been favourable and in the light of the need for developing the industry in the cooperative sector, we would suggest to the Central Government to intervene and request the State Governments to grant the concession to the cooperatives.

Improved Equipment

13.9 The main equipment used by the oilmen is the bullock-driven ghani. The Commission has conducted considerable research with a view to improving the equipment. The improvement has been mainly in three directions; first, increasing the capacity per charge of the ghani and the percentage of oil extracted, secondly, reducing

the cost of the ghani and thirdly, the designing of ghanis suitable to the size of the bullocks available. It has been found in practice that the difference in the percentage of oil extraction between the different types of ghanis is marginal. As regards the capacity per charge, there is a wide variation between the ghanis of the different States and in the case of different oils. It varies from as low as 6 to 9 seers per charge in the case of mustard in Bihar, Assam and Uttar Pradesh to as high as 25 to 30 seers in the case of sesamum and groundnut in Maharashtra, Kerala and Madras. The Commission has introduced and popularised an improved ghani called the "Wardha Ghani". By 1962-63 19,858 improved ghanis had been introduced. Most of these improved ghanis were introduced in Bihar (8,368), Uttar Pradesh (2,753), Madhya Pradesh, (1,435) and Punjab (1,115). The cost of this improved ghani was in the region of Rs. 300 for which assistance was given by the Commission in the form of 50 per cent grant and 50 per cent loan. Telis in some States, notably Madras, Kerala, Assam and Rajasthan, have not adopted the improved ghanis because (i) the local ghanis were more economic or (ii) the time taken per charge in their own ghanis was less or the local bullocks were not strong enough to draw the bigger and heavier Wardha Ghani or (iii) the local ghanis had a larger capacity per charge. The reasons why the traditional craftsmen did not accept the Wardha Ghani as an improved one, appear to us to be justified and we would, therefore, suggest that assistance in the form of a loan should be given in future for all ghanis and not be restricted merely to the Wardha Ghani.

Training and Employment

13.10 The total number of telis employed on a full-time basis during the year 1962-63 in this industry was 31,956 and on a part-time basis 15,500. In the training programme of this industry, 4,821 telis, 462 mistris and 352 inspectors have been trained. The programme of the Commission has covered 34,243 ghanis both traditional and improved.

Fourth Plan

13.11 The Fourth Plan of the Commission for this industry envisages a total expenditure of Rs. 11.22 crores of which Rs. 3.49 crores are grants and Rs. 7.73 crores loans. Production of oil which stands at 6.77 lakh quintals in 1962-63, is expected to increase to 12.22 lakh quintals in 1966-67 and to 17.89 lakh quintals during 1970-71. In addition to activising 9,527 ghanis which are not working satisfactorily at present, the Commission proposes to cover an additional 13,390 ghanis consisting of 8,000 improved ghanis and 5,390

traditional ghanis. The details of the number of ghanis in full operation and the expected output of oil are as shown below:

Year	Total number of ghanis in full operation	Output of oil in lakh quintals	Production of oil per ghani in full operation (quintals)
1962-63	24,716	6.77	27.39
1966-67	41,760	12.22	29.26
1970-71	52,060	17.89	34.36

A word is, however, necessary about the data on the number of ghanis in full operation. As at the end of 1962-63, out of a total number of 34,243 ghanis in the field, only 24,716 ghanis consisting of 9,308 improved ghanis and 15,408 traditional ghanis were working satisfactorily. The remaining were not working satisfactorily. Efforts would be made to activate the latter and to introduce another 7,517 ghanis which will be working fully during the first year of the Fourth Plan.

13.12 The estimated outlay of Rs. 11.22 crores during the Fourth Plan period is 2½ times that during the Third Plan period. An increase of 200 per cent in the production of oil is expected by the provision of about 100 per cent additional ghanis. The data shown above indicate that the average annual production of oil per ghani, which is 27.39 quintals in 1962-63, is expected to rise to 29.26 quintals in 1966-67 and to 34.36 quintals in 1970-71. Though this increase can be partly explained by the larger number of improved ghanis to be covered, better facilities regarding supply of oilseeds and adequate working capital loans, the estimate of 17.89 lakh quintals during the last year of the Fourth Plan period is, to our mind over-ambitious and we have reason to doubt the ability of the Commission to achieve this production.

13.13 We are of the view, that unless the Government makes up its mind about protection to this industry, the figures of outlay, production coverage etc. are mere exercises in academics. We would emphasise in this connection the need to define the respective relative roles of the village sector, the small-scale power-based sector and the large-scale sector. There is today considerable confusion and we have separately, in Chapter II, indicated our approach with regard to the enunciation of a common production programme for this industry.

Suggestions

13.14 We would like to make the following suggestions in regard to the development programme of this industry.

- (i) The Estimates Committee had suggested that as the problems relating to the village oil and non-edible oil industries were similar and there should be coordination in production, research and training, the directorates in the Commission looking after these industries should be combined. The Commission has suggested that the problems in respect of these industries are different and, therefore, separate directorates should continue. While we concede that there are distinguishing features in respect of each industry, we are, at the same time, of the view that certain aspects of these two industries are common, such as problems of storage, problems of extraction of oil and increase in percentage of extraction and problems relating to experiments, chemical analysis etc. We do not suggest a merger of these two industries all along the line. But we would suggest that, for facilitating coordination in the training programme, in the research activities and in the problems of analysis and experimentation, the directorates may be combined with two separate wings, one each for the ghani oil industry and the other for the non-edible oils and soap industry. This will result in considerable saving of personnel and consequently administrative expenditure.
- (ii) As we have mentioned in para 13.13 above, the policy in respect of the future of the industry *vis-a-vis* the small-scale or power-based sector and the large-scale sector has to be determined. We have made detailed reference to this aspect of the question in Chapter II.
- (iii) There is considerable room for improvement in the purchase of oilseeds and the marketing of oil. The cooperatives of this industry or their federations should be strengthened to enable them to purchase oilseeds during the season, hold them over for distribution to members for production of oil as and when necessary and to market the oil produced at the most favourable rates. These cooperatives should make arrangements with the agricultural produce market committees or, where possible, directly with the members of multi-purpose or agricultural cooperative societies for the purchase of oilseeds. Considering that the production in the oil ghani is comparatively uneconomic, a saving by these methods in the cost of oilseeds is likely to go a long way in eliminating the marketing difficulties of these societies.
- (iv) The prices of oilseeds are subject to great fluctuations. By the adoption of the suggestions we have made above a sizeable part of this fluctuation would be avoided.

We would, in addition, however, suggest the constitution by these societies or their federations of fluctuation funds to be contributed to by the telis, the societies, the federations, the State Governments and the Commission. This fluctuation fund could be used to wipe off the losses which might be incurred by these societies during lean days. Apart from this, it will also enable the societies to continue in production even though temporary losses on account of such fluctuations arise.

- (v) Edible oils constitute an important article of food. Edible ghani oil is preferred to mill oil by certain customers for its purity, nutritional value and taste. Besides, one of the fundamental factors of this industry is that a large number of oilmen depend on it. The retention of the ghani oil industry is, therefore, justified on the grounds of preserving the employment of hereditary craftsmen. However, there is no gainsaying the fact, that if the industry is to survive and expand, it should continuously strive to reduce the price of oil, which is part of everybody's daily needs. The aim should, therefore, be the reduction of prices by adopting one or more of the following methods:

- (a) increase in oil extraction percentage,
- (b) minimising time taken per charge,
- (c) supply of improved filter presses,
- (d) maximising the charges per ghani per bullock in an effort to raise economy of production and
- (e) Organised buying of oilseeds and selling of oil to which we have referred above.

CHAPTER XIV

COTTAGE LEATHER INDUSTRY

The importance of the cottage leather industry can be realised from the fact that the cattle population in this country according to the 1961 census is 227 millions and on a conservative estimate of 8 per cent mortality, the number of fallen hides available each year is estimated at 18 millions. The tanning industry utilises 212 lakhs of hides per year of which 80 per cent or 170 lakhs are obtained as fallen hides. The contribution of village tanneries towards the utilisation of these hides is 57 lakhs (nearly 27 per cent), the balance being divided almost equally between the East India Tanners of Southern India and the organised and semi-organised tanning industry in the remaining States. Tanned leather and leather goods are very important earners of foreign exchange. During 1961-62, Rs. 25.5 crores worth of leather and leather goods and Rs. 8.2 crores worth of hides and skins were exported. It has been estimated that about Rs. 14 crores worth of tanned leather is produced and marketed by the village leather sector. The programme within the ambit of the Commission is responsible for a total production of about Rs. 1.7 crores. In other words, the Commission's programme covers about 11 per cent of the village industries sector. This is a significant achievement.

14.2 There are three distinct aspects of the programme in the cottage leather industry. These include the flaying programme, the programme for tanning and the manufacture of bye-products and the leather goods manufacturing programme. The last has only recently been taken up. The facets of the development programme in flaying include the establishment of flaying and carcass recovery centres, the establishment of training centres for flaying, distribution of improved tools and the provision of flaying platforms; of the tanning programme the establishment of model and cooperative tanneries, training-cum-production centres, the construction of and repairs to pits, establishment of marketing depots to assist in the marketing of leather goods and to provide raw materials to artisans, and the setting up of units for manufacture of glue, bone-meal and other bye-products. In addition, assistance is also given for the setting up of bone digesters and loans for capital formation of cooperatives and registered institutions as well as loans for working capital. The recent programme of leather working envisages the grant of assistance to cobblers.

Disbursements

14.3 Table 1 indicates State-wise disbursements for the flaying.

TABLE 1
Cottage Leather Industry
Plan-wise and Year-wise Disbursements

(Rs. lakhs)

State	First Plan		1956-57		1957-58		1958-59		1959-60		1960-61		Second Plan Total	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
1. Andhra	2.06	1.90	1.59	1.87	0.61	0.26	3.98	1.93	1.10	3.13	6.37	7.60	13.65	14.79
2. Assam	—	—	0.23	0.28	0.05	—	0.49	0.45	0.19	0.22	—	—	0.96	0.95
3. Bihar	0.73	0.87	1.11	1.34	0.73	0.39	1.07	1.10	0.48	0.35	0.76	1.09	4.15	4.27
4. Gujarat	6.80	3.53	3.92	3.33	2.00	0.42	4.79	3.29	4.39	7.39	5.14	5.25	23.44	23.99
5. Maharashtra											3.20	4.31		
6. Jammu and Kashmir	—	—	—	—	0.01	—	—	—	—	—	0.16	0.21	0.17	0.21
7. Kerala	0.14	0.30	0.01	0.01	0.14	0.13	0.27	0.32	0.20	0.29	0.01	0.03	0.63	0.78
8. Madhya Pradesh	2.36	3.18	0.46	0.53	0.43	—	1.43	1.35	0.18	0.13	0.71	1.03	3.21	3.04
9. Madras	1.08	0.16	1.06	1.22	1.44	1.22	2.82	1.99	2.63	3.31	2.66	2.46	10.61	10.20
10. Mysore	0.08	0.18	—	—	0.90	0.54	1.28	1.45	0.39	0.49	0.26	0.59	2.83	3.07
11. Orissa	0.12	0.22	0.86	1.27	1.17	0.97	2.11	2.03	0.57	1.60	0.63	—	5.34	5.87
12. Punjab	0.66	0.53	0.30	0.35	0.20	—	2.14	2.22	1.83	1.68	1.70	1.31	6.17	5.56
13. Rajasthan	1.45	1.89	1.23	1.50	0.45	0.02	3.25	0.65	1.66	4.43	3.22	6.96	9.81	13.56
14. Uttar Pradesh	1.38	1.02	0.17	0.34	1.81	1.42	5.60	3.20	3.27	3.14	3.26	4.00	14.11	12.10
15. West Bengal	0.65	0.20	0.20	0.02	0.30	—	0.58	0.06	0.55	0.79	5.09	2.56	6.72	3.43
16. Delhi	0.17	0.10	0.01	—	0.10	—	0.03	—	0.21	0.03	0.06	—	0.41	0.03
17. Manipur	1.01	0.03	—	—	—	—	—	—	—	0.05	—	—	—	0.05
18. Tripura	—	—	—	—	—	—	—	0.30	0.01	0.03	0.30	0.01	0.01	0.33
Total	17.69	14.11	11.15	12.06	10.34	5.37	29.84	20.34	17.66	27.06	33.23	37.40	102.22	102.23

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(Continued)

TABLE 1 (Continued)
Cottage Leather Industry
State-wise, Plan-wise, Year-wise Disbursements

(Rs. lakhs)

State	Total First & Second Plans		1961-62		1962-63		1963-64		Total Third Plan upto 1963-64		Grand Total upto 31-3-1964	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
1. Andhra	15.71	16.69	4.58	8.41	0.72	1.96	1.52	2.70	6.82	13.07	22.53	29.76
2. Assam	0.96	0.95	0.26	0.53	0.06	0.09	0.32	0.85	0.64	1.47	1.60	2.42
3. Bihar	4.88	5.14	1.37	1.05	0.97	1.13	0.90	1.41	3.24	3.59	8.12	8.73
4. Gujarat	30.24	27.52	0.64	0.79	1.72	3.18	1.76	0.04	4.12	8.01	42.44	50.21
5. Maharashtra			3.31	4.91	2.73	3.64	2.04	6.13	8.08	14.68		
6. Jammu and Kashmir	0.17	0.21	0.50	0.23	0.61	0.97	0.81	0.96	1.92	2.16	2.09	2.37
7. Kerala	0.77	1.08	0.12	0.44	0.15	0.47	0.42	1.11	0.69	2.02	1.46	3.10
8. Madhya Pradesh	5.57	6.22	3.82	5.82	1.26	1.17	1.92	3.49	7.00	10.48	12.57	16.70
9. Madras	11.69	10.36	3.91	5.68	1.87	5.50	1.04	1.23	6.82	12.41	18.51	22.77
10. Mysore	2.91	3.25	0.43	1.30	1.80	1.84	0.89	1.88	3.12	5.02	6.03	8.27
11. Orissa	5.46	6.09	0.69	2.00	0.20	1.01	0.72	1.86	1.61	4.87	7.07	10.96
12. Punjab	6.83	6.09	1.32	1.58	0.34	0.25	1.82	2.87	3.48	4.70	10.31	10.79
13. Rajasthan	11.26	15.45	1.63	2.80	0.87	3.03	1.00	1.88	3.50	7.71	14.76	23.16
14. Uttar Pradesh	15.49	13.12	2.32	2.13	0.31	0.59	1.20	0.98	3.83	3.70	19.32	16.82
15. West Bengal	7.37	3.63	1.15	1.42	2.64	2.16	1.09	1.61	4.88	5.19	12.25	8.82
16. Delhi	0.58	0.13	0.15	0.19	—	0.06	0.03	0.01	0.18	0.26	0.76	0.39
17. Manipur	0.01	0.08	—	—	—	—	—	—	—	—	0.01	0.08
18. Tripura	0.01	0.33	—	—	—	—	—	—	—	—	0.01	0.33
Total	119.91	116.34	26.20	39.28	16.25	27.05	17.48	33.01	59.93	99.34	179.84	215.68

(Continued)

tanning and leather industry during the First and Second Plans and for the three years of the Third Plan. It will be seen from the statement that the total disbursement in the First Plan was only of the order of Rs. 31.80 lakhs, whereas it was stepped up to Rs. 204.45 lakhs during the Second Plan or by nearly 7 times. During the three years of the Third Plan, the disbursements were of the order of Rs. 159.27 lakhs. It is estimated that, during the remaining two years of the Third Plan, the tempo of disbursements will be stepped up in view of a large number of initial difficulties having been surmounted. We are doubtful whether the total outlay will, however, reach the estimated figure of Rs. 5.38 crores at the end of the Third Plan. The pride of place in the development of the leather industry continues consistently to be occupied by Andhra Pradesh, Madhya Pradesh, Madras, Maharashtra, Punjab, Rajasthan and Uttar Pradesh.

Progress

1. Flaying

14.4 Flaying centres are set up at places where there are prospects of securing 100 big and 200 small carcasses annually. Each flaying centre is expected to provide employment for 2 to 5 persons depending upon the availability of the carcasses. In 1961-62, the Commission embarked, in accordance with the suggestion of the Village Industries Evaluation Committee, on an intensive flaying scheme, the object of which was to ensure proper flaying and intensified recovery of the components of carcasses such as tallows, bones, bone-meal, meat-meal, dicalcium phosphate etc., in places where about 600 big and 800 small carcasses per year were available. These intensive centres are expected to provide employment for about 12 to 15 workers per centre. In addition to the above, in order to provide flaying facilities to villages where centres cannot be established, the Commission recently introduced, on the suggestion of the Village Industries Evaluation Committee, the scheme of assistance for flaying platforms in villages with a mortality rate of more than 50 animals per year.

14.5 The development of flaying programme of the cottage leather industry is beset with certain difficulties. These are examined below.

- (i) **Social prejudices:** Flayers are generally looked down upon by the other sections of the rural community because they pursue an obnoxious profession and live in an unhygienic atmosphere. Because of the social prejudices, a large number of them in certain parts of the country have forsaken

their hereditary occupation. It is, therefore, necessary to bring about improvement in hygienic conditions and impress upon the community as a whole, by persuasion and propaganda, the useful role which the flayers have to play in the rural economy.

- (ii) **Location of flaying centres:** In view of the contempt with which the flaying industry is looked upon, sites for establishment of flaying centres are extremely difficult to get and, where they are obtainable, other necessary social overheads or, as is commonly understood in modern terminology, the infra-structure is not available.
- (iii) **Difficulties in obtaining carcasses:** In view of the prevalence of customary rights and religious taboos associated with the disposal of carcasses, regular and continuous supply of carcasses for flaying is a problem. The hereditary flayers flay the carcasses at or near the place of the death of the cattle and leave the other materials, with the result that, not only the atmosphere is made unhygienic, but valuable wealth is wasted. There is also a practice by which the carcasses are thrown away into the rivers or buried underground in deference to religious custom and sentiment. This results also in the deliberate destruction of valuable raw material for the flaying and the tanning industries.
- (iv) **Difficulties of communication:** Since the animals do not die in a concentrated area and since the carcass recovery or flaying centres have necessarily to be located at central places, the carcasses have sometimes to be transported over long distances. Besides, during certain parts of the year, some villages where the animals die are also inaccessible. Flaying has to be carried on within a short time after the animal dies in order to prevent putrefaction. All these factors are responsible for so many dead cattle just being left where they die. This results in tremendous under-utilization of the dead cattle wealth.

14.6 During the course of our tours and interviews we have had the benefit of discussing all these problems in some detail. In the light of these discussions, we would make the following suggestions for removing the difficulties mentioned above so that the flaying industry can be pursued with ease and without interruption.

- (i) The question of abolishing or buying over on a compensation basis the hereditary rights in regard to dead cattle and their carcasses by the panchayats, panchayat samitis and zilla parishads, which are the units of the local self-government should be vigorously pursued. We have noticed that

the response to this suggestion is already favourable. The hereditary rights may continue to vest only where the persons, in whom these hereditary rights vest, undertake the obligation of having the carcasses flayed properly and the other parts of the carcass utilised to the full extent directly or by sale to institutions which arrange for such flaying and utilisation of the other articles.

- (ii) Panchayats and panchayat samitis should arrange to have the carcasses flayed and the other parts of the body utilised properly by individual flayers and tanners or cooperative societies of such flayers and tanners and, where necessary, by licensing certain persons, to undertake these activities where flayers and tanners do not come forward or cooperative societies cannot be established.
- (iii) As in the case of the death of a human being, it must be made an obligation on the part of every cattle owner to report the death of his cattle to the nearest panchayat or panchayat samiti.
- (iv) It would be advantageous if jeeps with trailers or other vehicles for the purpose of transporting carcasses are made available by the Commission to the cooperative societies of tanners or registered institutions undertaking flaying and tanning activities or where, neither of these bodies is available, to panchayats. The economics of the proposal may be examined in detail, and if justified, assistance may be given for the sanction of jeeps.
- (v) The importance of proper methods of flaying and utilisation of the other parts of the carcasses cannot be over-emphasised. The Commission should undertake the responsibility of providing training facilities on a very wide scale through cooperatives, registered institutions and panchayat samitis for flayers and/or other people who are made responsible for, or take up the duties of, flaying and utilising the other parts of the carcass. Considering the very large number of villages and the needs of making arrangements for flaying at such a large number of places, as well as the paramount need to ensure the full utilisation of the carcass, it is necessary that this training programme should be given importance among the Commission's schemes for the development of this industry.

2. Tanning

14.7 The programme for the development of tanning includes the setting up of village model tanneries and cooperative

tanneries which are started because of the potentiality they offer for tanning a large number of hides at one place and of the possibilities of introducing modern methods of and improved equipment for tanning among the traditional artisans. Normally, the cooperative tannery is expected to provide tanning facilities for a group of 40 to 50 tanners and a village model tannery for about 12 to 18. The former requires about 450 hides per month and the latter about 100. As against assistance for groups of people, individuals are assisted to establish pits in their own work places. In order to cater to the requirements of the footwear industry for upper leather, assistance is also given for the establishment of a chrome tannery. Finally, in order to impart better finish and smoothness as well as uniformity to the tanned leather, retaining and finishing units are also being established. Such units help in the production of finished leather which can be used for all articles including footwear, other leather goods etc. In order to enable the proper supply of the raw materials for tanning i.e. hides, chemicals etc., and in order also to act as an avenue for the disposal of the finished leather, marketing depots with liberal assistance from the Commission have also been set up. The main difficulties in regard to tanning industry stem from the socio-economic conditions of the tanners. They are, in many cases, illiterate and, on account of lack of business acumen, spirit of adventure and entrepreneurial ability have been exploited without mercy by merchants and the middlemen. For the same reasons, they experience difficulties in getting hides and other tanning materials and are not able to dispose of their finished products because the trade offers certain facilities such as credit which, with their existing wherewithal, it is not possible for the tanners to give. The remedy for this situation lies in the establishment of cooperatives of tanners, their proper and timely supervision, the deputation of technical personnel to teach the tanners improved techniques of tanning and other aspects of leather technology and the education of the tanners in the possibilities of their allround development by accepting the principles of cooperative endeavour. We would also suggest that, as in the case of the flaying industry, wherever cooperatives of tanners cannot be formed, panchayats and panchayat samitis might make available service facilities such as construction of tanning pits, obtaining supplies of local raw materials from nearby forests and distributing them on a cost basis to the tanners etc. We are of the view that the tanning industry is capable of immense development with the patronage and, where necessary, aid from the units of local government.

14.8 An off-shoot of the tanning industry, is the manufacture of bye-products and full utilisation of the carcass for which several

schemes of assistance have been sanctioned by the Commission. These include, the setting up of bone crushing units, the supply of bone-digesters to the flaying centres, the manufacture of glue, bone-meal, bone manure, di-calcium phosphate and gelatines of technical and commercial grades. It is a matter of gratification that, in this industry, the efforts of the Commission have been directed towards ensuring that no part of the dead body of the animal is left unexploited. The indirect benefits to the flayer and tanner in the form of additional earnings and the incalculable benefit which these products give to agriculture are among the more important results of the scheme of full utilisation of the carcasses.

3. Leather Goods

14.9 As has been mentioned above the scheme for the development of this aspect of the cottage leather industry is of recent origin. The scheme provides for the grant of assistance to cobblers and shoemakers for manufacture of footwear, and for the setting up of units for the production of items of footwear. We are of the view that the persons engaged in the footwear industry should come within the fold of the Commission for the purpose of assistance for the pursuit of their profession. We consider that their organisation into cooperatives either of a producers' or of a service type will result in stepping up considerably their production and also in the marketing of finished goods. It has been estimated that only about 10 per cent of the entire population of the country is footwear-conscious. From this point of view, the possibilities of the development of the footwear industry and particularly, the organisation of the actual artisans are immense.

14.10 Table 2 indicates the production and sales during the First Plan, the Second Plan and for the three years of the Third Plan.

It will be seen from the table that the production has been steadily expanding from year to year and the sales have more or less kept pace with production. However, between the years 1960-61 and 1961-62, the figures of increase in production and sales appear to be abnormal. This may partly be due to the fact that many societies and institutions had not reported their production or the Commission did not obtain full information in the earlier years. At the same time, however, it can be concluded that the tempo of activity has particularly increased since 1961-62 consequent on

the removal of the difficulties which beset the industry in the initial stages.

Table 2
Production and Sales

Value: Rs. lakhs

Plan/Year	Production	Sales
1	2	3
First Plan		
1953-54	0.03	N.A.
1954-55	0.24	"
1955-56	0.89	"
Second Plan		
1956-57	3.56	"
1957-58	10.38	"
1958-59	14.47	"
1959-60	26.62	22.69
1960-61	35.50	28.16
Third Plan		
1961-62	91.17	131.15
1962-63	144.16	199.91
1963-64	175.36	220.04

Institutional Progress

14.11 As on 30 September 1963, out of 1305 units allotted, only 889 have been set up and 300 units are still under construction. Only 343 units or roughly 26 per cent are working satisfactorily and another 195 are working indifferently but can, with effort and attention, be made to work satisfactorily. This represents about another 15 per cent of the total number of units allotted. It has been explained that the time-lag in the establishment of these units varies from 12 to 24 months. Part of this long period may be accounted for by the tardiness in the allotment of funds. The organisational changes in the disbursement of funds to State Boards, which are contemplated by the Commission and to which we have made reference in Chapter III, would take care of this aspect. The other reasons for this time-lag which relate to the difficulty of obtaining carcasses, location of sites for flaying centres, etc. have already been analysed and discussed in para 14.5 above. A third major contributor to this time-lag is the lack of technical personnel. We have emphasised in para 14.7 above, the need for provision of technical training and assistance to the cooperatives and the insti-

tutions of tanners. We, therefore, expect that with the removal of these difficulties, it will be possible for the leather industry to render a better account of itself in future. In this connection, we must refer to the role of the Leather Advisory Committee, which has been specially appointed by the Commission to look into all aspects of the leather industry programme and to advise the Commission on the implementation of the schemes. The Committee was very much concerned about the slow progress in the organisation of cooperatives and the time-lag in the setting up of the units of production. The position of the large number of units which have been closed down also engaged the attention of the Committee. At the instance of the Committee, a team of economic investigators went into the figures of production as well as employment and working of the institutions. This study has revealed that during the last 2 or 3 years, there has been a stepping up in the rate of production and in the general progress of the institutions.

Training, Research and Employment

14.12 Upto 1962-63, 734 persons have been trained in tanning and 1,420 persons in flaying. Considering the size of the industry and the large number of persons employed in it, the training programme is like a drop in the ocean. We must therefore reiterate what we have said in para 14.6 about the Commission undertaking more direct responsibility for the provision of training facilities on as wide and extensive a scale as possible in order to cover at least a small percentage of the total number of persons who pursue the industries of flaying, tanning and leather working.

14.13 In 1963-64, the units which were assisted by the Commission are reported to have given full-time employment to 9,405 persons, part-time employment to 4,778 persons and casual employment to 2,009 persons. From this it will be seen that about 16,000 persons have been employed fully, partially or casually in the industry. During this year, the disbursements in the industry were Rs. 50.49 lakhs. The total wages paid to them are reported to be Rs. 24.33 lakhs.

Fourth Plan

14.14 During the Fourth Plan, the Commission proposes to continue the intensive development of this industry. Its broad facets include the intensive development of a few selected districts, improvement in the quality of village products and the improvement in the earnings of the artisans, intensive and extensive training of personnel at various levels and the increase in the coverage of the Commission's programme for the cottage leather industry

from 11 to 30 per cent. The outlay proposed by the Commission on these various facets is shown year-wise in table 3.

14.15 We are making a few suggestions in regard to the future development of this industry. In the light of these suggestions, while we approve the allocation for an intensive development and the training programme, we doubt the need or the capacity for such a large outlay as Rs. 4.10 crores in regard to the expansion programme. We would, therefore, suggest that a modest and a realisable target of total expenditure for the leather industry in the Fourth Plan would be about Rs. 6 crores.

Suggestions

14.16 We would like to make the following suggestions in regard to the future of this industry:

- (i) We would invite attention to the suggestions in regard to the difficulties for conducting the flaying and tanning industry vide paras 14.6 and 14.7. We would request the Commission to pay special attention to the removal of the difficulties and the implementation of the suggestions made above.
- (ii) The time-lag in the establishment of the units, the indifferent working of nearly 22 per cent of the units set up and the fact that nearly 34 per cent of the units have been closed down, compel us to suggest to the Commission that special attention should be paid to the removal of the bottlenecks in the starting of the productive efforts of the units, the revival, by providing necessary technical assistance, of the units which are stagnant and the consolidation of the present position.
- (iii) Though we have not made or arranged to conduct any analysis of the ratio between the installed and the utilised capacity of the units which have been set up in this industry, we have reason to believe that there is considerable under-utilization of the installed capacity of the various units, particularly in the flaying sector. In regard to the tanning industry, the utilisation is reported to be nearly 75 to 80 per cent in the units taken for special development and in the model tanneries. If however, the entire sector including the units that have not been set up is taken into consideration, the under-utilisation is very heavy. While this under-utilisation may be due partially to the difficulties which we have mentioned above, the Commission should undertake case studies of units where the under-utilisation

TABLE 3

Estimated Outlay During the Fourth Five Year Plan

(Rs. lakhs)

Item	1966-67	1967-68	1968-69	1969-70	1970-71	Total
1. Expansion programme	68.75	74.51	81.27	89.00	96.84	410.37
2. Intensive development programme	61.53	61.53	61.53	61.53	61.53	307.65
3. Training and research programme	8.11	6.54	6.63	6.72	6.81	34.81
4. Establishment	6.50	7.50	8.50	9.50	10.50	42.50
Total	144.89	150.08	157.93	166.75	175.68	795.33

is 50 per cent or more and determine what, if any, are the difficulties which prevent the fuller utilisation of the installed capacity in each case. It is because of this that we have suggested drastic curtailment in the expansion programme in the Fourth Plan. We are of the view that the yield of the finished products would not depend as much on the setting up of additional units as on intensifying activities and the fuller utilisation of the existing units.

- (iv) This is one industry where we have observed to our gratification, that there is no sharp difference between the levels of technology in the industry as pursued by the small-scale sector and by the village sector. Therefore, improved hand-tools have been taken to very kindly in the flaying industry and improved equipment has been absorbed with a fair amount of avidity by the traditional artisans. Improved pits, flaying platforms, retanning units, have also been popular. All these would tend to the conclusion that, in spite of their economic conditions, the capacity of absorption of technological improvements among the artisans is of a high order. We would, therefore, suggest that the Commission should capitalise on this favourable aspect and motivate their programme of development accordingly. We would also like to suggest in this connection the expansion in the content of training as well as in the selection of the artisans so that the artisans who are pursuing this industry become progressively capable of managing not only the routine and the semi-technical aspects of the industry but also the new and improved techniques which are being developed. The Commission should pay special attention to the training of the artisans in the industry so that they can share in the management and conduct of these industries.
- (v) The assistance for the establishment of marketing depots is given by the Commission to institutions and co-operatives. However, as activities of the marketing depots will necessarily relate not to one institution or cooperative society, but cover the transactions of a number of them, it is desirable if marketing depots are allotted to functional federations of the artisans engaged in the leather working industry or to the State Boards.

CHAPTER XV

HANDMADE PAPER INDUSTRY

The per capita consumption of paper in India was 0.8 kg. in 1960-61. The total consumption of paper in India is about 3.5 lakh tons. This is expected to rise at the end of the Third Plan to about 7 lakh tons. The handmade paper industry constitutes only 0.5 per cent of the paper industry as a whole. However, the Commission has covered almost the entire field of the handmade paper industry by bringing all traditional kagazis under its programme. In view of the potential increase in consumption of paper as a result of advancement in literacy, there is vast scope for the development of the handmade paper industry.

15.2 The development programme of the handmade paper industry has the following facets:

- a) Establishment of production units of different types such as:
 - i) medium units with a total expenditure of about Rs. 60,000, an expected annual production of 10 to 12 tons of high grade paper and an employment potential of 10 to 12 persons,
 - ii) small units with an investment of about Rs. 35,000, an expected production of about 10 tons and an employment potential of about 15 persons,
 - iii) home units with an investment of Rs. 7,500, an annual production of about 2 to 3 tons and providing employment for 5 to 7 persons and
 - iv) school units with an annual production capacity of paper worth about Rs. 2,000 intended mostly where handmade paper-making is taught as a craft in schools; and
- b) Technical development through training and research.

15.3 In addition to the above programmes, assistance for capital formation in the case of cooperative societies and registered institutions and working capital for production and marketing are also given. Finally, assistance is granted towards the management costs of cooperative societies on a graded scale. There is also a proposal for the grant of a subsidy in the initial stages to institutions undertaking the manufacture of high grade paper.

15.4 For the purchase of equipment such as pulp-beaters, calendering and pressing machines etc. and for construction of buildings, assistance is also given. We have separately recommended in Chapter V that assistance for construction of buildings should be given subject to certain conditions. We are also of the view that assistance for the introduction of improved equipment which has already been taken to by the industry, should be in the form of a loan. We would commend these recommendations for acceptance in the handmade paper industry.

Progress

15.5 Table 1 shows the State-wise disbursements for the handmade paper industry as at the end of the First Plan and for every year thereafter upto 1963-64. It will be seen from this statement that, whereas during the First Plan period, the disbursements totalled only Rs. 12.34 lakhs, they rose to Rs. 101.78 lakhs as at the end of the Second Plan. During the first three years of the Third Plan, the disbursement amounted to Rs. 86.95 lakhs. It will be seen that, during the first three years of the Third Plan itself, nearly 87 per cent of the total disbursements of the Second Plan has been attained. The year-wise details of disbursement, however, indicate that there is actually a fall in the disbursement during the two years 1962-63 and 1963-64, when it was Rs. 24.38 lakhs and Rs. 20.30 lakhs respectively compared to Rs. 42.27 lakhs in 1961-62. The reason is, that emphasis was placed more on the consolidation of the work already done and less on the expansion programme. The Third Plan for the handmade paper industry has estimated an outlay of Rs. 1.20 crores. We are of the view that if the present tempo of disbursement and activity continue, the outlay estimated would be required. The handmade paper industry is not dispersed uniformly in all the States and, therefore, the largest disbursements have been in Andhra, Bombay (Gujarat and Maharashtra), Madras and Kerala. An analysis of the scheme-wise figures reveals that the largest amounts of disbursements are for the setting up of production centres and for working capital.

15.6 There are 276 institutions as on 31 March 1964 which have been entrusted with the development of the handmade paper industry. Of these, 148 are registered institutions and 89 are co-operative societies assisted directly by the Commission or the State Boards, 27 Government departments and 10 are institutions which, though not financially assisted by the Commission, are recognised as handmade paper units for technical assistance and recommended for grant of excise exemption. Out of these 276 units, only

TABLE 1
Handmade Paper Industry
State-wise, Plan-wise, Year-wise Disbursements

(Rs. lakhs)

State	First Plan		1956-57		1957-58		1958-59		1959-60		1960-61		Total Second Plan	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
1. Andhra	0.52	0.78	0.52	0.75	0.37	0.27	0.70	0.15	0.83	2.14	1.99	2.25	4.41	5.56
2. Assam	0.01	—	0.32	0.30	0.07	0.08	0.38	0.46	0.02	—	0.65	0.55	1.44	1.39
3. Bihar	0.14	0.15	0.16	0.15	0.19	0.15	0.90	0.66	0.10	0.94	1.58	1.90	2.93	3.80
4. Gujarat	2.50	2.15	1.50	2.29	1.93	2.45	2.77	2.52	0.77	0.81	2.24	2.53	13.65	16.19
5. Maharashtra									2.58	3.35	1.86	2.24		
6. Jammu & Kashmir	0.01	—	0.15	0.15	0.12	0.12	—	—	—	—	—	—	0.27	0.27
7. Kerala	0.09	0.13	0.46	0.65	0.46	0.56	1.43	0.92	0.48	1.08	0.63	0.74	3.46	3.95
8. Madhya Pradesh	0.09	0.39	0.15	0.23	0.19	0.15	1.14	1.14	—	0.04	0.16	0.16	1.64	1.72
9. Madras	0.23	0.40	0.23	0.32	0.99	1.25	1.84	0.71	0.60	1.88	1.73	1.59	5.40	5.75
10. Mysore	—	—	—	—	0.41	0.37	1.06	1.07	0.62	0.06	0.92	0.94	3.01	3.04
11. Orissa	0.07	—	0.19	0.15	0.30	0.23	0.30	0.39	0.08	0.08	0.54	0.25	1.41	1.10
12. Punjab	0.29	0.79	0.21	0.30	0.30	0.22	0.22	0.26	0.24	0.47	0.57	0.21	1.65	1.46
13. Rajasthan	1.22	1.19	0.01	0.50	0.27	0.28	0.30	0.65	0.15	0.50	0.10	0.65	1.03	2.58
14. Uttar Pradesh	0.37	0.40	0.03	—	0.53	0.68	0.86	0.52	1.02	2.03	0.41	0.53	2.86	3.76
15. West Bengal	0.27	0.14	0.04	—	0.58	0.79	1.05	0.58	0.49	1.10	1.14	1.50	3.30	3.97
16. Delhi	—	—	0.02	—	—	—	—	—	—	—	—	—	0.02	—
17. Manipur	—	—	—	—	—	—	—	—	—	0.10	—	—	—	0.10
18. Tripura	0.01	—	—	—	—	—	—	—	—	—	—	—	—	—
19. Himachal Pradesh	—	—	—	—	—	—	—	—	—	—	—	—	—	—
20. Pondicherry	—	—	—	—	—	—	0.15	0.15	0.13	0.19	0.03	0.02	0.30	0.36
21. Nagaland	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	5.82	6.52	4.00	5.79	6.71	7.60	13.41	10.18	8.11	15.37	14.55	10.06	46.78	55.00

(Continued)

TABLE 1 (Continued)
Handmade Paper Industry

(Rs. lakhs)

State	Total First & Second Plans		1961-62		1962-63		1963-64		Total Third Plan upto 1963-64		Grand Total	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
	1. Andhra	4.93	6.34	0.57	0.55	0.27	0.44	1.14	1.72	1.98	2.71	6.91	9.05
2. Assam	1.45	1.39	0.90	1.00	0.08	0.15	—	—	0.98	1.15	2.43	2.54
3. Bihar	3.07	3.95	1.44	1.03	0.41	0.74	0.12	0.66	1.97	2.43	5.04	6.38
4. Gujarat	16.15	18.34	0.08	0.37	0.11	2.48	0.34	1.24	0.53	4.09	23.88	30.72
5. Maharashtra			3.13	2.38	2.57	4.08	1.50	1.83	7.20	8.29		
6. Jammu and Kashmir	0.28	0.27	0.63	0.66	0.09	0.97	0.41	0.25	1.13	1.88	1.41	2.15
7. Kerala	3.55	4.08	1.99	3.29	0.13	0.26	0.94	1.85	3.06	5.40	6.61	9.48
8. Madhya Pradesh	1.73	2.11	1.65	2.14	0.09	0.41	0.57	1.08	2.31	3.63	4.04	5.74
9. Madras	5.62	6.15	0.21	0.39	0.49	1.72	1.25	1.51	1.95	3.62	7.57	9.77
10. Mysore	3.01	3.04	2.23	2.66	0.37	0.57	0.43	0.53	3.03	3.76	6.04	6.80
11. Orissa	1.48	1.10	0.43	0.67	0.68	1.54	0.02	—	1.13	2.21	2.61	3.31
12. Punjab	1.94	2.25	1.25	1.62	0.03	0.42	0.34	0.70	1.62	2.74	3.56	4.99
13. Rajasthan	2.25	3.77	0.86	2.01	0.13	1.33	0.05	—	1.04	3.34	3.29	7.11
14. Uttar Pradesh	3.22	4.16	1.71	4.20	0.26	0.65	0.71	1.05	2.68	5.90	5.90	10.06
15. West Bengal	3.57	4.11	0.92	1.12	0.56	1.21	0.05	—	1.53	2.33	5.10	6.44
16. Delhi	0.02	—	—	—	—	—	—	—	—	—	0.02	—
17. Manipur	—	0.10	—	0.17	—	—	—	—	—	0.17	—	0.27
18. Tripura	0.01	—	—	—	0.02	0.02	—	—	0.02	0.02	0.03	0.02
19. Himachal Pradesh	—	—	—	—	0.04	0.06	—	—	0.04	0.06	0.04	0.06
20. Pondicherry	0.31	0.36	0.01	—	0.17	0.67	0.01	—	0.19	0.67	0.50	1.03
21. Nagaland	—	—	—	—	0.08	0.08	—	—	0.08	0.08	0.08	0.08
Total	52.59	61.52	18.01	24.26	6.58	17.80	7.88	12.42	32.47	54.88	85.06	116.00

167 have been set up and 49 are under construction. Fifty of these units are working satisfactorily and 76 are at present working indifferently, but can be made to work satisfactorily with some effort and attention. Twelve units out of these have been closed down and there are another 20 units, the working of which is so bad that they cannot be set right. Four of these units have returned the funds. An analysis of these figures will reveal that only 60 per cent of the units allotted have been set up and that less than 20 per cent of those units actually allotted are working satisfactorily. The need to take special measures for a more expeditious setting up of the units, for the improvement of the units with a view to making them work satisfactorily and for disposing of the assets of those institutions whose working cannot be set right cannot be over-emphasised. The time-lag involved between the sanction of a unit and its being set up is 12 to 18 months and it takes another 12 to 24 months before the unit actually starts production. During all these periods, capital of a recurring and non-recurring nature is blocked up. It is, therefore, necessary that the development of this industry should proceed on a planned basis. The Commission should also ensure that the other ancillary steps required before the units are set up, such as acquisition of sites for building, release of controlled commodities, availability of fibrous raw materials are all taken care of even before the units are allotted rather than attempting to take care of them after the units are actually allotted. In this connection, we are happy to know that the Directorate of Handmade Paper Industry is now exercising a certain amount of vigilant control over these units in order that the unpleasant experience of the past is not repeated.

Production and Sale

15.7 Table 2 indicates the production and sales of handmade paper during the Second Plan and the three years of the Third Plan.

Table 2 Quantity Metric tonnes
Value: Rs. Lakhs

Year	Production		Sales	
	Quantity	Value	Quantity	Value
1956-57	722.19	16.25	N. A.	5.54
1957-58	853.83	15.65	772.53	14.78
1958-59	1138.42	21.16	1017.99	20.72
1959-60	1055.92	23.58	877.88	22.40
1960-61	1271.50	24.23	1000.85	20.67
1961-62	1368.98	23.99	1101.83	20.66
1962-63	1510.18	30.96	1290.72	26.23
1963-64	1604.00	31.94	1557.00	29.09

N.A.: Not Available.

It will be seen from the table that there has been a steady rise in production and sales have also kept consistent pace with production. This shows that, apart from pockets of accumulation of handmade paper, which also may be of a seasonal character, by and large, the production has not been of that order as to cause any marketing difficulties. In this connection, we must compliment the Commission on granting facilities for the marketing of handmade paper. A large part of the non-standard varieties of utility paper is purchased out of a sense of loyalty than a recognition of quality by the Commission, the State Boards and the registered institutions. The assistance of the Commission has particularly gone out to the institutions in their initial stages where production is low in quality. However, as a long-term measure, the Commission must insist on the development of quality standards so that it may not be necessary for such artificial forms of assistance to be continued for all time to come. As regards paper of standard specifications, we are happy to know that the Commission has been able to woo the Government in favour of accepting these against the requirements of the Government departments. We have no doubt that the continued patronage of the Government and the continued efforts of the Commission to obtain the patronage will be more and more necessary and would be forthcoming as the handmade paper industry expands.

15.8 As regards the supply to the open market, particularly of high-grade paper, the market is necessarily limited but not saturated. But various bhavans, bhandars and other selling agencies of the Commission, State Boards and institutions and trade channels are constantly on the look out for such demand in order to spot it out and fulfil it.

Improvements in Technique and Equipment

15.9 The improvements in this industry relate to the exploration of new materials, the possibilities of more economic exploitation of the existing raw materials, the improvements in the technique of rag-cutting, pulp-beating, lifting and calendering, glazing and drying and improvements in equipment for the different processes with a view not only to making the processes themselves more simple and less time-consuming, but also more economical. Almost the entire equipment that is required in the handmade paper industry can be locally manufactured and fabricated and there have been no instances of delays in the setting up of the units on account of this difficulty. There is still scope for the continuance of the improvements with a view to increasing productivity and competitive strength. The overall productivity per person as a result of the technical

improvements effected is reported to have increased from about 0.65 kg. per day to about 2 kg. per day. We believe that it will be possible, with more efforts to step up even this overall productivity.

Training and Employment

15.10 There are 4 types of courses i.e. higher, operative, artisans and the teachers. Since the commencement of the Second Plan, 76 higher grade operatives, 164 operatives, 890 artisans and 129 teachers have been trained. Most of the persons who have been trained are either artisans who are pursuing the industry or operatives and supervisors employed in or to be employed in the industry. There has, therefore, been no wastage of training facilities. It has, however, been pointed out that suitable candidates are not attracted to the training because of better prospects elsewhere. We are surprised to see this comment particularly in the light of the large number of units which have still to be set up, the appreciable number of units which are still to be improved and the possibility of giving continuous employment to the trained persons both in setting up of these units and their improvement. We would suggest that the Commission should look into this aspect of the question. We surmise that there might even be a need for expansion of the training facilities.

15.11 During 1963-64, the handmade paper industry programme covered by the Commission gave full-time employment to 3,585 persons, part-time employment to 935 and casual employment to 167 persons.

Fourth Plan

15.12 The Commission's programme for the development of this industry during the Fourth Plan consists in the consolidation and revitalisation of the units which are still to be set up and which are not working satisfactorily and side by side a cautious expansion. As on 31 March 1964, of the 276 centres allotted, 12 centres have been closed down and in respect of another 24 centres which were numbers of centres allotted is 240 of which 146 are being put to work. By the end of the Third Plan the corresponding number are expected to rise to 260 and 186. The gap between the total number of centres allotted and the centres put into working is expected to be periodically reduced with the vigilance to be exercised by the not started at all, recoveries are recommended. Thus the effective Commission. At the end of the Fourth Plan, it is expected that the total number of allotted units will be 310 out of which 280 will be

put to work. What is significant, is not so much the rise in the total number of centres proposed to be allotted, as in the size of the effort to revitalise the institutions and see that as large a number of them are in working condition as possible. The total additional outlay is expected to be of the order of only Rs. 63.75 lakhs and the production is expected to be stepped up from 1604 tonnes in 1963-64 to 4,100 tonnes in 1970-71. The production of high-grade paper is intended to be increased from 242.5 tonnes as in March 1964 to 600 tonnes by the end of the Third Plan, and to 2,000 tonnes by the end of the Fourth, the values being Rs. 12.92 lakhs, Rs. 36 lakhs and Rs. 120 lakhs respectively. The production of the other grades of paper, the development of which is not expected to be taken up in a concentrated manner, is expected to rise from 1361.5 tonnes in March 1964 to 1900 tonnes by the end of the Third Plan and 2100 tonnes by the end of the Fourth Plan, the corresponding values being Rs. 19.02 lakhs, Rs. 56 lakhs and Rs. 63 lakhs respectively. The size of the employment is expected to increase from 4,687 as in March 1964 to 8,700 by the end of the Fourth Plan. It will be noticed that, by and large, there is an emphasis on stepping up considerably the production of high-grade paper as it should be. We believe that the financial outlay and physical targets planned by the Commission for the Fourth Plan are within the realm of possibility.

15.13 We would like to make the following suggestions in regard to the development programme of this industry.

Suggestions

- i) Excepting in the case of home and school units, the investment per unit is Rs. 35,000 and more in this industry. Unlike some other village industries, the hand-made paper industry cannot be said to be employment-oriented or capital-saving. The employment it will provide to all types, casual, part-time and full-time, is expected to be about 6,000 at the end of the Third Plan for a total outlay of Rs. 2 crores or roughly Rs. 3,300 per capita. Considering the size of this investment and the fact that it is neither employment-oriented nor capital-saving, the improvement in technology and productivity should be maximised in order that the return for the investment may also be maximised. We do not know in what direction this improvement in technology and productivity can take place and we would, there-

fore, suggest that this may be the subject of a special study by a group of experts.

- ii) There has been some sort of reluctance among the kagazis to adopt improved methods of production. Sustained efforts are required of the Commission to impress upon the minds of the traditional artisans that, unless they take advantage of these improvements and technology, it will be very difficult for the industry itself to survive, in view of the fact that employment offered in this industry is fairly inconsequential.
- iii) The merit of the handmade paper industry is its ability and adaptability for production of different varieties of high-grade paper. The Commission is, therefore right in concentrating on the development of high-grade paper during the Fourth Plan. With this expansion of production in high-grade paper, it should be possible for the requirements of the country to be met almost entirely by indigenous production. We would, in those circumstances, urge upon the Government to progressively ban the import of high-grade paper.
- iv) In view of the fact that the traditional craftsmen have been continuing the manufacture of common utility and other grades of handmade paper against several odds, we consider that it is the duty of the Commission to come to their rescue by effecting improvements in the production of common utility paper, helping the artisans in marketing such handmade paper and in exploiting by all means the possibilities for the expansion of production in these grades.

CHAPTER XVI

MANUFACTURE OF CANEGUR AND KHANDSARI INDUSTRY

During 1960-61, the total production of sugarcane in terms of gur in the country was 8 million tons and the estimate at the end of the Third Plan is 10 million tons. Sugarcane is used both for the manufacture of sugar and gur and khandsari. More than 60 per cent of the sugarcane is used in the production of gur and only the balance for sugar. The total per capita consumption of sugar and gur during 1960-61 and 1961-62 was 37 lbs. per annum out of which sugar accounted for 14.5 lbs. and gur for 22.5 lbs. The gur industry provides employment for about 2 million people for about 3 to 6 months in a year. The importance of the gur industry would, therefore, be obvious from the above figures. The Commission's programme covers only about 5 per cent of the gur industry. The lee-way to be made by the Commission before it can be said to have any impact on the industry will also be obvious.

16.2 The development of the canegur and khandsari industry within the purview of the Commission comprises of the following aspects:

- i) Introduction and supply of improved implements such as crushers, (bullock-driven or power-driven) centrifugals and the gradual replacement of the traditional kolhus by improved ones giving an extraction of 65 to 68 per cent;
- ii) Introduction of cheap and efficient juice clarificants for the purpose of improving the quality of the products;
- iii) Organiation of gur production units of different capacities such as 400 and 800 Bengali Maunds of crushing cane per day of 16 hours (This has been recently suggested by the Patterns Committee of the Commission.);
- iv) Training of cane growers in improved techniques of gur production and use of improved implements as well as training of organisers, demonstrators, mechanics and honorary workers; and
- v) Construction of godowns for storing sugar, cane and gur.

In addition, working capital loans and loans for capital assistance for registered institutions and cooperatives are also given.

16.3 The organisation of the gur and khandsari industry under the Commission has recently been stream-lined and divided into two aspects — first, the follow-up programme and the second, the extension programme. The follow-up programme consists of inspection of the units to ensure that modern techniques and modern implements are used. For each group of 30 to 40 bullock-driven crushers, a gur guide is appointed and for each group of 20 power-driven crushers a demonstrator. The extension programme consists in broadcasting the new techniques to the traditional gur and khandsari makers and includes organizing cooperative societies of gur and khandsari makers, the adoption of improved crushers and offering technical guidance to persons engaged in the industry. Under this extension programme, in each development centre one demonstrator is appointed and for a group of two development centres, a juice boiler, which is a seasonal appointment for 5 or 6 months. To supervise the work of a group of 6 gur demonstrators, a gur development inspector is also appointed. Mechanical and engineering staff with a view to servicing the equipment are also appointed.

16.4 Table 1 shows State-wise disbursements in this industry during the First Plan and for every year thereafter till the year 1963-64. It will be seen that whereas during the First Plan, only an amount of Rs. 0.90 lakhs was disbursed, during the Second Plan, the disbursement was stepped up to Rs. 146.02 lakhs (grants Rs. 66.10 lakhs and loans Rs. 79.92 lakhs). During the first three years of the Third Plan, the total amount of disbursement was Rs. 138.40 lakhs (grants Rs. 54.58 lakhs and loans Rs. 83.82 lakhs). During the first three years of the Third Plan, an amount almost equal to that disbursed during the entire Second Plan period has been disbursed. The estimated outlay for the gur and khandsari during the Third Plan is Rs. 283.31 lakhs (Rs. 47.05 lakhs grants and Rs. 236.26 lakh loans). Judging from the tempo of expenditure and activity, we believe that the estimated outlay will be utilized.

16.5 From the point of view of quantity of gur produced, the States may broadly be divided into four division consisting of Uttar Pradesh having the largest production of gur; the second, Andhra Pradesh, Maharashtra and Punjab; the third, Assam Bihar, Gujarat, Madras, Madhya Pradesh, Mysore, Orissa, Rajasthan, West Bengal; and the fourth, Kerala and Jammu and Kashmir. Disbursements till 1963-64, have been the largest in Andhra Pradesh (Rs. 38.89 lakhs) Uttar Pradesh (Rs. 35.69 lakhs), Bihar (Rs. 22.11

TABLE 1
Manufacture of Canegur and Khandsari Industry
State-wise, Year-wise and Plan-wise Disbursements

(Rs. lakhs)

State	First Plan		1956-57		1957-58		1958-59		1959-60		1960-61		Total Second Plan	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
1. Andhra	—	—	—	—	2.01	1.09	1.99	0.85	2.02	2.93	3.15	5.31	9.17	10.18
2. Assam	—	—	—	—	0.77	0.57	0.38	0.16	0.20	—	1.09	1.57	2.44	2.30
3. Bihar	—	—	—	0.29	0.82	0.57	1.25	1.53	1.15	3.60	1.20	1.75	4.41	7.74
4. Gujarat	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5. Maharashtra	—	—	0.04	0.70	1.62	1.19	2.76	3.20	0.21	0.54	1.33	2.65	11.80	13.97
6. Jammu & Kashmir	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7. Kerala	—	—	—	—	0.08	0.05	0.08	0.36	1.20	1.36	0.43	0.48	1.79	2.25
8. Madhya Pradesh	0.05	—	0.02	0.10	0.77	0.57	0.95	0.30	0.37	0.69	1.28	1.76	3.39	3.42
9. Madras	0.05	—	—	—	1.89	0.57	0.96	0.70	1.41	1.54	1.22	1.42	5.48	4.23
10. Mysore	—	—	—	0.25	0.77	0.57	0.87	0.88	0.97	1.54	1.33	2.08	3.94	5.32
11. Orissa	0.20	—	0.08	0.40	0.77	0.56	0.77	0.85	0.61	2.48	1.20	2.12	3.43	6.41
12. Punjab	0.05	—	—	0.10	1.36	1.09	0.20	0.53	0.99	0.51	1.42	1.95	3.97	4.18
13. Rajasthan	0.05	—	0.02	0.30	0.89	1.55	0.29	0.12	0.91	1.31	1.32	2.02	3.43	6.30
14. Uttar Pradesh	0.35	0.10	0.06	1.80	1.89	1.61	3.04	1.73	2.13	3.21	2.48	1.82	9.60	10.17
15. West Bengal	0.05	—	0.02	0.35	0.77	0.57	0.80	0.81	0.56	0.41	0.96	1.02	3.11	3.16
16. Delhi	—	—	—	—	—	—	—	—	0.01	0.13	0.13	0.11	0.14	0.24
17. Tripura	—	—	—	—	—	—	—	—	—	—	—	0.05	—	0.05
Total	0.80	0.10	0.24	4.29	14.40	10.56	14.34	12.11	15.35	22.94	21.77	30.02	66.10	79.92

(Continued)

TABLE 1 (Continued)
Manufacture of Canegur and Khandsari Industry
State-wise, Year-wise and Plan-wise Disbursements

(Rs. lakhs)

State	Total First & Second Plans		1961-62		1962-63		1963-64		Third Plan upto 63-64		Grand Total	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
1. Andhra	9.17	10.18	1.76	4.58	2.91	4.23	2.58	3.48	7.25	12.29	16.42	22.47
2. Assam	2.44	2.30	0.97	0.94	0.32	0.52	—	1.35	1.29	2.81	3.73	5.11
3. Bihar	4.41	7.74	1.47	2.03	1.33	1.37	1.60	2.16	4.40	5.56	8.81	13.30
4. Gujarat	11.80	13.97	1.11	1.20	0.51	2.21	1.25	1.73	2.87	5.14	19.83	27.22
5. Maharashtra			1.72	3.63	1.75	2.84	1.69	1.64	5.16	8.11		
6. Jammu and Kashmir	—	—	0.06	—	0.06	—	0.02	—	0.14	—	0.14	—
7. Kerala	1.79	2.25	0.47	0.45	0.51	0.89	0.57	1.11	1.55	2.45	3.34	4.70
8. Madhya Pradesh	3.44	3.42	1.56	2.33	1.34	2.33	1.70	3.49	4.60	8.15	8.04	11.57
9. Madras	5.53	4.23	1.09	0.84	1.34	0.49	1.50	1.25	3.93	2.58	9.46	6.81
10. Mysore	3.94	5.32	1.03	1.34	1.07	2.21	1.15	1.29	3.25	4.84	7.19	10.16
11. Orissa	3.63	6.41	1.71	2.30	1.48	2.22	1.48	4.75	4.67	9.27	8.30	15.68
12. Punjab	4.02	4.18	0.67	0.97	1.28	1.50	1.51	1.84	3.46	4.31	7.48	8.49
13. Rajasthan	3.48	6.30	1.01	1.18	0.59	0.87	1.55	2.68	3.15	4.73	6.63	11.03
14. Uttar Pradesh	9.95	10.37	3.32	6.86	0.58	1.75	2.02	0.94	5.92	9.55	15.87	19.82
15. West Bengal	3.16	3.16	0.72	0.67	1.14	1.69	0.91	1.52	2.77	3.88	5.93	7.04
16. Delhi	0.14	0.24	—	—	0.09	0.02	0.08	—	0.17	0.02	0.31	0.26
17. Tripura	—	0.05	—	0.10	—	0.03	—	—	—	0.13	—	0.18
Total	66.90	80.02	18.67	29.42	16.30	25.17	19.61	29.23	54.58	83.82	121.48	163.84

lakhs), Orissa (Rs. 23.98 lakhs), Bombay (Gujarat and Maharashtra) (Rs. 47.05 lakhs), Madhya Pradesh (Rs. 19.61 lakhs) and Madras (Rs. 16.27 lakhs).

16.6 As on 30 September 1963, there were 14 registered institutions and 72 cooperative societies directly assisted by the Commission and 43 registered institutions and 67 cooperative societies assisted through the State Boards. The cooperatives include the multi-purpose cooperative societies and can be divided broadly into service-type and production units. While the service-types, we are informed, are working generally satisfactorily, though they get work for a portion of the year, the production units in the cooperative sector are, by and large, working unsatisfactorily because of the inherent defects in the cooperative societies to which reference has been made in Chapter IX and because the societies are not given managerial subsidy or because the financial assistance offered by the Commission was not adequate.

16.7 It has been reported to us that there is a considerable time-lag between the sanction of the funds for the units and the actual starting of the work. As much as 6 months of this lag is, in some cases, accounted for by the delay in disbursement of funds. This is disappointing. The steps now taken by the Commission for sanctioning an imprest to the State Boards and to the institutions would perhaps ensure the avoidance of delay in future. It is also reported that institutions and societies take another 6 months before they actually set up the units. Another difficulty is that, as the production of gur is seasonal, very often the units do not commence production in the season in which they are set up, but actually start work only next season. We are of the view that a careful examination of the factors which prevent the units from going into production is necessary so that the delays at any stage such as release of the funds, supply and purchase of equipment, construction of godowns etc. and the actual starting are avoided.

Production and Sales

16.8 Table 2 gives figures of the production of gur and khandasari for the last four years. Information in respect of the previous years is not available.

Table 2

Production

(lakh quintals)

Year	Gur	Khandsari	Rab	Molasses
1959-60	14.73	0.26	0.38	0.09
1960-61	11.96	0.33	1.19	0.42
1961-62	13.61	0.26	0.72	0.02
1962-63	15.66	0.54	N. A.	N. A.

NB: The entire product of the industry is normally sold within a year, only insignificant stocks being carried over.

N.A. : Not Available.

16.9 In addition to the production of gur and khandsari, large quantities of molasses are also recovered which fetch some value. We have, however, not been able to get the figures of the value of the gur and khandsari. In this connection, we must refer to the fact that of the 28,506 units allotted as on 31 March 1964, only 17,333 units have actually been set up. This means that roughly 40 per cent of the total units that have been allotted have not been set up. The effect of this deficiency in the organisation on the production and sale of gur and khandsari is too obvious to need any comment. We would, therefore, urge upon the Commission and the Government that as the production in this village industry meets an essential requirement of food, all delays and bottle-necks in production should be removed.

Training and Employment

16.10 Both artisans and supervisory staff such as organizers, demonstrators, supervisors are trained in this industry. The artisans undergo a period of 4 to 5 weeks training and the supervisory staff for a period of 5 to 6 months at the regional training institutes of the industry at Kanpur and Nasik. Up till now 3,469 persons have so far been trained. It is reported that all the artisans who have been trained are already engaged in the industry and all the supervisory staff are already employed or have since found employment in the industry. There has, therefore, been no wastage of training facilities in this industry.

16.11 The industry offers part-time employment for about 3 to 6 months in a year to a large number of artisans. The persons employed include both men and women, who work part-time as

well as full-time. Reliable figures showing separately the number of men and women and number of persons engaged part-time and full-time are not available. Employment has been reported to have been provided for about 55,600 persons. The total outlay from the inception of this scheme upto 1963-64 is about Rs. 2.85 crores. Considering the large number of persons that are depending on this industry for their means of subsistence, we are of the view that the Commission's effort for providing a large number of employment opportunities with a comparatively small outlay has been largely successful.

Improvements in Technology and Equipment

16.12 We are happy to note that in the gur and khandsari industry, particularly in gur, a few note worthy improved items of equipment have been devised and supplied. The improved bullock-driven crushers which have now been manufactured and supplied have resulted in stepping up the yield of extraction of juice from about 55 to 65 per cent. Similarly, it is reported, the improved furnaces and pans which have been designed, after investigations carried out on behalf of the Commission, have increased boiling capacity per unit time, effected economy in fuel consumption and minimised losses due to burning and charring during the boiling process. Again, new indigenous vegetable clarificants for the juice have been devised. As a result, the quality of the juice is superior and it fetches about 10 to 15 per cent more in value. Similarly, on account of the introduction of sulphitation process, as used in vacuum-pan sugar factories the recovery of khandsari has been stepped up to nearly 7.5 per cent of sugar on cane. The khandsari sugar realised by this process is also reported to be almost comparable to the ordinary grade of factory sugar. We believe there is still scope for carrying on research and improvements in the production of sugarcane and technology particularly in regard to development of appropriate cane varieties suitable for different places, development of bullock-driven crushers with higher capacity, better methods of storage of gur, processing of molasses for direct consumption as syrup, for preservation of fruits and preparation of jams and jellies.

Difficulties of the Industry

16.13 In spite of the fact that the gur and khandsari industry has generally been able to hold its own in the face of organized and vocal opposition from the large scale sector, the industry passed

through a crisis in 1963 and particularly in Uttar Pradesh which has the largest concentration of units in the industry.

- i) As against a price of Rs. 1.62 per maund of sugarcane the price of sugarcane to be supplied to the sugar factories during the 1963-64 crushing season was put up to Rs. 2 per maund. This was done to induce cane growers to supply their cane to the mills, but the result was short supply of sugarcane for the manufacture of gur.
- ii) Under the Uttar Pradesh Preservation of Sugarcane (D.I.R.) Orders 1963 dated 17 October 1963, cane growers within the reserved areas were required to supply two-thirds of the total cane produced to the sugar factories. In the eastern districts of Uttar Pradesh, the quantity reserved was increased to three-fourths of the total cane produced. There was no corresponding obligation, however, on the part of the sugar factories to lift this sugarcane nor to pay remunerative or even reasonable prices.
- iii) A rebate of 50 per cent in excise duty over the production of 1960-61 during the period from April to November and of 20 per cent from December to March was provided. This acted as inducement to the mills to produce large quantities of sugar during the period from April to November by crushing early in the season. It has also encouraged the factories to continue crushing late in the season and thereby causing a depression of supplies to the gur and khandsari industry.
- iv) The Government of India banned the movement of khandsari from Uttar Pradesh to other States and thus choked the outlet with the result that the sugarcane growers had willy nilly to offer the sugarcane at throw-away prices.
- v) The Government of Uttar Pradesh increased the levy of purchase tax on gur and khandsari units from 15 to 25 paise per quintal on cane. Unlike previous years, units operating outside the factory areas were not exempted.
- vi) It was reported that as a result of these measures nearly 30,000 kolhus became idle, and that the gur and khandsari industry experienced a shortage in supply of nearly 3.16 million tons in 1963-64. In view of these

circumstances, not only the cane growers and artisans in Uttar Pradesh but also the Commission made repeated representations to the Government of India for fixing floor price, below which the sugarcane growers should not be compelled to dispose of the sugarcane, for removing the restriction imposed under the D.I.R., since no corresponding obligation on the part of the sugar factory owners to buy the sugarcane from the growers and for removing the restriction on inter-State movement in order to enable the production in Uttar Pradesh to have an outlet. The Government of India did not agree to fix a floor price but removed the restriction under the D.I.R. in respect of the gur industry and offered temporary concessions with regard to inter-State movement. These measures have assuaged the gravity of the crisis, but only the symptoms have been eliminated. The disease has not yet been conquered.

Fourth Plan

16.14 During the Fourth Plan, an outlay of Rs. 3.08 crores (Rs. 1.14 crores as grants and Rs. 1.94 crores as loans) is proposed. This is about 9 per cent more than the total outlay provided in the Third Plan. During 1962-63, the production of gur was 15.16 lakh quintals and khandsari, 0.54 lakh quintals. At the end of the Fourth Plan, it is proposed to increase the production of gur to 35.22 lakh quintals and khandsari to 2.80 lakh quintals.

16.15 About 55,600 persons are reported to be employed in this industry as covered by the Commission in 1962-63. It is estimated that this will rise to 1,59,793 by the end of the Fourth Plan. In other words, the employment is expected to be trebled over a period of 7 years. We consider that the programme of the Fourth Plan for this industry is modest, and would, therefore, endorse it.

Suggestions

16.16 We would like to make the following suggestions in regard to the development programme of this industry.

- i) The gur and khandsari industry offers employment for about 3 to 6 months in a year to 20 lakh people. Gur accounts for about 60 per cent of the total consumption

of sugarcane. It is also proposed to double the employment during the Fourth Plan. In view of these reasons, we would suggest that during the Fourth Plan the Government should adopt a policy of encouraging this industry which can stand on its own legs, and not depress it in the interests of the large-scale sugar industry. We would like to press the suggestions made by the Commission about the fixation of a floor price for gur in order to prevent exploitation of cane growers, and remove completely the obstacles such as ban on interstate movement, operation of Defence of India Rules etc., in order that the industry may work in an unfettered manner.

- ii) For the very same reasons, the supply of the raw materials required for the industry during the Fourth Plan must be ensured. We would, therefore urge upon the Government that as this is an industry for which a common production programme has been accepted, the programme should be enforced. While regulating the supply of cane to the sugar factories, the requirements of gur manufacturing industry should also be ensured and met.
- iii) Gur and khandsari being food articles, quality standards must be adhered to and enforced. For this purpose, we would suggest that the Directorate should have a central testing centre or laboratory where all important tests and researches in quality control could be carried on.
- iv) We would suggest that in the interests of the larger production and cheapness in cost, power-driven crushers should be introduced in larger numbers in selected centres and under cooperative or community ownership.
- v) In the gur industry, the emphasis is on the manufacture of gur by the artisans. The khandsari industry is an intermediary process and offers scope for exploitation by middlemen. We are of the view that no positive encouragement in the form of grants and subsidies for the development of this industry should be given. We would also suggest for the consideration of the Government and the Commission that the emphasis during the Fourth Plan should be mostly on the manufacture of gur and only to the extent that artisans are engaged, in the khandsari industry.

- vi) There have been several complaints about the rising prices of gur and the exploitation of the consumer by the manufacturers. We are of the view that some of these complaints are justified. In fact there have been several instances where the price of gur has been substantially higher than the corresponding price of sugar. These price increases are manipulated and are hardly justified. It is not desirable that the units assisted by the Commission should be a party to charging such high prices. We are also of the view that a study into the cost of production in this industry is required whereafter the Commission should fix reasonable price for gur. Our suggestion is that the assistance given by the Commission should be available only to the cane growers and the manufacturers of gur or khandsari who are not mere traders or middlemen. If these units do not adhere to the standards regarding prices fixed by the Commission, they should be denied all assistance.
- vii) As an ancillary to the above, we would also suggest that along with the enquiry into the prices of sugar, which is conducted by the Tariff Commission periodically, an enquiry into the prices of gur may also be conducted simultaneously.
- viii) We consider that not enough importance has been given to the question of utilisation of molasses and rab for the preservation of fruits and preparation of jams and jellies. These industries would make excellent rural industries. We consider that they should be brought within the scope of the Commission and units for the preparation of preserved fruits, jams and pickles should be organised with assistance from the Commission.

CHAPTER XVII.

PALMGUR MAKING AND OTHER PALM PRODUCTS INDUSTRY

The palmgur making industry has the largest number of traditional artisans engaged in it. It is known to have flourished for centuries. There are more than 8 crores of palm trees of different species such as date palm, palmyrah, coconut, sago etc. It is reported that 5 crores trees are fit to be tapped. If this is done, it is estimated that direct full-time employment for about 6 to 8 months in a year will be provided to about 12 lakhs of persons and indirect employment to about 6 lakhs of persons.

17.2 The development programme of the palmgur industry undertaken by the Commission comprises of the following aspects.

- (i) Organisation of different types of production units and the grant of loan for the purchase of improved equipment, gur-making appliances, improved moulds, filters, containers etc. Loans for the construction of worksheds are also sanctioned.
- (ii) Training of artisans, supervisors, demonstrators, palmgur guides etc. and sanction of assistance in the form of cent-per-cent grant for the construction of buildings, or kutcha sheds, for stipends, study courses, raw materials, technical seminars and equipment.
- (iii) Propaganda for the industry and the sanction of assistance partly in the form of loan and partly in the form of grant for posters and for other propaganda material, projectors and cinematographic equipment, propaganda vehicles and for the employment of technical personnel to propagate the industry.
- (iv) Commercial operations for which loans are provided for the purchase of apparatus required for sale and processing of neera, loans for working capital and capital assistance loans for cooperative societies and registered institutions.
- (v) Purchase of lands for palm plantations and the grant of loan on long-term basis for such purchases. Along with the loans for purchase of these plantations, assistance is also proposed to be given for the provision of other com-

mon facilities and amenities as well as for the maintenance of the plantations.

- (vi) Appointment of staff to look after the industry and providing grants for supervisory and field staff, artisans, organisers, statisticians and gur guides required in the various States.

17.3 It will be seen from the above, that the development programme has been planned on an ambitious scale. Generally speaking, for commercial operations, for plantations and for development of production units the assistance is mostly in the form of loan, whereas for training, many items of propaganda and administrative expenditure, the entire assistance is in the form of grant. It is noticed, however, that the quantum of assistance, whether in the form of loan or grant, has been provided in terms of percentages. In the case of a few items such as stipends, T.A., managerial grant for cooperatives, the amount of assistance admissible is given. But in most of the items, no details about the amount of assistance have been given. This would result in a considerable amount of arbitrariness and discrimination when scrutinising the demand from the various institutions. It might be argued that it will be possible to adopt a flexible attitude in case the amounts of assistance are not indicated in detail. But in the case of an institution like the Commission which is a public organisation, it would be desirable if certain minimum and maximum amounts are indicated so that there is no ground for any arbitrariness or partiality.

Disbursements

17.4 Table 1 shows the details, State-wise, of the amount disbursed during the First Plan and for every year thereafter till 1963-64. During the First Plan, the amount disbursed was Rs. 14.10 lakhs (Rs. 10.35 lakhs grant and Rs. 3.75 lakhs loans). During the Second Plan, the disbursement rose considerably and amounted to Rs. 136.62 lakhs (Rs. 94.36 lakhs grants and Rs. 42.26 lakhs loans). During the first three years of the Third Plan, the total disbursements were Rs. 283.05 lakhs (Rs. 104.05 lakhs grants and Rs. 179.00 lakhs loans). In the three years of the Third Plan, the amount disbursed was, therefore, more than twice the total in the whole of the Second Plan period. A point of interest is that the loan portion of the disbursement has been steadily going up. The ratios between grants and loans in the First and Second Plans and in the three years of the Third Plan, are roughly 5:2, 9:4 and 8:13. Though during the Third Plan, an outlay of Rs. 203.99 lakhs has been estimated (grants Rs. 101.99 lakhs and

TABLE 1

*Palmgur Making and Other Palm Products Industry
State-wise, Plan-wise and Year-wise Disbursements*

(Rs. lakhs)

State	Total First Plan		1956-57		1957-58		1958-59		1959-60		1960-61		Total Second Plan	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
1. Andhra	1.10	0.95	2.91	2.40	2.06	0.88	1.68	0.48	1.96	1.54	—	0.02	8.61	5.32
2. Assam	0.21	—	0.26	0.03	0.07	—	0.18	—	0.12	0.03	0.06	0.50	0.69	0.56
3. Bihar	0.73	—	1.64	1.08	1.70	1.24	0.83	0.40	3.13	0.20	0.62	1.54	7.92	4.46
4. Gujarat	2.90	0.32	3.67	1.32	2.48	0.20	4.52	0.31	0.07	—	0.15	—	21.86	6.37
5. Maharashtra									6.13	3.83	4.84	0.71		
6. Jammu & Kashmir	—	—	0.08	—	—	—	—	—	—	—	—	—	10.08	—
7. Kerala	0.77	0.58	1.36	0.66	1.69	0.45	1.27	0.18	—	—	—	—	14.32	1.29
8. Madhya Pradesh	0.60	0.04	1.70	0.94	1.35	0.26	1.62	0.22	1.85	3.17	1.31	1.03	7.83	5.62
9. Madras	0.66	1.38	2.90	1.86	3.28	1.27	2.62	1.73	4.76	3.38	0.77	—	14.33	8.24
10. Mysore	0.49	0.08	—	—	0.90	0.34	0.75	0.24	0.37	1.17	0.67	0.08	2.69	1.83
11. Orissa	0.50	0.21	1.47	0.37	0.91	0.23	0.55	—	0.96	0.27	1.18	1.16	5.07	2.03
12. Punjab	0.41	0.01	0.98	0.10	0.74	0.30	0.47	—	0.55	—	0.54	—	3.28	0.40
13. Rajasthan	0.81	0.08	1.36	0.45	0.64	0.07	1.26	0.19	1.12	0.08	0.80	0.29	5.18	1.08
14. Uttar Pradesh	0.36	0.10	0.08	—	1.28	0.29	—	—	0.57	0.20	1.25	1.00	3.18	1.49
15. West Bengal	0.81	—	2.19	1.18	2.06	1.18	1.73	0.08	2.04	0.60	1.30	0.53	9.32	3.57
Total	10.35	3.75	20.60	10.39	19.16	6.71	17.48	3.83	23.63	14.47	13.49	6.86	94.36	42.26

(Continued)

TABLE 1 (Continued)

Palmgur Making and Other Palm Products Industry
State-wise, Plan-wise and Year-wise Disbursements

(Rs. lakhs)

State	Total First & Second Plans		1961-62		1962-63		1963-64		Total Third Plan upto 63-64		Grand Total	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
1. Andhra	9.71	6.27	4.03	0.39	2.56	5.15	2.56	8.76	9.15	14.30	18.86	20.57
2. Assam	0.90	0.56	0.55	0.25	0.33	0.44	0.66	0.62	1.54	1.31	2.44	1.87
3. Bihar	8.65	4.46	0.43	1.33	2.89	3.27	0.94	3.18	4.26	7.78	12.91	12.24
4. Gujarat	24.76	6.69	2.27	1.80	0.43	9.00	4.18	23.51	6.88	34.31	53.29	50.05
5. Maharashtra			11.79	5.54	5.66	2.67	4.20	0.84	21.65	9.05		
6. Jammu and Kashmir	0.08	—	0.20	0.24	0.05	0.05	0.24	0.24	0.49	0.53	0.57	0.53
7. Kerala	5.09	1.87	1.66	3.54	0.52	1.04	2.49	4.16	4.67	8.74	9.76	10.61
8. Madhya Pradesh	8.43	5.66	0.70	2.76	4.00	6.19	4.00	4.28	8.70	13.23	17.13	18.89
9. Madras	14.99	9.62	8.33	7.98	6.20	12.00	7.63	36.84	22.16	56.82	37.15	66.44
10. Mysore	3.18	1.91	0.03	—	3.54	7.22	1.71	3.70	5.28	10.92	8.46	12.83
11. Orissa	5.57	2.24	1.11	0.20	0.97	0.92	1.16	0.98	3.24	2.10	8.31	4.34
12. Punjab	3.69	0.41	0.84	1.30	2.40	1.51	0.80	1.15	4.04	3.96	7.73	4.37
13. Rajasthan	5.99	1.16	1.06	0.52	1.52	3.87	1.56	2.65	4.14	7.04	10.13	8.20
14. Uttar Pradesh	3.54	1.59	1.39	0.59	1.35	2.38	0.05	—	2.79	2.97	6.33	4.56
15. West Bengal	0.13	3.57	2.76	2.12	1.10	1.71	1.20	2.11	5.06	5.94	15.19	9.51
Total	104.71	46.01	37.15	28.56	33.52	57.42	33.38	93.02	104.05	179.00	208.76	225.01

loans Rs. 102.00 lakhs), the expenditure in the three years of the Third Plan itself is about Rs. 80 lakhs more or nearly 40 per cent more than the estimate for the entire Third Plan. It is obvious, therefore, that either the planning was considerably defective or there has been an indiscriminate stepping-up of the scale of disbursements without relation to the provisions in the Third Plan. No justification has been offered for these increased disbursements. As regards the increase in the percentage of loans to grants, it has been explained as being due, firstly to the vastly increased loans for working capital and share capital to the State|district palmgur federations and primary cooperatives and, secondly, to an increase in the percentage of loans to grants for the distribution of improved equipment and implements from 50:50 to 80:20. The percentage of grant in the case of improved equipment was also reduced to instil a greater responsibility both in the institutions and the tappers for the equipments. While we appreciate this argument and indeed have suggested the adoption of a similar principle for supply of equipment during the Fourth Plan, we would suggest that a more liberal percentage of grant be adopted in the assistance for small tapper's tools to the tappers who have limited resources.

17.5 The analysis of the table of disbursement further reveals that the bulk of the amount has been absorbed by Madras, Andhra, West Bengal and Kerala States. In these States, the industry is traditional. However, even in the other States, the disbursements are gradually increasing. The industry can more easily succeed in a State where the prohibition and excise policy are favourable for tapping and sale of neera and for making of gur. This is not the case in other States where the policy is not so favourable. In these States, the institutions need to convince the Government to change its policy and also to carry on propaganda for the success of the industry. It would be worth while, we consider, for the Commission to sanction special assistance to the institutions in these States.

17.6 Almost the entire industry is covered by cooperatives which are organised in a three-tier structure with the primaries at the bottom, the State|district federation in the middle and the All India Federation at the Apex. As on 31 March 1963, there were 3,315 cooperatives of which the largest number was in Madras (1400), Andhra (1,016), Kerala (209), Bihar (192), Mysore (153) and West Bengal (136). In the other States, there were only a very few societies. These societies had a membership of over 3.5 lakhs. The paid-up share capital of the primaries aggregated to a little

over Rs. 17.2 lakhs. Though about 70 per cent of the societies formed are reported working, many of them are not working satisfactorily. The time-lag between the allotment and setting up of the unit and the commencement of production is anywhere between 6 to 18 months. The societies find it difficult to obtain the trees for tapping, licences for tapping, sale of neera and for manufacture of gur. Controlled materials like iron, steel, chemicals are available after great delay. There is also delay in fabrication of equipment required for the manufacture of gur as such equipment is not readily available and has to be specially made. Finally the absence of a uniform set of excise rules in the various States and the rack-renting of trees in many cases, particularly trees in private lands, is frustrating. We are of the view that many of these difficulties are of a remediable nature. While the Commission has been able to remedy some of these difficulties, much still remains to be done. Hardly 25 to 30 per cent of the societies are working satisfactorily and it is a matter of concern that in spite of the expenditure of Rs. 4.33 crores during the last 12 years in the development of this industry, which is mainly covered by the cooperative sector, the progress is not satisfactory. We would consider that this aspect of the question deserves special study. Such a study is particularly necessary, because the Reserve Bank of India, in its desire to extend the scope of finance to the small industries sector, had undertaken study of the palm gur cooperatives and had come to the conclusion that the present level of efficiency in the palm gur sector has to be stepped up before institutional finance could be made available. We are, however, gratified to note the development of the industry in Madras State, where the palm-gur cooperatives were doing well even before the establishment of the All India Khadi and Village Industries Board. We consider that it will be possible to commence institutional financing of the palmgur cooperatives in Madras.

17.7 Table 2 gives details of the production of palmgur and sale of neera.

Table 2

Year	Neera		Palmgur	
	Qty. in lakh litres.	Value in lakh Rs.	Qty. in lakh quintals.	Value in lakh Rs.
1956-57	43.85	9.70	8.32	449.60
1957-58	93.24	20.49	7.03	382.20
1958-59	197.04	43.31	7.32	394.00
1959-60	177.33	38.97	7.80	421.40
1960-61	229.66	50.47	7.82	422.80
1961-62	172.86	23.02	6.31	272.18
1962-63	199.38	39.43	6.02	371.47
1963-64	38.03	8.05	8.02	645.80

The reporting is both inadequate and defective in a number of cases and the discrepancies from the table will be immediately obvious. There is no correlation between the quantity of palmgur and its value. The quantity of neera sold has also been generally falling. Here also there is no correlation between the quantity and the value of neera. These discrepancies cannot be explained away by pointing out to the differences in the excise and prohibition policies adopted by the different States. The Commission is giving considerable assistance to cooperative societies and the federations from year to year. The future of the industry has to be planned on the basis of correct reports and statistics furnished by these societies. We would, therefore, suggest that where unreliable and inadequate reports are given, assistance should be denied to such institutions.

Training and Employment

17.8 The total number of persons trained in the various courses run by the Commission is 7,702. Out of these, only 1,653 are absorbed in the industry. Information in respect of the number of persons trained in 1958-59 and 1959-60 and absorbed in the industry is not available. Even making allowance for this, and omitting the figures of persons trained during these two years, it will be seen that only about 50 per cent of the persons trained have been absorbed in the industry. Thus, there has been a high percentage of wastage of training facilities. It has, however, been claimed by the Palmgur Adviser that about 41,000 tappers have been trained in improved methods of tapping and extraction of neera, preparation of gur etc. Reliable data about the number of tappers and others employed in the industry, the total number of days for which they find employment and the nature of employment i.e. whether part-time or full-time are not available. The 3,305 palmgur cooperatives have a total membership of 3.5 lakh persons and, on the assumption that, most of these societies get some work or other, it has been estimated that the total employment provided by this industry as covered by the Commission is 3.5 lakh tappers. We do not consider this a correct conclusion.

Technical Improvement and Research

17.9 We have referred to the important directions in which research in this industry has been conducted in Chapter X. In addition to this, several improved equipments have been devised or adopted. These include a film evaporator, a vacuum-pan sugar plant and freezing and chilling units. We are happy to note that the artisans have taken to these improved equipments. But, there

are difficulties in the prompt supply of the equipment particularly because there are not many institutions in the country where such equipment is manufactured. We would consider it worth while for the Commission to explore the possibilities of having such equipments manufactured at specified centres under proper supervision and according to the correct specifications. A condition of the assistance to the institutions or cooperative societies should be that the improved equipments should be obtained from the centres recognised by the Commission.

17.10 A recent scheme which has been embarked upon is the manufacture of palm sugar by the vacuum-pan process. These pans range in capacity from 1½ ton to 1 ton. Nineteen such pans (10 of 1 ton, 2 of 1½ ton and 7 of 1½ ton capacities) have been sanctioned. Of these 7 are reported to be under production, 11 under erection and one under fabrication. The Palmgur Adviser has stated that field trials on the production of white sugar from palms are in progress and the results so far obtained are quite encouraging. The trials however, are yet to be completed. In this respect, it is relevant to quote an extract from the study of the palmgur industry made by the Reserve Bank of India.

“Our enquiries at Kunnattur Marketing Society which has installed one 1½ ton sugar plant and the West Godavari District Marketing Federation showed that there were a great many difficulties in working these plants as economical units. Even a few of the primary societies, which were supplied with centrifugals, were not able to show successful results in their working. This is an aspect to be examined in detail by the technicians. If palm sugar cannot be economically produced and sold, it will be a drag on the resources of these institutions. The question of giving subsidies to these institutions to the extent of the loss incurred by them in the production and sale of palm sugar will have to be taken up with the Khadi and Village Industries Commission”.¹

In the light of this pertinent observation we consider that the Commission should further examine the economics of the manufacture of palm sugar before embarking on the installation of further plants.

Excise Policy

17.11 Reference has been made in para 17.5 to the vagaries of the excise policies followed by the State Governments and their

1. Study of Palmgur Industry by the Reserve Bank of India, 1961.

repercussions on tapping and sale of neera and the manufacture of palmgur. The Commission appointed in 1962 a committee:

- i) "to examine the various problems arising from the absence of uniformity in (a) excise rules, (b) conditions for issue and renewal of licences to tap palm trees for the extraction of neera and/or production of palmgur and (c) conditions governing the transport and sale of neera in different areas and rates of tree tax charged in different States for different varieties of trees and also the rates in different regions of the same State, and
- ii) to suggest measures that are necessary to create conditions in which the palmgur industry can be organised for the purpose mentioned above on sound footing."²

This committee submitted its report in June 1963. The committee has made several recommendations and have also framed a set of model excise rules to be adopted by the State Governments with such variations as are necessary to suit local conditions. The committee's recommendations relate not only to the question of tree rent and tree tax, but also the procedures connected with the application for grant and renewal of licences to tap neera, the period of validity of licence, the marking and numbering of trees, the general conditions to be fulfilled for tapping bearing in mind the difficulties of the tappers and the need for preserving the trees. The committee has also recommended that the policy of the Government with regard to prohibition should be strictly enforced and that concerted efforts should be made by the State Governments to preserve the palm tree wealth of the country. The committee has also suggested that the Commission and the Government should give liberal assistance for the purchase of palm plantations. The Commission has accepted these recommendations. We would endorse these recommendations which we consider very salutary and request the Central Government to move the State Governments for providing proper facilities for the conduct of this industry. In passing, we would like to draw the attention of the Commission to the Report of the Study Team on Prohibition presided over by Justice Tek Chand in which a positive recommendation has been made about popularising neera by opening attractive neera bars in industrial areas, undertaking special efforts for preventing fermentation of neera and development of the palmgur industry as a means of ameliorating the economic

2. Minutes of the sixty-fourth meeting of the Khadi and Village Industries Commission, 24 June 1962.

conditions of the tappers. The Study Team was of the view that "the palmgur industry singly can contribute a lot more to stop toddy drinking than any punitive measures which could be devised".³

Fourth Plan

17.12 During the Fourth Five Year Plan, an outlay of Rs. 13.50 crores consisting of Rs. 0.85 crores for the central organisational activities and Rs. 12.65 crores towards the development activities in the States has been proposed. The central organisation programme is more or less a continuation of the present activities. As regards the States' programme, it comprises of the following:

Item	Expenditure (Rs. crores)	Production		Trg. and Employment	
		Qty.	Value (Rs. crores)		
Production of edible and non-edible palm products	8.77	Gur.	77453 tonnes	7.45	110750
		Sugar	26250 tonnes	3.28	
		Molasses	13125 tonnes	1.31	
		Neera	20 crores bottles	2.00	
		Candy	5000 tonnes	2.00	
		Palm fibre	—	3.00	
		Palm leaf & ratton	—	2.00	
Training	0.16				7500
Storage and marketing	0.22				
Plantation and colonisation	2.29				
	0.50				
Propaganda	0.72				
Total	12.66			21.04	

We are of the view that the programme is more ambitious than practical. In view of the absence of reliable statistics, it is not possible for us to anticipate the results at the end of the Fourth Plan by judging the results achieved so far. The outlay during the Third Plan is Rs. 2.03 crores. The investment during the Fourth Plan is targetted at 6½ times this figure. The value of neera sales during 1963-64 is Rs. 16.05 lakhs whereas at the end of the Fourth Plan, the targetted value is Rs. 2 crores. The value of gur production during the year 1963-64 was Rs. 645.8 lakhs whereas it is

3. Report of the Study Team on Prohibition, para 23, p. 286.

expected to reach Rs. 744.53 lakhs at the end of the Fourth Plan. It is hoped to plant 1.25 crores of date and palmyrah trees. It is expected to enroll 7,00,000 fresh members in the cooperatives and increase their share capital by 3 times. These projections make us feel that there is an unreality about the Plan as well as an unawareness of the existing difficulty. We regret, therefore, that we are not in a position at present to endorse this programme. We would suggest that the Commission carefully revise the programme in order to bring it within reasonable and attainable proportions. In view, however, of the fact that the industry has potentialities for development, we would consider an outlay of about Rs. 6 crores justified. In case this amount, on a review of the programme during the middle of the Fourth Plan is proved inadequate, we are certain that additional funds will be forthcoming from the Government.

Suggestions

17.13 During the course of our review of the industry, we have made a few suggestions. In addition, we have to make the following:

- (i) Considering the unreliability of the statistics that we have been able to obtain, the production of palm sugar by the establishment of vacuum sugar pans, the economics of which have still not been fully worked out, the unsatisfactory working of the cooperative societies, the shifting excise policy of the State Governments and the consequent difficulties of cooperative societies and in the matter of tree rent, the sanction of assistance without details of the maximum and minimum amounts to be given, the possibilities of developing other aspects of palmgur industry as ancillary industries, the heavy administrative expenditure incurred by the Commission in the palmgur organisation — considering all these circumstances — we would suggest that the Government and the Commission appoint a special committee to go into these aspects and submit a comprehensive report.
- (ii) Aerial ropeways have improved the productivity of the tappers as well as the methods of tapping. Useful work has also been done in regard to the methods of manufacture of gur and preservation of neera. These efforts should be continued as we believe that there is a scope for further improvement in these directions.
- (iii) The medicinal properties and the preservation of neera for longer periods are subjects in respect of which some studies have been made. These should be pursued because not only will they be useful from the public

point of view but also result in additional consumption of neera.

- (iv) We notice that from certain parts in south India, considerable amount of palm fibre is being exported. We are of the view that there are very good potentialities for the development of this export trade. We would suggest a concerted effort in this direction in view of valuable foreign exchange that can be earned. Additional employment to the large number of tappers could also thus be provided. The possibilities of developing the internal market for such palm fibre should also be explored. Similarly, finished products from palm fibre, such as brushes, bags, fancy articles, etc. can also be produced. The tappers, we are confident, are capable of absorbing training in the manufacture of such products.
- (v) We have referred to the need for uniformity in excise rules and to the suggestions of the expert committee appointed by the Commission. We would reiterate that Government and the Commission should see that these recommendations are accepted.
- (vi) While we are glad that the Commission has now been permitted to sanction loans for acquisition of land for palm plantation, we would suggest that as part of the agricultural policy of the Government, waste land and land on the side of the railway track could, with profit, not only to the Government but also to the palmgur industry, be cultivated with palm trees. We would suggest an early examination of this question by the Government.
- (vii) The tappers who have been displaced by the prohibition policy have been temporarily rehabilitated by their engagement in the neera and palmgur industry. No permanent steps for their rehabilitation have yet been taken. In view of the progressive enforcement of the prohibition policy, we consider that schemes for the permanent rehabilitation of the tappers should be taken on hand. These schemes should include, among other things provision of houses and amenities in order to resettle them, provision of loan to wipe off their indebtedness, providing them an insurance against bad times, etc. We consider that expenditure on this subject would be a justifiable charge on the exchequer. We would suggest to the Commission to draw up a comprehensive scheme in this behalf and implement it during the Fourth Plan.

CHAPTER XVIII

BEEKEEPING INDUSTRY

Though some conspicuous efforts were made in the old Bombay and Madras States for the development of beekeeping with the assistance of the Governments of those States, concentrated attention for the development of this industry can be said to have been given only after the constitution of the All India Khadi and Village Industries Board. There has been significant development since this date and, as we shall examine later, the prospects of this village industry becoming a permanent part of the rural economy are very bright indeed.

18.2 The facets of the development programme of this industry include the establishment of sub-stations and area offices and the provision of technically qualified personnel to man them, the grant of assistance for the setting up of bee clubs, model apiaries, honey houses, commercial apiaries and plantation apiaries, training of bee fieldmen and apiarists, grant of assistance for equipment required for the beekeeping industry such as bee-hives, honey extractors, comb foundation mills etc. and the grant of loans for working capital and marketing.

Disbursements

18.3 Table 1 shows the details of the disbursements State-wise both grants and loans for the various schemes during the First Plan and during each year thereafter upto 1963-64. The bulk of the expenditure on the beekeeping industry is in the form of grants. The proportion of grants to loans in this industry is nearly 8:1. During the First Plan period, an expenditure of Rs. 9.35 lakhs was incurred, whereas during the Second Plan, the total expenditure was Rs. 55.36 lakhs. The total expenditure during the First and the Second Plans is, therefore, Rs. 64.71 lakhs. The disbursements in the first three years of the Third Plan are Rs. 16.46 lakhs, Rs. 16.23 lakhs and Rs. 23.88 lakhs respectively. It would be seen from this that there is a progressive increase in the expenditure on this industry.

Production and Sales

18.4 Table 2 indicates the production of honey from the

TABLE 1
Beekeeping Industry
State-wise, Plan-wise and Year-wise Disbursements

(Rs. lakhs)

State	First Plan		1956-57		1957-58		1958-59		1959-60		1960-61		Total Second Plan	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
1. Andhra	0.17	—	0.37	—	0.44	—	0.51	—	0.30	0.10	0.78	—	2.40	0.10
2. Assam	0.08	—	0.03	—	0.06	—	—	—	0.38	—	0.41	—	0.88	—
3. Bihar	0.20	—	0.26	—	0.37	—	0.45	—	0.48	—	0.68	—	2.24	—
4. Gujarat	1.52	0.68	0.65	0.68	0.39	—	0.74	—	0.02	—	—	—	2.73	1.35
5. Maharashtra														
6. Jammu & Kashmir	0.10	—	0.06	—	0.18	—	—	—	—	—	—	—	0.24	—
7. Kerala	0.12	—	0.29	—	1.01	0.05	0.78	0.30	0.73	—	0.85	0.10	3.66	0.45
8. Madhya Pradesh	0.20	—	0.11	—	0.38	—	0.07	—	0.03	—	0.21	0.05	0.80	0.05
9. Madras	2.10	—	1.78	0.20	1.44	0.12	2.75	0.06	2.16	—	1.30	0.10	9.43	0.48
10. Mysore	2.99	0.64	3.56	0.07	2.63	—	3.68	0.54	2.23	—	2.01	1.25	14.11	1.86
11. Orissa	0.15	0.09	0.23	0.10	0.58	0.10	0.47	—	0.53	0.15	0.44	0.36	2.25	0.71
12. Punjab	—	—	0.18	0.20	0.58	—	1.02	—	1.58	1.05	0.52	—	3.88	1.25
13. Rajasthan	0.02	—	0.01	—	0.10	—	0.03	—	0.08	—	0.14	—	0.36	—
14. Uttar Pradesh	0.14	—	0.26	—	0.82	0.10	0.80	0.10	0.68	—	0.72	—	3.28	0.20
15. West Bengal	0.11	—	0.13	—	0.27	—	0.39	0.05	0.58	0.15	0.86	—	2.23	0.20
16. Delhi	0.04	—	—	—	0.01	—	—	—	0.04	—	—	—	0.05	—
17. Himachal Pradesh	—	—	0.02	—	0.12	—	—	—	—	—	—	—	0.14	—
18. Manipur	—	—	—	—	—	—	—	—	—	0.03	—	—	—	0.03
19. Nagland	—	—	—	—	—	—	—	—	—	—	—	—	—	—
20. Goa	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	7.94	1.41	7.94	1.25	9.38	0.37	11.69	1.05	10.64	1.65	9.03	2.36	48.68	6.68

(Continued)

TABLE 1 (Continued)
Beekeeping Industry
State-wise, Plan-wise and Year-wise Disbursements

(Rs. lakhs)

State	Total First & Second Plans				1961-62				1962-63				1963-64				Total Third Plan upto 63-64		Grand Total																																																																																																																																																																																																																																																																																		
	Grants		Loans		Grants		Loans		Grants		Loans		Grants		Loans		Grants		Loans																																																																																																																																																																																																																																																																																		
1. Andhra	...	2.57	0.10	0.85	—	0.96	0.07	1.25	0.17	3.06	0.24	5.63	0.34	2. Assam	...	0.96	—	0.92	—	0.14	0.16	1.64	0.50	3.70	0.66	4.66	0.66	3. Bihar	...	2.44	—	1.66	0.25	1.37	0.13	2.73	0.25	5.76	0.63	8.20	0.63	4. Gujarat	...	4.25	2.03	0.12	0.05	0.06	—	0.06	—	0.24	0.05	7.79	3.11	5. Mahararhtra	...	1.22	0.03	0.56	0.20	1.52	0.80	3.30	1.03	1.22	0.54	1.22	0.54	6. Jammu & Kashmir	...	0.34	—	0.48	—	0.24	0.20	0.16	0.34	0.88	0.54	1.22	0.54	7. Kerala	...	3.78	0.45	0.97	—	1.17	0.13	1.36	0.30	3.50	0.43	7.28	0.88	8. Madhya Pradesh	...	1.00	0.05	0.02	—	0.08	0.15	0.15	—	0.25	0.15	1.25	0.20	9. Madras	...	11.53	0.48	2.20	0.17	1.74	0.50	2.27	0.31	6.21	0.98	17.74	1.46	10. Mysore	...	17.11	2.50	2.07	0.05	1.58	0.91	2.84	1.40	6.49	2.36	23.60	4.86	11. Orissa	...	2.39	0.80	1.35	—	1.16	—	2.27	0.23	4.78	0.23	7.17	1.03	12. Punjab	...	3.88	1.25	1.76	0.08	1.11	—	0.15	—	3.02	0.08	6.90	1.33	13. Rajasthan	...	0.38	—	0.12	—	0.13	—	0.10	—	0.35	—	0.73	—	14. Uttar Pradesh	...	3.42	0.20	0.83	0.08	0.94	—	0.78	—	2.55	0.08	5.97	0.28	15. West Bengal	...	2.34	0.20	1.14	—	1.30	—	1.68	—	4.12	—	6.46	0.20	16. Delhi	...	0.09	—	—	—	—	—	0.02	—	0.02	—	0.11	—	17. Himachal Pradesh	...	0.14	—	—	—	—	—	—	—	—	—	0.14	—	18. Manipur	...	—	0.03	—	0.04	0.20	—	0.33	0.12	0.53	0.16	0.53	0.19	19. Nagland	...	—	—	—	—	0.01	—	—	—	0.01	—	0.01	—	20. Goa	...	—	—	—	—	0.03	—	0.15	—	0.18	—	0.18	—	Total	...	56.62	8.09	15.71	0.75	13.78	2.45	19.46	4.42	48.95	7.62	105.57	15.71
Total	...	56.62	8.09	15.71	0.75	13.78	2.45	19.46	4.42	48.95	7.62	105.57	15.71																																																																																																																																																																																																																																																																																								

Second Plan onwards till 1963-64.

Table 2
Year-wise Honey Production

	(lakh kgs.)
1956-57	0.59
1957-58	1.35
1958-59	2.41
1959-60	2.69
1960-61	3.94
1961-62	5.08
1962-63	5.62
1963-64	7.14

The production during the last year of the First Plan was 20,912 kgs. Mainly on account of the development efforts made by the Commission, the production has continuously been stepped up and during 1963-64, it was 7.14 lakh kgs. or nearly 34 times what it was at the end of the First Plan. The Commission is, therefore, entitled to be congratulated on this achievement. No separate figures are given in respect of sales because all that has been produced has been or can be sold and there are no serious marketing problems. It is obvious that the efforts of the Commission in the direction of finding out markets for honey have also been satisfactory and fruitful. This is a most significant feature of this industry and we would, therefore, urge upon the Government and the Commission to build up on this very favourable factor and provide liberal funds for the expansion programme of this industry during the Fourth Plan period.

18.5 A word is required on the correlation between the expenditure incurred and the production attained. As at the end of the First Plan, the total expenditure was Rs. 9.35 lakhs and the production was about 21,000 kgs. The total expenditure so far incurred on the beekeeping industry is Rs. 121.28 lakhs and the production attained during 1963-64 is 7.14 lakh kgs. It would be seen from this that, whereas the expenditure has increased by about 12 times, production has increased, as mentioned above, by 33 times. This ratio between the expenditure and production in the case of beekeeping industry is, to our mind, a feature to be complimented upon.

Patterns of Assistance

18.6 It has been mentioned above that the ratio of grant to loan in this industry is nearly 8:1. It would be seen from table 3 that, except loans for share capital and for purchasing and stocking

TABLE 3
Beekeeping Industry
Scheme-wise, Plan-wise and Year-wise Disbursements

(Rs. lakhs)

Scheme	First Plan		1956-57		1957-58		1958-59		1959-60		1960-61		Total Second Plan	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
1. Area Office	0.25	—	0.12	—	0.30	—	0.06	—	0.07	—	0.13	—	0.68	—
2. Supply of equipment	4.05	—	2.80	—	0.58	—	3.38	—	1.00	—	1.34	—	9.10	—
3. Sub-stations	1.59	—	2.26	—	2.88	—	5.81	—	6.59	—	5.84	—	23.38	—
4. Model apiaries	0.73	—	0.94	—	0.64	—	1.03	—	0.91	—	0.59	—	4.11	—
5. School units	0.34	—	0.24	—	—	—	0.15	—	0.16	—	0.07	—	0.62	—
6. Jail units	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7. Bee clubs	—	—	—	—	—	—	0.12	—	0.14	—	—	—	0.26	—
8. Construction of honey houses	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9. Purchasing and stocking of honey	—	1.41	—	1.25	—	0.37	—	1.05	—	1.65	—	2.36	—	6.68
10. Assistance to educated persons	0.03	—	0.14	—	—	—	—	—	—	—	—	—	0.14	—
11. Training	0.45	—	0.43	—	0.60	—	0.51	—	0.66	—	0.38	—	2.58	—
12. Experiments and improvements	—	—	—	—	0.43	—	0.07	—	0.67	—	0.22	—	1.39	—
13. Exhibitions, publicity and propaganda	0.17	—	—	—	—	—	0.01	—	0.36	—	0.31	—	0.68	—
14. Conferences and seminars	0.14	—	0.18	—	0.27	—	0.27	—	0.03	—	0.02	—	0.77	—
15. Salary and contingency	0.19	—	0.83	—	3.68	—	0.28	—	0.05	—	0.13	—	4.97	—
16. Share capital for cooperative societies	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17. Working capital	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	7.94	1.41	7.94	1.25	9.38	0.37	11.69	1.05	10.64	1.65	9.03	2.36	48.68	6.68

(Continued)

TABLE 3 (Continued)
Beekeeping Industry
Scheme-wise, Plan-wise and Year-wise Disbursements

(Rs. lakhs)

Scheme	Total First & Second Plans		1961-62		1962-63		1963-64		Total Third Plan upto 63-64		Grand Total	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
1. Area office ...	0.93	—	1.33	—	0.06	—	3.90	—	5.29	—	6.22	—
2. Supply of equipment ...	13.15	—	2.87	0.11	1.95	0.01	4.81	0.05	9.63	0.17	22.78	0.17
3. Sub-stations ...	24.97	—	8.35	—	9.70	—	6.07	—	24.12	—	49.09	—
4. Model apiaries ...	4.84	—	0.63	—	0.60	—	0.44	—	1.67	—	6.51	—
5. School units ...	0.96	—	0.11	—	0.13	—	0.16	—	0.40	—	1.36	—
6. Jail units ...	—	—	—	—	0.04	—	—	—	0.09	—	0.09	—
7. Bee clubs ...	0.26	—	—	—	0.05	—	0.01	—	0.06	—	0.32	—
8. Construction of honey houses	—	—	—	0.15	—	—	0.05	0.10	0.05	0.25	0.05	0.25
9. Purchasing and stocking of honey ...	—	8.09	—	0.45	—	2.28	—	1.40	—	4.13	—	12.22
10. Assistance to educated persons	0.17	—	0.11	—	0.03	—	0.01	—	0.15	—	0.32	—
11. Training ...	3.03	—	1.05	—	0.70	—	0.51	—	2.26	—	5.29	—
12. Experiments and improvements	1.39	—	0.73	—	—	—	0.23	—	0.96	—	2.35	—
13. Exhibitions publicity and propaganda ...	0.85	—	0.36	—	0.24	—	0.18	—	0.78	—	1.63	—
14. Conferences and seminars ...	0.91	—	0.03	—	0.12	—	0.15	—	0.30	—	1.21	—
15. Salary and contingency ...	5.16	—	0.14	—	0.16	—	2.89	—	3.39	—	8.35	—
16. Share capital for cooperative societies ...	—	—	—	0.04	—	0.16	—	0.25	—	0.45	—	0.45
17. Working capital ...	—	—	—	—	—	—	—	2.62	—	2.62	—	2.62
Total ...	56.62	8.09	15.71	0.75	13.78	2.45	19.46	4.42	48.95	7.62	105.57	15.71

of honey, almost the entire expenditure is on administrative and technical staff. This has resulted in the industry being spoon-fed and beekeepers depending heavily for assistance and subsidies from the Commission. The expenditure incurred on the setting up of area offices and the assistance for model apiaries, bee clubs, commercial apiaries etc. does not taper off but continues on the same scale from year to year. Even in the case of the sub-stations, the assistance is given for 3 years and has recently been proposed for 5 years. No attempts appear to have been made by the Commission for inculcating a spirit of self-reliance among the beekeepers, whose own efforts in the production and marketing of honey appear to be only of a marginal nature. We are of the view that any direct assistance to the beekeepers and their cooperatives should be on a tapering scale for a period of 5 years. Efforts should be made, even at the end of the third year, to obtain certain contributions from the beekeepers for the upkeep of these area offices, sub-stations, commercial apiaries, etc. in order that by the end of the fifth year it may be possible for the beekeepers and their cooperatives to continue to manage their institutions and keep up the tempo of production without any further need of assistance by the Commission. The Commission's funds would, thereby, be released for the development of this industry in other unexplored areas, of which, we are convinced, there are many in the country.

Training and Employment

18.7 The Commission conducts a fieldmen's course for persons who are in charge of the sub-stations and an apiarist's course for persons who are in charge of area offices. Since the beginning of the programme upto 30 September 1963, 27 apiarists and 446 fieldmen have been trained. All the trained personnel has been absorbed for looking after the industry, and there is, therefore, no wastage of training facilities. There are 57,198 part-time beekeepers in 1963-64. There are families of beekeepers who earn from Rs. 500 to Rs. 5,000 a year. It would be seen from this that beekeeping offers a profitable part-time occupation thus justifying the suggestion we have made earlier of obtaining contributions from them in order to make the industry self-supporting.

Productivity and Prices

18.8 The efforts made by the Commission in the improvement and standardisation of bee-boxes, in the training of apiarists and fieldmen in bee management, the selection of forage with particular reference to floral and climatic conditions and the introduction of

modern processing equipments like honey-extractors, comb foundation mills, etc., have resulted in a significant increase in the average yield per colony. It was 6 lbs. per colony in 1959-60 and increased to 8.2 lbs. in 1961-62. We have no doubt that with the maintenance of these efforts, it will be possible to increase the average yield per bee colony still further. This would, undoubtedly, have a very salutary effect on the price of honey, which in spite of such liberal assistance from the Commission and in spite of the fact that the average price which the beekeeper obtains is only equal to 50 per cent of the sale value, is on the very high side resulting in several complaints about the prices charged for such a nutritious article of food. We are of the view that, the major factor, which is responsible for the high price of honey is the middlemen's margin which can only be avoided by the establishment of cooperatives of beekeepers atleast for the purposes of processing the honey, or by the State Boards making arrangements for processing the honey centrally.

Fourth Plan

18.9 The potentialities of the beekeeping industry as the provider of (a) part-time employment, (b) a valuable article of food, (c) an article of medicinal value for health purposes and (d) source of cross pollination with possibilities of considerable improvement in the yield per acre in agriculture and horticulture justify the expansion and development of this industry during the Fourth Plan. The estimated outlay on the programme drawn up by the Commission for the development of beekeeping industry during the Fourth Plan period is Rs. 2.29 crores the details of which are presented in table 4 below.

Table 4

Outlay in the Fourth Plan

Item	(Rs. lakhs)					Total
	1966-67	1967-68	1968-69	1969-70	1970-71	
Establishment	19.50	20.32	21.66	22.91	23.17	107.56
Investment	9.91	12.17	14.41	17.65	17.33	71.47
Training	3.40	3.65	3.71	3.71	3.71	18.18
Development	3.26	3.27	3.29	3.30	3.32	16.44
Total	36.07	39.41	43.07	47.57	47.53	213.65
Working capital loan*	5.00	5.00	5.00	7.50	7.50	7.50
Stocking loan*	3.75	3.75	3.75	5.75	5.75	5.75
Capital expenditure* loan	1.00	1.00	1.00	1.50	1.50	1.50
Share capital loan*	0.25	0.25	0.25	0.25	0.25	0.25
	10.00	10.00	10.00	15.00	15.00	15.00

* Figures are cumulative

As against this, the total expenditure proposed to be incurred during the Third Plan period is Rs. 1.16 crores i.e. Rs. 56.57 lakhs during the three-year period ending 31 March 1964 and Rs. 59.56 lakhs during the remaining two years of the Plan. This means that the estimated expenditure in the Fourth Plan period (Rs. 2.29 crores) is about 100 per cent more than that during the Third Plan period.

18.10 The details of the number of bee colonies to be introduced and their total output of honey during each year of the Fourth Plan as envisaged by the Commission are presented below.

(Figures in lakhs)

	Fourth Plan						
	1963-64	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71
1. No. of colonies (cumulative)	1.85	2.25	2.65	3.15	3.75	4.50	5.25
2. Production of honey (kgs.)	7.14	10.43	13.25	17.33	22.50	29.25	36.75
3. Average produc- tion per colony (kgs.) (actual)	3.9	4.6	5.0	5.5	6.0	6.5	7.0

It will be seen from the details above that the number of bee colonies which is 1.85 lakhs in 1963-64 is expected to reach 2.25 lakhs by the end of the Third Plan, and there will be 5.25 lakh colonies by the end of 1970-71. These colonies are expected to produce 36.75 lakhs kgs. in 1970-71 as against 7.14 lakh kgs. in 1963-64 and 10.43 lakh kgs. in 1965-66. This means that production of honey in 1970-71 will be five times as much as in 1963-64 or about 3.5 times that in 1965-66, the last year of the Third Plan. Thus, as against an increase in the expenditure of about 100 per cent over the Third Plan estimate of Rs. 1.16 crores, the production of honey is estimated to increase by 250 per cent, which, in our opinion, is doubtful even with the utmost economy and efficiency. Again, the estimated increase of 3.1 kgs. in the average annual production per colony from 3.9 kgs. in 1963-64 to 7 kgs. in 1970-71 is also, to our mind, exaggerated. We consider that both the physical and monetary targets set out by the Commission for the Fourth Plan need to be revised. We, on our part, would suggest that the realistic estimate would be an annual average of 20 lakh kgs. or a total production of 100 lakh kgs. during the five years of the Fourth

Plan. We would like to place the financial estimate at Rs. 1.70 crores only and not Rs. 2.29 crores.

Suggestions

18.11 We would like to make the following suggestions in regard to this industry.

- (i) There have been complaints about the quality of manufacture and performance of bee boxes. One of the main reasons for desertions of bee colonies is the lack of standardisation in the size and defects in the manufacture of bee boxes. Attempts have been made to standardise the bee boxes under I.S.I. standards. We would suggest their manufacture at certain specified places under proper supervision. We would suggest in this context the close association between the blacksmithy and carpentry industry and the beekeeping industry so far as the aspect of manufacture of bee boxes is concerned.
- (ii) We would suggest that other items of equipments such as comb foundation mills, honey extractors etc., should also be manufactured at specified places according to standard specifications. It should be made a condition for the grant of assistance to societies and registered institutions that they should obtain their equipments from the places recognised by the Commission.
- (iii) We would suggest that both for the bee boxes and other items of equipment or machinery which may be required for the beekeeping industry, I.S.I. standards should be adopted, if available, or formulated.
- (iv) Honey is an article of food. Adulteration should, therefore, by all means be prevented. We would suggest that the Commission, in consultation with the Indian Standards Institution and the Agriculture Ministry of the Government of India, introduce an "agmark" system so that on the one hand the difficulties of marketing are reduced and on the other the sale of the genuine product is ensured to the consumer.
- (v) We would suggest that beekeeping should be a subject in agricultural schools so that its coordination with and influence on agriculture is realised by the school students who, in later years, can apply the results during the course of agricultural operations.

- (vi) As suggested in para 18.8 above, processing of honey and its marketing should be done under the aegis of the State Board or by cooperatives so that the margin of middlemen is reduced and ultimately the honey is made available at reasonable rates to the consumer of ordinary means.
- (vii) By means of propaganda and with the active support of the State Governments, efforts should be made to increase the off-take of honey in all hospitals and dispensaries run by the Government or Government-aided institutions and also propagate its increasing use as an important part of diet.
- (viii) In foreign countries, the importance of beekeeping for agriculture and horticulture has already been recognised. This has yet to be done in this country. The Commission and the State Boards should, therefore, in consultation with the Agriculture departments of the State Governments, introduce beekeeping in the first instance in the Government or State owned farms. We have no doubt that the satisfactory result that will ensue, will tempt other agriculturists to take to beekeeping and thereby not only provide them with an article of food but also yield better returns to them from agriculture.
- (ix) Vast forest areas with their rich resources of forage and flora deserve to be exploited for the purpose of beekeeping. We would, therefore, urge upon the Commission to persuade the scheduled castes and scheduled tribes and weaker sections, who live in such areas, to take to beekeeping. In such areas, the Commission itself may undertake the work in order that the forest tribes may be convinced of the beneficial results by taking to this industry. We have separately recommended a liberalised pattern of assistance to be made applicable to the weaker sections and we, therefore, hope there will not be any difficulty in persuading them to take up this industry.
- (x) The Commission has only recently taken up the question of research on the rock-bee. Research on this have been done by the erstwhile Madhya Bharat State Board. We would suggest that the Commission should take advantage of these researches. We would also suggest that the researches be pursued vigorously so that a further potential of honey is explored and the food-wealth of the country increased.

CHAPTER XIX

COTTAGE MATCH INDUSTRY

Even as early as 1934, attempts were made to set up decentralised units for the production of match. These attempts, however, did not bear any fruit. The First Plan gave some fillip to the decentralised sector by the recognition of a separate class of match factories called 'D' class producing upto 25 gross per day. Fiscal concessions for this class of match units in the form of rebates from excise duty were also extended by the Government. The All India Khadi and Village Industries Board and later the Commission took up the development of cottage match industry in 1954. The programme for development of the cottage match industry has as its basic objectives, first, the use of bamboo for veneers as well as splints thus releasing the pressure on scarce supplies of soft wood and, secondly, the provision of employment on a part-time or full-time basis to a large number of people in their own homes. This scheme ran into difficulties and a special committee was constituted in 1958-59 to examine the working of this scheme and suggest solutions for the difficulties. The committee was of the view that the assumptions of the scheme had to be tried out in a more intensive as well as extensive manner both in relation to the economics of production, sales and employment potential before a categorical opinion about it could be expressed. Subsequently, this scheme was revised in 1961 and one of the objectives, i.e. the use of bamboo for splints and veneers, was slightly changed, that is, soft wood and cardboard were permitted to be used for veneers. The emphasis on the production of splints out of bamboo, however, was continued. This scheme started as an experiment in 1962 and is at present under operation.

Match Factories

Classification and Programme

19.2 The classification of match factories for excise purposes based on output and their production during 1962 is given below.

Class of factory	Output for excise purposes	Production (gross boxes)
A	Exceeding 4,000 million sticks	27.43 million
B	Exceeding 500 million sticks but not exceeding 4,000 million sticks	7.74 million
C	Exceeding 50 million sticks but not exceeding 500 million sticks	7.63 million
D	Not exceeding 50 million sticks	0.22 million

A class factories account for 64 per cent of the total production of the match industry, and B and C class between them almost equally for the remaining 36 per cent. The production of D class factories is negligible. The entire cottage match sector, i.e., D class, is covered by the Khadi and Village Industries Commission.

Pattern of Assistance

19.3 Under the old pattern, assistance provided by the Commission was as follows:

Purpose	Assistance in Rs.		
	Grant	Loan	Total
Building	1,500	1,500	3,000
Equipment	2,100	700	2,800
Working capital	—	3,200	3,200
Total	3,600	5,400	9,000

The target of production was kept at 15 gross per day. Under the new pattern which was introduced in 1961, the scale of assistance was considerably stepped up in view of the fact that the target of production per unit was raised to 25 gross per day. It was also provided under the new pattern that assistance should be given in stages as and when the production developed. At the first stage (production 15 gross per day), a grant of Rs. 6,750 and a loan of Rs. 6,750 for equipment and workshed as well as a loan of Rs. 8,600 for working capital is provided. At the second stage (production 20 gross per day), an additional grant and loan of Rs. 900 each is given for equipment and a loan of Rs. 7,500 for working capital. At the third stage, (production 25 gross per day), an additional grant and loan each of Rs. 500 for equipment and a further loan for working capital of Rs. 6,900 are given. The total assistance under the new pattern is, therefore, grants Rs. 8,150 and loans Rs. 31,150. It will be seen that the total grant available under the new pattern is nearly 2½ times that under the old pattern and the loan nearly 6 times as much. The committee which went into the working of the old scheme in 1958-59 stated that inadequate working capital had been partly responsible for the failure of the programme. This defect was remedied in the new scheme by providing liberal loans for working capital. Even making allowance for the increase in target and the need for providing requisite working capital, there appears to be no justification for such a large stepping up of the scale of assistance for grant and, particularly,

of loan. A sum of Rs. 8,600 is provided as loan for working capital for the first slab of 15 gross per day, and an additional loan of Rs. 7,500 for the next slab of 5 gross per day. Perhaps a larger sum is required for the first slab of 15 gross per day and smaller amounts for additional slabs. There appears to be some arbitrariness in determining the quantum of loans for working capital at three different stages.

Disbursements

19.4 Table 1 shows the disbursements in the cottage match industry, state-wise, during the First Plan and for every year thereafter in the Second and Third Plans upto 1963-64. It will be seen that whereas the disbursements in the First Plan were only Rs. 19.83 lakhs, in the Second Plan they were stepped up to Rs. 37.61 lakhs. There was no corresponding increase in production. On the other hand, the cottage match industry has had a period of test and trial almost since its inception. Large funds given to several units in the country were unutilised. In fact, Rs. 32.07 lakhs out of the total disbursements of Rs. 57.43 lakhs were refunded by the units. As against this, during the three years of the Third Plan, the total disbursements amounted to Rs. 15.57 lakhs.

Production, Sale and Employment

19.5 Since its results were found unsatisfactory, the old pattern under cottage match industry was given up. We shall, therefore, review the production and sale only in respect of the new scheme which has been in existence for a little over two years now. Table 2 shows the production, sale, employment and wages under the new scheme during 1961-62, 1962-63 and 1963-64.

Table 2

Particulars	1961-62	1962-63	1963-64
Production (quantity in gross)	36,531	67,992	87,733
Production (value in Rs.)	N.A.	5,09,940	6,57,998
Sales (quantity in gross)	36,531	35,338	65,596
Sales (value in Rs.)	2,55,717	2,47,366	4,59,172
Employment (full-time)	N.A.	224	228
Employment (part-time)	N.A.	406	497
Wages (full-time workers)	N.A.	27,692	41,403
Wages (part-time workers)	N.A.	33,102	51,278

The new scheme has hardly been in existence for two years during which of course it has registered considerable progress

TABLE 1

Cottage Match Industry
State-wise, Plan-wise and Year-wise Disbursements

(Rs. lakhs)

State	First Plan		Second Plan										Total	
			1956-57		1957-58		1958-59		1959-60		1960-61			
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
1. Andhra	1.44	2.62	1.26	1.89	0.36	0.54	0.05	—	0.14	—	0.02	—	1.83	2.43
2. Assam	—	—	0.36	0.54	0.18	0.27	—	—	—	—	—	—	0.54	0.81
3. Bihar	—	—	0.72	1.08	0.57	1.06	—	—	—	—	—	—	1.29	2.14
4. Gujarat	2.46	4.51	1.12	2.12	—	—	0.02	—	—	—	—	—	1.14	2.12
5. Maharashtra														
6. Jammu & Kashmir	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7. Kerala	0.61	1.02	1.21	1.78	0.54	0.81	0.02	—	—	—	—	—	1.77	2.59
8. Madhya Pradesh	1.07	1.86	—	—	—	—	—	—	—	—	0.06	—	0.06	—
9. Madras	0.04	0.05	0.18	0.27	0.78	1.58	—	—	—	—	—	—	0.96	1.85
10. Mysore	—	—	0.36	0.54	0.57	1.06	0.01	—	—	0.02	0.05	—	0.99	1.62
11. Orissa	—	—	0.18	0.27	—	—	—	—	—	—	—	—	0.18	0.27
12. Punjab	0.18	0.27	0.21	0.33	—	—	—	—	—	—	—	—	0.21	0.33
13. Rajasthan	0.07	0.11	0.36	0.54	—	—	—	—	—	—	—	—	0.36	0.54
14. Uttar Pradesh	0.83	1.24	0.76	1.58	0.72	1.08	—	—	0.01	—	0.01	—	1.50	2.66
15. West Bengal	1.13	0.32	1.87	0.11	2.03	—	1.83	—	2.00	—	1.58	—	9.31	0.11
16. Manipur	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17. Goa	—	—	—	—	—	—	—	—	—	—	—	—	—	—
18. Himachal Pradesh	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	7.83	12.00	8.59	11.05	5.75	6.40	1.93	—	2.15	0.02	1.72	—	20.14	17.47

(Continued)

TABLE 1 (Continued)
Cottage Match Industry
State-wise, Plan-wise and Year-wise Disbursements

(Rs. lakhs)

State	Total First & Second Plans		1961-62		1962-63		1963-64		Total Third Plan upto 1963-64		Grand Total	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
	1. Andhra	3.27	5.05	0.04	0.05	0.07	0.39	0.30	0.94	0.41	1.38	3.68	6.43
2. Assam	0.54	0.81	—	—	0.11	0.36	—	—	0.11	0.36	0.65	1.17
3. Bihar	1.29	2.14	—	—	0.05	0.13	—	—	0.05	0.13	1.34	2.27
4. Gujarat	3.60	6.63	0.11	0.43	0.07	0.14	0.25	0.55	0.43	1.12	5.25	9.71
5. Maharashtra			0.62	1.28	0.46	0.65	0.08	0.03	1.16	1.90		
6. Jammu & Kashmir	—	—	—	—	—	—	—	0.03	—	0.03	—	0.03
7. Kerala	2.38	3.61	0.05	—	0.24	0.71	0.26	0.58	0.55	1.29	2.93	4.90
8. Madhya Pradesh	1.13	1.86	0.02	—	0.13	0.37	—	—	0.15	0.37	1.28	2.23
9. Madras	1.00	1.90	—	—	0.23	0.74	0.01	0.01	0.24	0.75	1.24	2.65
10. Mysore	0.99	1.62	0.05	0.13	0.15	0.37	0.08	0.33	0.28	0.83	1.27	2.45
11. Orissa	0.18	0.27	—	—	0.06	0.14	0.02	0.13	0.08	0.27	0.26	0.54
12. Punjab	0.39	0.60	0.07	0.24	0.13	0.38	0.09	0.12	0.29	0.74	0.68	1.34
13. Rajasthan	0.43	0.65	—	—	—	—	0.05	0.14	0.05	0.14	0.48	0.79
14. Uttar Pradesh	2.33	3.90	0.10	0.36	0.08	0.61	0.05	0.14	0.23	1.11	2.56	5.01
15. West Bengal	10.44	0.43	0.44	0.13	—	—	0.06	0.14	0.50	0.27	10.94	0.70
16. Manipur	—	—	—	—	—	—	0.02	0.11	0.02	0.11	0.02	0.11
17. Goa	—	—	—	—	—	—	0.05	—	0.05	—	0.05	—
18. Himachal Pradesh	—	—	—	—	—	—	0.05	0.05	0.05	0.05	0.05	0.05
Total	27.97	29.47	1.50	2.62	1.78	4.99	1.37	3.30	4.65	10.91	32.62	40.38

in the matter of production and sales. There were only 27 units in production in 1962-63 and in 1963-64 there were 32 units. The industry today is, however, operating under controlled conditions and under administrative direction from the headquarters of the Commission. Both these factors obviously cannot continue, at any rate, with the same intensity with the expansion in the number of units and production and, therefore, any comment about its success or failure would necessarily have to be reserved until the scheme has had a trial for another year or so. It must, however, be pointed out that in each unit there is provision for the appointment of two supervisors, the cost of these being borne by the Commission. This assistance is at present for a period of five years. The impact of the withdrawal of these people on the working of the units will have to be carefully examined.

Economics of the Scheme

19.6 The Tariff Commission recently went into the working of the match industry with particular reference to the economics and cost of production and selling prices. The report, we understand, has been submitted to the Government. So far as the sector covered by the Commission is concerned, the cost of production, according to the figures provided by the Commission, of a gross box of 50 sticks with soft wood veneers for box and bamboo splints varies between Rs. 7.48 and Rs. 7.66 and in the case of cardboard boxes it is Rs. 8.26. The details are as follows:

Total Cost Break-up of 50's on the Basis of 25 Gross Production a Day Based on 300 Working Days

Particulars	Soft Wood Boxes		Cardboard Boxes
	Rs.	Rs.	Rs.
Splints	0.70	to 0.75	0.70
Veneers	0.52	" 0.56	1.30
Tip composition	0.26	" 0.28	0.26
Side paint	0.10	" 0.12	0.10
Paper	0.23	" 0.23	0.23
Paraffin	0.17	" 0.20	0.17
Colour	0.05	" 0.05	0.05
Oil and paste	0.08	" 0.08	0.08
Label	0.18	" 0.20	0.18
Total	2.23	" 2.47	3.07
Excise duty	3.25	" 3.25	3.25
Labour charges	1.05	" 1.05	1.05
Salaries & supervision	0.48	" 0.48	0.48
Transport, depot rent interest etc.	0.41	" 0.41	0.41
Total	7.48	to 7.66	8.26

It will be seen that in the case of soft wood boxes, the splints' cost is 70 to 75 paise per gross box or nearly 30 per cent of the total cost of raw materials ranging between Rs. 2.29 to Rs. 2.47. The other major cost is of the veneers which ranges from 52 to 56 paise per gross or 23 per cent. We consider that the cost, particularly of the splints, is extremely high and includes an element of labour charges, though a separate provision of Rs. 1.05 is made for this. Since the proportion of the cost of splints to the total cost is so high, there is need to look into this question with a view to bringing down the cost of production per gross. The supervisory charges which amount to 48 paise per gross are borne entirely by the Commission. In addition, the Government has recently sanctioned the provision of promotional assistance of Re. 1.00 per gross of 50's and 85 paise per gross of 40's. This promotional assistance has been continued upto the end of the Third Plan. The boxes sell at Rs. 7.00 per gross with the result that a unit producing 25 gross will be able to make a profit of Re. 1.00 per gross.

Cost of production per gross of 50's	.. ..	Rs. 7.48
Less supervisory charges	.. ..	Rs. 0.48
		<u>Rs. 7.00</u>
Less subsidy	.. ..	Re. 1.00
	.. ..	<u>Rs. 6.00</u>
Selling price	.. ..	Rs. 7.00
Profit (Rs. 7.00 — Rs. 6.00)	.. ..	<u>Re. 1.00</u>

19.7 It will be seen from the above that the picture of a unit producing 25 gross per day and working 300 days in a year is an extremely profitable one. The total profit made by such a unit is equal to nearly 14 per cent of the selling price or over 17 per cent of the cost of production. The Government has recently agreed to revise the limit for D class factory for excise purposes from 50 to 75 million sticks. We consider that there is no justification for the continuation of the promotional subsidy or of the cost on account of supervisory staff in the case of units which produce 25 gross per day and work 300 days in a year. Till a unit reaches this position it may have to be assisted by grant for the preliminary expenses incurred in the establishment of the unit, losses in the initial stages and a cushion for bearing expenditure on supervisory staff after the withdrawal of assistance for this purpose by the Commission. It is likely that for fear of the assistance being withdrawn the units may not step up production to 25 gross per day. In order to prevent this we would suggest that the promotional assistance and the assistance for supervisory staff should be given to a unit only for a maximum of two to three years at the end of which it

should be possible for it to attain the production of 25 gross per day. If it does not attain this, the assistance should be stopped.

19.8 Even after a unit attains the production target of 25 gross per day for 300 working days, there may be possibility of loss. This may have an effect on the continuation of the programme. In such cases we would suggest ad hoc grant to meet the losses, if any, incurred by a unit should be given. The quantum, terms and conditions on which the grant would be payable should be determined by the Commission. We consider that this pattern of assistance will be flexible, liberal and conducive to the units showing initiative in production.

Fourth Plan

19.9 During the Fourth Plan, the Commission proposes to continue the development of cottage match industry on the same pattern. The Commission expects that by the end of the Third Plan, the number of units will increase from 32 to 55 and thereafter progressively, till the end of the Fourth Five Year Plan, 137 units will be working for 300 days in a year. The production in the cottage match industry which is today 87,000 gross is expected to increase to 1,54,500 gross at the end of the Third Plan and 6,64,500 gross at the end of the Fourth Plan. The value of this production is expected to increase from Rs. 6,58,000 at present to Rs. 11,59,000 at the end of the Third Plan and to Rs. 49,84,000 at the end of the Fourth Plan. In other words, the production is expected to be increased to about seven times between now and the end of the Fourth Plan or about four times between the production as estimated at the end of the Third Plan and as estimated at the end of the Fourth Plan. The value is estimated to increase by about seven times over the achievements for the year 1963-64 and by about four times between the estimated achievements at the end of the Third Plan and that at the end of the Fourth Plan. The several assumptions on which these apparently unrealistic estimates have been based include, first, the continuance of the present scale of subsidies, secondly, assistance of rebates from excise duty, thirdly, the continuous availability of soft wood and bamboo at reasonable prices and, fourthly, — above all — the absence of marketing difficulties. In regard to the last assumption, in particular, we would utter a word of caution particularly because the organisation and the acumen required for marketing about seven times the production is something which has to be carefully planned and thought of before any large-scale expansion is embarked upon.

Suggestions

19.10 (i) The Commission has given up its insistence on the pro-

duction of veneers from bamboo. The employment provided in the various units set up by the Commission is not significant. The amount of assistance provided for each unit would no longer entitle the units to be called low capital-cost units. In these circumstances we wonder whether the continuance of the industry in the present form within the fold of the Commission would be in conformity with the original objectives which were set out.

- ii) We consider that the cottage match industry has excellent scope for development as a rural industry. The B and C class factories, we are told, are being run by merchants and middlemen and reported to be exploiting their labourers. We would consider that the organisation of some C class units in the cooperative fold with the workers as members will be an excellent proposition. In that event the Government could justifiably extend the rebate on excise duty to such units. In view of the fact that these units will enjoy the economies of scale and production, only management grant for the staff of these societies and loans for equipment and working would be required. No other types of assistance would be called for.
- iii) The main raw material required for the match industry is bamboo and soft wood. We would recommend that the Government should see that in the interests of this industry these raw materials are made available in adequate quantities at reasonable rates and at the proper time. These raw materials should not be sold by public auction to the units in the large-scale sector and thus place the small units in a disadvantageous position.
- iv) We believe that sizeable quantities of soft wood for the cottage match industry will be available in the States like Assam and Madhya Pradesh, Manipur, Himachal Pradesh, etc. We would suggest that arrangements should be made by the Commission for the manufacture of veneers out of soft wood and distribute them to the units which require these.
- v) There are other raw materials such as potassium chlorate, red phosphorous and sulphur which are also required. These are in scarce supply. Indigeneous production is not enough and imports have to be made.

We suggest that, if necessary, special import licences should be given to the match factories in the rural industries sector.

- vi) We understand that field trials on a hand-operated veneer making machine are being undertaken by the Commission. If these trials are successful, we would suggest that the Commission should undertake the manufacture of such equipment and distribute them to the cottage match units.
- vii) There are possibilities for the expansion of the match industry in the direction of special varieties of products required for pyrotechnical displays, etc. We would suggest an examination into the possibilities of diversification of the match industry to manufacture such items.
- viii) In the interest of providing employment to weaker sections of the population, we would suggest the establishment of splint-making centres in areas in which bamboo is available in plenty. This would also enable considerable saving in the cost of transport.

COTTAGE POTTERY INDUSTRY

The craft of pottery, which is a branch of ceramics, is as old as human civilization. Though articles made out of pottery have tended to become supplanted by the increasing use of cheap metal wares, there is still considerable scope for the expansion of this industry and for the diversification of its products in the rural and semi-urban areas. There are nearly 11 lakhs of potters in the country. For these people the pursuit of this occupation is their main means of subsistence. The industry provides work for nearly eight months in a year to about 5 lakhs of potters' families who produce on an average pottery articles worth about Rs. 60 per month. In other words, the total production both by the full-time and part-time potters in the pottery industry is worth over Rs. 24 crores every year. The number of potters covered by the Khadi and Village Industries Commission is about 26,000 which represents about 2.4 per cent of the total potter population. From these figures, not only the importance of the industry but also the insignificant coverage of this industry by the Commission will be obvious. A massive stepping up of efforts to cover as large a number of potters as possible is required on the Commission's part before it can claim to have made any impact on the potters' population or on their economy.

20.2 The development programme of the pottery industry consists of the following aspects.

- i) **Production units:** Under this scheme, assistance is given for the setting up of the common workshop units of different sizes. Besides, assistance is given for constructing an experimental ceramic station, which is a service centre for whiteware-pottery production units and is expected to supply basic materials, ready-mixed clay body and suitable glazing materials, ceramic colours, etc. to about six glazed pottery units located within a radius of 100 to 150 miles. Assistance is also provided for the setting up of units manufacturing building materials and units manufacturing Raniganj type of roofing tiles. Assistance is also given for the setting up of brick bhattas for the production of bricks. In addition, the Commission assists the setting up of training-cum-production centres and for the purchase

of lands for the purpose of obtaining clay. Finally, financial assistance in the form of an equal grant and loan is given for the manufacture and supply of pottery equipments such as wheels, moulds, tile presses and other equipments.

- ii) **Extension:** This mainly relates to the scheme for providing share capital to the potters cooperative societies.
- iii) **Marketing:** This relates to the grant towards establishment charges of the selling agencies to the extent of 50 per cent of the total recurring expenditure upto Rs. 1,555 per unit.
- iv) **Training:** Training both at the Central Village Pottery Institute and at the different regional centres as well as holding of demonstrations by squads of which there is one for every State.
- v) **Research:** This is mainly conducted at the Commission's Central Research Institute and the Central Pottery Training Institute at Khanapur (Mysore State).

Disbursements

20.3 Table 1 gives details of the amounts disbursed in this industry to the various States during the First Plan and every year thereafter upto 1963-64. The total disbursement during the First Plan was Rs. 4.03 lakhs whereas in the Second Plan it was stepped upto Rs. 97.83 lakhs or nearly 25 times. During the first three years of the Third Plan, the disbursement amounted to Rs. 104.97 lakhs. It would be seen that even during the first three years of the Third Plan, the disbursement has exceeded the entire Second Plan outlay by about 7 per cent. The Third Plan of the Commission provides for an outlay of Rs. 154.31 lakhs. Judging from the tempo of disbursements and the fact that there is considerable leeway to be made, we would be inclined to think that the proposed outlay will be required. It would be seen from this table that, apart from the conspicuous example of Uttar Pradesh where the disbursements have been extraordinarily high on account of the very large number of brick bhattas set up in that State with the assistance of the Commission, the pottery industry has been developed in a fairly uniform manner throughout the country. This is a significant feature of this industry and we would express the wish that the development in future also should follow more

TABLE 1

Cottage Pottery
State-wise, Plan-wise and Year-wise Disbursements

(Rs. lakhs)

State	First Plan		1956-57		1957-58		1958-59		1959-60		1960-61		Total Second Plan	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
1. Andhra	0.20	0.22	0.09	0.04	0.15	0.16	0.36	0.39	0.13	0.41	1.40	2.79	2.13	3.79
2. Assam	—	—	0.10	0.05	0.18	0.22	0.17	0.26	0.40	0.83	0.32	0.75	1.17	2.11
3. Bihar	—	—	0.31	0.37	0.10	0.17	0.24	0.27	1.08	2.12	1.09	1.10	2.82	4.03
4. Gujarat	0.62	0.62	0.67	0.57	0.24	0.25	0.95	0.43	1.30	1.73	0.54	1.23	5.34	5.75
5. Maharashtra											1.64	1.54		
6. Jammu & Kashmir	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7. Kerala	0.14	0.19	0.26	0.36	0.23	0.17	0.62	0.47	1.30	2.36	0.87	1.06	3.28	4.42
8. Madhya Pradesh	0.29	0.38	0.07	0.05	0.02	0.05	0.22	0.13	0.07	0.25	0.34	0.77	0.72	1.25
9. Madras	0.16	0.03	0.10	0.05	0.76	1.42	0.94	1.41	0.63	1.48	1.34	2.12	3.77	6.48
10. Mysore	0.45	0.05	0.25	—	0.84	0.45	0.60	0.23	0.86	1.96	1.75	2.71	4.30	5.35
11. Orissa	—	—	0.16	0.26	0.26	0.31	0.76	1.10	0.61	1.16	0.61	1.28	2.40	4.11
12. Punjab	0.05	0.09	0.25	0.38	0.76	0.92	0.03	0.16	1.28	1.88	0.53	0.87	2.85	4.21
13. Rajasthan	0.20	0.29	0.28	0.34	0.18	0.05	0.18	0.10	0.40	1.09	0.37	0.45	1.41	2.03
14. Uttar Pradesh	0.05	—	0.16	0.30	0.28	0.37	0.52	2.15	2.34	8.09	1.31	3.26	4.61	14.17
15. West Bengal	—	—	0.21	0.13	0.49	0.05	0.38	0.38	0.10	0.34	0.86	2.05	2.04	2.95
16. Delhi	—	—	—	—	—	—	—	—	—	—	0.03	0.31	0.03	0.31
17. Manipur	—	—	—	—	—	—	—	—	—	—	—	—	—	—
18. Tripura	—	—	—	—	—	—	—	—	—	—	—	—	—	—
19. Goa	—	—	—	—	—	—	—	—	—	—	—	—	—	—
20. Himachal Pradesh	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	2.16	1.87	2.91	2.90	4.49	4.59	5.97	7.48	10.50	23.70	13.00	22.29	36.87	60.96

(Continued)

TABLE 1 (Continued)
Cottage Pottery
State-wise, Plan-wise and Year-wise Disbursements

(Rs. lakhs)

State	Total First & . Second Plans		1961-62		1962-63		1963-64		Total Third Plan		Grand Total	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
	1. Andhra	2.33	4.01	0.75	3.97	0.33	0.52	0.47	1.17	1.55	5.66	3.88	9.67
2. Assam	1.17	2.11	0.34	0.77	0.21	0.36	—	—	0.55	1.13	1.72	3.24
3. Bihar	2.82	4.03	0.70	3.47	0.21	0.44	0.85	2.95	1.76	6.86	4.58	10.89
4. Gujarat	5.96	6.37	0.21	0.36	0.89	2.18	0.86	1.61	1.96	4.15	12.22	19.28
5. Maharashtra			2.68	5.08	0.97	1.89	0.65	1.79	4.30	8.76		
6. Jammu & Kashmir	—	—	0.23	0.45	0.16	0.98	0.64	0.82	1.03	2.25	1.03	2.25
7. Kerala	3.42	4.61	1.72	2.08	0.77	0.73	1.77	3.44	4.26	6.25	7.68	10.86
8. Madhya Pradesh	1.01	1.63	1.18	3.10	0.13	0.18	0.28	0.54	1.59	3.82	2.60	5.45
9. Madras	3.93	6.51	1.81	3.22	0.88	1.01	2.01	4.16	4.70	8.39	8.63	14.90
10. Mysore	4.75	5.40	1.15	2.26	1.00	1.72	1.53	1.13	3.68	5.11	8.43	10.51
11. Orissa	2.40	4.11	1.64	3.68	0.27	0.55	0.16	0.56	2.07	4.79	4.47	8.90
12. Punjab	2.90	4.30	0.64	1.31	0.30	0.46	0.71	0.93	1.65	2.70	4.55	7.00
13. Rajasthan	1.61	2.32	0.29	1.23	0.28	0.54	0.16	0.19	0.73	1.96	2.34	4.28
14. Uttar Pradesh	4.66	14.17	0.71	2.05	0.26	0.45	0.30	0.63	1.27	3.13	5.93	17.30
15. West Bengal	2.04	2.95	0.51	1.39	0.98	2.36	0.77	2.17	2.26	5.92	4.30	8.87
16. Delhi	0.03	0.31	—	—	—	—	0.20	0.18	0.20	0.18	0.23	0.49
17. Manipur	—	—	—	0.02	—	—	—	—	—	0.02	—	0.02
18. Tripura	—	—	—	—	—	0.05	—	—	—	0.05	—	0.05
19. Goa	—	—	—	—	—	—	0.11	—	0.11	—	0.11	—
20. Himachal Pradesh	—	—	—	—	—	—	0.02	0.15	0.02	0.15	0.02	0.15
Total	39.03	62.83	14.56	34.44	7.64	14.42	11.49	22.42	33.69	71.28	72.72	134.11

or less the same pattern. The largest disbursements have been for the establishment of brick bhattas Rs. 29.94 lakhs (14 per cent) common worksheds Rs. 25.98 lakhs (13 per cent), and building material units Rs. 23.62 lakhs (11 per cent). The ratio of disbursements between grant and loan in the First Plan was 7:6, in the First and the Second Plans combined, it was 4:7 and during the Third Plan it was 11:20. The pattern of grant and loan varies considerably from year to year and also from plan to plan.

Production and Sales

20.4 The value of production and sale in the pottery industry is as shown below.

(Rs. lakhs)

	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64
Production	3.19	11.13	17.57	42.09	49.08	79.84	93.43
Sales	2.01	9.14	14.56	28.12	42.24	68.59	90.16

It will be seen that there has been consistent improvement in the figures of production and sales of the units assisted by the Commission. In the course of seven years, the production has increased by over 30 times and the sales by about 44 times. Sales have also kept consistent pace with production. It will be obvious also from this that, there have not been any major marketing difficulties, which the industry has faced.

20.5 In the pottery industry, the total number of units for which assistance has been given till 31 March 1964 under different schemes was 1254. Out of this, 961 or 77 per cent have been set up. 45 units, which were set up, are reported to have been closed down.

20.6 A remarkable feature of this industry is that 89 per cent of the units have been set up are working satisfactorily. We find from an analysis of the State-wise position that broadly speaking, the southern States showed a larger percentage of successful working units. By and large, the units producing tiles, bricks and whitewares are running successfully.

Improved Equipment

20.7 The industry is a fairly uncomplicated one and, therefore, it has not been necessary to devise many types of improved equipments. The types devised include, new models of wheels, wooden moulds for clay pipes and special tiles, screw presses for

roof and floor tiles, bhattis for biscuiting, glazing and lacquering etc., the most popular among these equipments being the new model wheels and the bhatti with sheds. On the other hand, the supply position of the improved equipments has not been satisfactory. This is mainly because no centralised arrangements under proper technical supervision have been made for the manufacture and supply of such equipment. We agree with the suggestion made by the Director-in-charge that either the Commission or the State Boards should assess periodically the requirements of the improved equipment by the potters institutions and arrange to manufacture and supply it. In view of the fact that the assistance is given to the potters institutions for the purchase of such equipments, it should not be difficult for the Commission or the State Boards to insist on the institutions that the improved equipments must be taken from the centres recognised by the Commission or the State Boards.

Training and Employment

20.8 During 1962-63, the pottery industry to the extent it is covered by the Commission, provided full-time employment to 12,110 potters and part-time employment to 14,024 potters. There has been a steady rise in both part-time and full-time employment in this industry as will be seen from the following Table:

Number of Potters Employed

	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63
Full-time	542	3,922	3,147	10,581	11,516	12,110
Part-time	660	1,361	1,596	9,099	4,984	14,024

Since the inception of the Board, 1083 artisans and 247 junior supervisors have been trained in the Central Training Institute and in different regional centres.

Difficulties Faced by the Industry

20.9 There are certain peculiar difficulties being faced by this industry, which have been mainly responsible for the progress not having been so substantial as it could have been, considering the large number of artisans engaged in the industry, the amount of assistance provided by the Commission and the prospects for manufacture of finished articles. The first difficulty is with regard to obtaining lands with workable clay deposits in order to provide

the basic raw material for the pottery industry. The Commission has made several representations to all the State Governments — since this is an industry dispersed almost throughout the country— to reserve certain lands for the potters and their cooperative societies so that the clay deposits in these lands could be utilised for the purpose of obtaining the raw material required for the industry. This suggestion was made, because the abject financial conditions of the potters would not enable them to obtain lands from private persons on a negotiated basis. It therefore, becomes the responsibility of the Governments to help the potters in obtaining the clay deposits from waste lands, tank beds, river banks, etc. belonging to the Government and local bodies on nominal payment. We regret, that though many of the State Governments have promised to look into this matter, by and large, the position continues to be unsatisfactory. Unless therefore, some telling effort is made by the Centre and the State Governments to arrange for this, pottery industry cannot succeed.

20.10 Another main difficulty which is more or less similar to the one mentioned above is the supply of coal ash for the brick-makers cooperatives. In this case, coal ash in ample quantities is available from the railway yards, but the system of disposal adopted by the Railways does not enable the potters cooperative societies to obtain them at fair prices, because these materials are auctioned to contractors, who are middlemen and exploit the potters cooperatives by charging fantastic profits. Here too the Commission has taken up the matter with different Railways, the Railway Board and the Railway Ministry, and the response has been somewhat encouraging.

20.11 But our main suggestion in respect of the raw material position would be that since the requirements of potters cooperatives are paramount as well as modest, the Central and the State Governments as well as the departments concerned should consider it their duty to provide the requisite quantities of the raw materials at reasonable prices and at the proper time. Otherwise, the industry cannot succeed and the prospects of providing employment to such a large number of the artisan population will disappear.

Fourth Plan

20.12 During the Fourth Plan, the Commission proposes to adopt an intensive as well as an extensive approach. The intensive approach will mean direct effort to supply the basic materials, organisation of the various centres through service cooperatives and

to cover about 10 per cent of the total number of workers in the industry. The extensive approach will mean an indirect effort for providing general facilities and other conveniences available for production and sales through primary cooperative societies. Both these approaches would be directed to increasing the production target, which is now Rs. 60 p.m. to Rs. 100 p.m. per potter's family. It will incidentally provide employment for 10 months in a year instead of 8 months as at present. The Plan assumes that there will be no large-scale variation in the potter population or their migration from the industry. By the intensive and extensive approaches, it is proposed to cover 4.3 lakhs of potters. The total investment is expected to be Rs. 5.09 crores rising from Rs. 136.05 lakhs in 1966-67 to Rs. 221.85 lakhs in 1967-68 and falling down to Rs. 137.25 lakhs in 1968-69, to Rs. 47.50 lakhs in 1969-70 and Rs. 47.35 lakhs in 1970-71. The production is expected to be Rs. 2.25 crores in 1966-67 and go on rising continuously during the next four years of the Fourth Plan to Rs. 5.25 crores, Rs. 11.50 crores, Rs. 16.50 crores and Rs. 19.00 crores respectively. The outlay during the Fourth Plan is roughly 5 times that of the Third Plan. The value of the production during 1962-63 is Rs. 79.82 lakhs. Even assuming that, in the remaining three years, there is an increase in the production of 5 per cent on an average per year, by the end of the Third Plan, it is hardly likely to be more than a crore of rupees. On these considerations, the Plan for a total production of Rs. 19 crores at the end of the Fourth Plan is, to our mind arbitrary. One of the two conclusions is inevitable. Either, that the planning has been completely unrealistic or, credit is taken in the figure of Rs. 19 crores for the production of the large number of potters who are only indirectly assisted by the Commission and whose production cannot in a real or direct sense be said to have been due to assistance given by the Commission. Our realistic assessment of this industry would dictate an investment of about Rs. 3 to 4 crores and the total production of units directly assisted by the Commission upto Rs. 5 crores. We would, therefore, suggest that the Commission should examine the targets during the Fourth Plan for the pottery industry in greater detail before it submits the Plan to the Government.

Suggestions

20.13 We have made certain suggestions in regard to the development of this industry while considering the difficulties, which it faces. In addition, we would like to make the following few more suggestions.

- i) The brick-making industry is one in which the margins of profit are very high and the turnovers are also very quick. Consequently, there is sufficient temptation for the middlemen to enter this industry in league with building contractors and exploit the artisans. We, therefore, are of the view that the Commission should not grant assistance in such cases. However, there are some areas where potters themselves have established co-operative societies for the manufacture of bricks. There are also registered institutions, which without a profit motive have taken to this industry for the purpose of providing employment to the potters. In such cases, we would suggest the continuance of assistance by the Commission but in the form of a loan. We would also suggest that the Commission should use its good offices for dovetailing the requirements of constructional activities undertaken by the Government or government sponsored organisations in order that institutions or cooperative societies may have no difficulties of marketing. There has been an unconscionable rise in the price of bricks on account of the entry of middlemen and the increased tempo of building activities. We would suggest that all the institutions and cooperative societies, to whom assistance is given for the manufacture of bricks by the Commission, should conform to any regulation regarding price which may be imposed by the Government, the Commission or the State Boards in order that there is no profiteering in this essential requirement of the building industry.
- ii) A recommendation has been made in the past about the diversification of the products of this industry. It has been suggested that the potters should be enabled to produce stoneware, whiteware, stoneware pipes etc. We do not consider that the Commission has either the organisation or the technical acumen for guiding the potters in this direction. We would suggest, therefore, that the Commission should set up this organisation and acquire the technical acumen before steps are taken to translate the recommendation into practice.
- iii) With the phenomenal increase in building activity and vastly increased consumption of tiles, we would suggest that more intensive efforts be made for the production by the potters cooperatives of Raniganj tiles, Mangalore

tiles and other country-roofing tiles. We do not believe that the impact of the Commission's efforts in this direction has been felt upto now.

- iv) By the establishment of common sheds it has been proved that the production in the pottery industry has increased and the coverage has been more, mainly on account of the grant of assistance for the setting up of production units in common worksheds. During the Fourth Plan, we would like the Commission to give emphasis to this scheme. These common sheds may even be run as service centres where potters may be provided facilities for mixing of clay, firing in community kilns, glazing and for marketing.

CHAPTER XXI

NON-EDIBLE OILS AND SOAP INDUSTRY

The three-fold objectives behind the development programme of the non-edible oils and soap industry which was taken up by the Commission in 1954 are (i) the exploitation of the non-edible oilseed wealth in government lands, forests, uncultivable lands, etc. (ii) the utilisation of non-edible seed-oil in the manufacture of soap to release edible oil which is an important article of food and is yet in great scarcity and (iii) the provision of employment opportunities to a large number of persons in the seed collection programme together with the possibility of introducing this activity among the weaker sections of the community.

21.2 During 1960-61, the total production of oilseeds in the country amounted to 6.53 million tons. According to surveys conducted at the instance of the Indian Central Oilseeds Committee, the availability of non-edible oilseeds is about 10 lakh tons, distributed mainly as follows:

	(In lakh tons)
Mahua	2.18
Neem	4.15
Karanja	0.26
Undi	0.04
Khakhan	0.46
Nahor	0.06
Sal	2.12

If this production of non-edible oilseeds is pressed into oil, the yield will be equal to about 2 lakh tons. From these figures, the potentialities for development of the non-edible oil industry can very well be imagined.

21.3 Before the Commission assumed responsibility for developing the non-edible oil industry, little or no work in this field had been done. The entry of the Commission into this field has served as an indirect stimulus to other organisations to take interest in exploring the possibilities of growing and collection of non-edible oilseeds and in the exploitation of the non-edible oilseed wealth for the purpose of manufacturing oils for industrial, medicinal and pharmaceutical uses.

21.4 The facets of the development programme undertaken by the Commission include the establishment of centres for seed

collection and for extension service, oil-crushing units, soap-making units of different classes and sizes including soap units in schools and jails, and soap-testing laboratories and the setting-up of marketing depots. In addition to assistance given for the above purposes, loans are also given for working capital of the oil-crushing and soap-making units, for marketing depots and for capital assistance for cooperatives and registered institutions. The Commission also conducts a training scheme for training instructors and higher staff as well as artisans in the seed-collection, soap-making and oil-crushing programmes of the industry.

21.5 Table 1 shows the State-wise disbursements of funds made by the Commission for the various items of the development programme upto the First Plan and for every year of the Second and Third Plans upto 1963-64. During the First Plan, the disbursements amounted to Rs. 45.22 lakhs of which Rs. 15.39 lakhs were grants and Rs. 29.83 lakhs were loans, the proportion of grant to loan being nearly 1 : 2. During the Second Plan, the total disbursement was Rs. 168.12 lakhs of which Rs. 58.17 lakhs were grants and Rs. 109.95 lakhs were loans, the proportion of grant to loan remaining more or less 1 : 2. During the first three years of the Third Plan, the disbursement amounted to Rs. 205.88 lakhs of which Rs. 40.23 lakhs were grants and Rs. 165.65 lakhs were loans, the proportion of grant to loan showing a slant very much more in the direction of loan and being nearly 1 : 4. It will be seen from these figures that the tempo of disbursement was stepped up considerably during the Second Plan. The disbursements in the first three years of the Third Plan are about a quarter more than the total disbursements in the five years of the Second Plan. It would be obvious from this that the initial difficulties in the establishment of the various units and in the organisation of seed collection are now in the process of being overcome. The fact that the slant in the disbursement has shown a tendency towards increased loans would indicate that the activities are inclined to be more of a commercial character, the developmental aspect having been taken care of in the earlier years. The estimated cost of the development programme of this industry during the Third Plan is Rs. 257.93 lakhs. We are inclined to believe that, with the present tempo of disbursements, it will be possible for this industry to easily achieve this figure. From the statement of disbursements upto the year 1963-64, it will also be noticed that the development programme was extensively and intensively undertaken mainly in Andhra Pradesh, (Rs. 50.72 lakhs) Bombay, including Maharashtra and Gujarat, Rs. 148.51 lakhs which also includes the substantial loan of about Rs. 50 lakhs given to the All India Non-edible Oil Industry Association, Poona, Bihar, (Rs. 31.31 lakhs) Punjab,

TABLE 1

Non-edible Oils and Soap Industry
State-wise, Plan-wise and Year-wise Disbursements

(Rs. lakhs)

State	First Plan		1956-57		1957-58		1958-59		1959-60		1960-61		Total Second Plan	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
1. Andhra	2.00	4.70	2.86	4.79	1.44	1.95	1.34	1.10	0.68	2.12	2.25	4.25	8.57	14.21
2. Assam	0.04	0.09	1.40	2.52	0.60	0.82	0.62	1.02	0.17	0.44	—	—	2.79	4.80
3. Bihar	0.40	0.82	1.34	4.42	1.29	1.56	1.18	2.75	0.06	0.40	0.42	2.95	4.29	12.08
4. Jammu & Kashmir	—	—	—	—	0.06	0.10	—	—	—	—	—	—	0.06	0.10
5. Gujarat	5.88	9.46	2.22	1.26	4.45	7.42	2.70	4.07	0.06	0.82	0.24	0.92	13.38	27.78
6. Maharashtra									1.23	8.33	2.48	4.96		
7. Kerala	0.48	0.92	0.49	0.88	0.91	1.49	0.67	1.18	0.34	0.36	0.33	0.46	2.74	4.47
8. Madhya Pradesh	1.69	3.60	0.12	0.20	1.11	1.86	0.25	0.42	0.57	0.69	0.67	2.01	2.72	5.18
9. Madras	0.48	0.99	0.35	0.20	1.12	1.63	0.75	0.86	0.59	0.89	0.48	0.51	3.29	4.09
10. Mysore	0.17	0.37	0.65	1.17	0.50	0.81	1.30	2.21	0.24	0.37	0.23	1.00	2.92	5.56
11. Orissa	0.63	1.30	1.13	1.98	1.03	0.97	0.71	1.92	0.41	0.59	0.63	1.91	3.91	7.37
12. Punjab	0.35	0.74	1.47	2.44	1.57	2.66	1.02	1.06	0.19	1.34	0.25	0.82	4.50	8.32
13. Rajasthan	1.88	3.89	1.21	2.06	0.83	1.10	0.34	0.34	0.24	0.28	0.37	0.05	2.99	3.83
14. Uttar Pradesh	0.93	1.96	0.19	0.31	2.24	3.83	0.61	0.35	0.13	1.13	0.80	2.89	3.97	8.51
15. West Bengal	0.46	0.99	0.13	0.15	1.17	1.87	0.35	0.10	0.16	0.56	0.17	0.82	1.98	3.50
16. Manipur	—	—	0.06	0.11	—	—	—	—	—	—	—	0.04	0.06	0.15
17. Delhi	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	15.39	29.83	13.62	22.49	18.32	28.07	11.84	17.38	5.07	18.42	9.32	23.59	58.17	109.95

(Continued)

TABLE 1 (continued)

Non-edible Oils and Soap Industry
State-wise, Plan-wise and Year-wise Disbursements

(Rs. lakhs)

State	Total First & Second Plans				1961-62				1962-63				1963-64				Total Third Plan upto 63-64		Grand Total	
	Grants		Loans		Grants		Loans		Grants		Loans		Grants		Loans		Grants		Loans	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
1. Andhra	10.57	18.91	2.20	6.15	3.27	7.50	0.37	1.75	5.84	15.40	16.41	34.31								
2. Assam	2.83	4.89	—	—	0.08	0.35	0.47	1.15	0.55	1.50	3.38	6.39								
3. Bihar	4.69	12.90	1.34	4.68	1.53	2.45	0.49	3.23	3.36	10.36	8.05	23.26								
4. Jammu & Kashmir	0.06	0.10	0.12	0.09	0.27	0.09	0.14	0.22	0.53	0.40	0.59	0.50								
5. Gujarat			0.37	1.61	1.12	3.32	0.97	0.63	2.46	5.56										
6. Maharashtra	19.26	37.24	3.79	26.45	4.26	33.99	3.23	12.27	11.28	72.71	33.00	115.51								
7. Kerala	3.22	5.39	0.41	1.29	0.24	1.14	0.77	1.94	1.42	4.37	4.64	9.76								
8. Madhya Pradesh	4.41	8.78	0.54	2.70	0.21	0.51	0.85	1.16	1.60	4.37	6.01	13.15								
9. Madras	3.77	5.08	0.48	2.65	0.21	1.30	0.44	4.10	1.13	8.05	4.90	13.13								
10. Mysore	3.09	5.93	0.64	1.74	1.67	7.90	0.89	3.20	3.20	12.84	6.29	18.77								
11. Orissa	4.54	8.67	—	0.50	0.73	1.51	0.06	0.42	0.79	2.43	5.33	11.10								
12. Punjab	4.85	9.06	1.13	5.35	0.69	2.72	0.72	2.08	2.54	10.15	7.39	19.21								
13. Rajasthan	4.87	7.72	0.74	1.08	0.79	3.11	0.89	4.54	2.42	8.73	7.29	16.45								
14. Uttar Pradesh	4.90	10.47	1.30	2.99	0.40	1.00	0.24	0.14	1.94	4.13	6.84	14.60								
15. West Bengal	2.44	4.49	0.25	1.75	0.64	2.71	0.13	—	1.02	4.46	3.46	8.95								
16. Manipur	0.06	0.15	—	—	—	—	—	—	—	—	0.06	0.15								
17. Delhi	—	—	—	—	0.12	0.19	0.03	—	0.15	0.19	0.15	0.19								
Total	73.56	139.78	13.31	59.03	16.23	69.79	10.69	36.83	40.23	165.65	113.79	305.43								

(Rs. 26.60 lakhs), Rajasthan (Rs. 23.74 lakhs), Uttar Pradesh, (Rs. 21.44 lakhs) and Mysore, (Rs. 25.06 lakhs). Considering that the seed collection programme is necessarily to be restricted to areas and States where there is greater availability of such oilseeds, the larger disbursements in these States appear to be justified.

21.6 A satisfactory feature, to our mind, is that the bulk of the disbursements i.e. over 92 per cent was for the establishment of production units (including seed collection, soap making, oil pressing). The tertiary and administrative overheads in this industry, we are happy to know, do not constitute any sizeable percentage of this expenditure.

Production and Sales

21.7 Table 2 indicates the quantity and value of production and sales of soap.

Table 2

Year	Production		Sales	
	Quantity	Value	Quantity	Value
1954-55	0.69	0.70	0.41	0.45
1955-56	2.43	2.67	0.92	1.25
1956-57	5.69	6.73	4.11	5.69
1957-58	11.76	14.68	9.16	12.72
1958-59	15.57	20.19	13.71	19.16
1959-60	25.02	34.79	21.38	31.21
1960-61	25.68	34.92	22.70	32.73
1961-62	30.44	40.54	27.82	41.77
1962-63	37.35	50.87	33.36	48.96
1963-64	43.41	58.86	40.39	58.80

It will be seen from this table that the sales kept pace with the production and no marketing difficulties of any consequence have yet beset this industry. As a result of the activities undertaken by the units for manufacture of soap out of non-edible oil, there has been an increasing use of soap in the rural areas and consequently an improvement in hygienic conditions. The civilian consumption of the soap manufactured by the units has been the mainstay of this industry. We must also, however, refer to the fairly helpful attitude of the Central Government which has arranged to purchase soap required by the Defence and the Canteen Stores Organisations. We are of the view that, as in the case of khadi and other village industries products, a concerted effort should be made by the Commission

with the active help of the State and Central Governments for increasing the off-take of soap manufactured at these units for the requirements of Defence, canteen stores, hospitals, jails, public institutions and institutions run by semi-government bodies or government-aided institutions.

21.8 A point on which some discussion is required would be the cost of production and selling prices of soap, not only *per se* but in relation to the soap manufactured by the large-scale units and the variation in the cost of production and sale price from State to State. Roughly, in the cost of production, the raw material accounts for 82 per cent, transport charges 5 per cent, labour charges 8 per cent, and management 5 per cent. Similar percentages in the selling price are: cost of production 89, cost of transport 7.4, and management charges 3.6. A comparison between the cost of production and sale price per ton in the various States shows considerable variation. For example, the sale price per ton of soap in Andhra Pradesh is Rs. 1091 or Rs. 71 more than the average cost of production whereas the margins between the cost of production and the sale price in Gujarat, Madhya Pradesh, Madras, Maharashtra, Mysore and West Bengal are Rs. 165, Rs. 420, Rs. 350, Rs. 145, Rs. 170 and Rs. 225 respectively. These wide fluctuations point to only two conclusion, namely, that the figures relating to the economics of production and cost and sale prices are not worked out in a scientific manner and secondly, that the processes relating to the collection of raw material as well as the manufacture of the finished product are not standardised which may be due to defective equipment, and inadequate training and supervision. A possible reason for this variation could also be, the higher percentage of edible oil used in the manufacture of soap. All these factors point to the need of the Commission standardising the procedure and method for the collection of raw materials, the processes for the manufacture of the finished product, including the mixture of edible and non-edible oils and the standardisation of the processes in the sales of the finished products. We hope it will be possible for the Commission to concentrate on these matters during the Fourth Plan.

21.9 As on 31 March 1963, 913 units were allotted under the seed collection, oil extraction and soap making programme. Only 477 units have been set up and 150 units are under construction. It will be seen that roughly 50 per cent of the units have yet to come into being. A further analysis of the figures shows that only 154 out of these 477 units are working satisfactorily, another 154 are closed and 169 units which are not working satisfactorily can, with effort and attention, be made to improve. The time-lag between the sanction of a unit and its coming into being is between 6 to 18

months. The main reasons for this time-lag are the delay in disbursement of the funds, difficulties in obtaining lands, difficulties in obtaining technical personnel and in some cases difficulties in procuring equipment. As we have pointed out elsewhere, the several steps taken by the Commission are likely to remedy these difficulties. At the same time, we are very much concerned about the fairly wide gap between promise and performance. This would indicate the need of the Commission paying concentrated attention towards consolidation of the work already started. It will be obvious that once this consolidation takes place there will be considerable improvement in the ratio between the investment in this industry and the outturn.

Training and Employment

21.10 There are four different training courses for technical personnel. The advanced course is of one year's duration for candidates with B.Sc. degrees preferably with Chemistry and/or Botany as a special subject. There are separate artisans' training courses of 6 months' duration in seed-collection and pressing and in soap-making respectively. Usually, matriculates are trained in the artisans' courses for employment as technicians. There is also a refresher course of training of one month's duration for those already trained in the advanced course. There is a teachers' training course in which one month's training is imparted for school teachers nominated by headmasters of schools to teach soap making as a craft in schools. The advanced training is imparted at the Central Training Institute of this industry in Mohol (Maharashtra). 36 centres attached to the field units conduct artisans' and teachers' training courses in soap making. Similarly, there are 23 centres which conduct artisans' training courses in oilseed collection and oil pressing. Till 1962-63, 129 chemists and 1,343 artisans have been trained. Almost all the persons who have been trained in the industry are either employed in the supervisory cadres of the Commission, the State Boards and institutions or are actually pursuing this industry. There is, therefore, no wastage of training facilities so far as this industry is concerned. Considering the vast potentialities of this industry, we would impress the imperative need for the Commission to expand its training facilities particularly in the seed collection programme.

21.11 In 1962-63, the industry provided full-time employment to 834 persons, part-time employment (for six to twelve months) to 15,634 persons and seasonal employment (for less than three months) to 94,415 persons. The vast bulk of the employment opportunities in this industry is provided by the seed-collection programme. The ex-

pansion of this programme will also offer considerable opportunities for providing employment to the weaker sections of the population.

Equipment

21.12 Since the industry was taken up only very recently for development, most of the equipment required for the various programmes had to be designed, manufactured and fabricated by the Commission with the possible exception of the ghani for which only an adaption of the traditional ghani was necessary. The non-edible oilseeds present certain special problems of storage, depulping and decortication (or shelling) which are not found in the case of edible oilseeds. Improved equipment for all these operations have been devised. The direction of improvement is generally to increase productivity. Efficient methods for drying of the seeds particularly, in the rainy season when most of the trees bear fruits have to be worked out for each type of seed. Special equipment for the decortication or the separation of oil-bearing kernel from the shells of the seeds had to be devised. With the assistance of the Commission's Central Research Institute, the National Chemical Laboratory, and the National Botanical Gardens considerable work appears to have been done with regard to the development of improved equipment. A notable feature of this industry is the prescription of quality standards for oil as well as soap produced by the field units. For this purpose, the Commission has a Central Testing Laboratory as well as several regional testing laboratories. We congratulate the Commission in adopting these progressive steps for putting the industry on a sound footing.

Fourth Plan

21.13 In spite of deficiencies in certain aspects of this programme and the need to consolidate and activate the units which have not yet started, the industry offers excellent potentialities for development in the Fourth Plan. During the Fourth Plan, the organisational base is intended to be continued on the same lines, though it is intended to concentrate work in suitably defined areas so as to cover fully the available resources in terms of not only seed but also manpower and the agencies engaged at present. It is intended to take up intensive work on selected project basis. The Commission intends in consultation with the Indian Central Oilseeds Committee and the other all-India organisations working in this field to explore the possibilities of development of lesser-known non-edible oilseeds. These activities are expected to involve an investment of Rs. 4.03 crores of which the major expenditure is in seed-collection, processing and storage (Rs. 201.82 lakhs) soap centres (Rs. 95.31 lakhs) and oil centres (Rs. 35.51 lakhs). Considering the fact that during

the Third Plan, the estimated outlay was Rs. 2.58 crores and in view of the possibility of fulfilling this estimate as also considering the potentialities of this industry we would accept as realistic the provisions for the Fourth Plan.

Suggestions

21.14 We would like to make the following suggestions in regard to the development of this industry.

- (i) The main raw material for this industry is oilseed. We do not know the percentage of the seed wealth actually exploited, but we have been informed by good authority that only a small fraction of the total seed wealth of non-edible oilseeds has up till now been exploited. A vigorous and ambitious programme for the intensified collection of non-edible oilseeds is, therefore, called for not only from the raw material point of view but also because of the tremendous possibilities such an activity will open up for providing employment opportunities at least of a seasonal character to a very large number of people particularly in areas in the vicinity of forests and other interior areas.
- (ii) The technique of seed collection should, we suggest, be improved so that the maximum amount of oilseeds is collected with the minimum amount of effort and cost. Already some improvements have been made by training seed-collectors in improved method of collecting. We would suggest to the Commission to step up such training facilities so as to cover a wider area and a large number of people.
- (iii) Many of these exploitable oilseeds abound in forests, in waste lands and in lands which are uncultivable. Many of these, particularly the forests, are in the possession of the Government. In view of the Government's obligation to provide employment to the citizens and also in view of possibilities of the exploitation of the forest-wealth, we would suggest that contracts for collection of oilseeds in these areas at favourable rates may be given to cooperative societies of forest labourers or other inhabitants belonging to the weaker sections of the community so that the middlemen in these areas are eliminated. Such a concession on the part of the Government would be very much akin to the practice followed by certain State Governments of letting out forest coupes to forest labourers cooperative societies at low prices which will guarantee not only to the Government but also to the forest labourers cooperatives a fair return.

- (iv) We believe that the activity of collection of oilseeds and extraction of oil can be combined and dovetailed. We would suggest the forest labourers cooperative societies to whom contracts for the collection of non-edible oilseeds are given should take on themselves the responsibility of crushing the oilseeds because this will offer their members additional employment after the period of seasonal employment in collection of seeds is over. This also accords with the idea of local processing of raw materials which is one of the basic features of an agro-industrial economy.
- (v) We would suggest that there should be a coordination between the location of the seed-collection centres, oil-pressing units and the soap-manufacturing units. All these centres must be established within convenient distances of one another so that the cost on transport of the raw material is reduced to as large an extent as possible.
- (vi) We would suggest for the earnest and immediate consideration of the Government that in view of the increasing possibility of utilising non-edible oils for the manufacture of soap, the Government should periodically review the question of the use of edible oils in the soap making industry and reduce it to the barest minimum progressively. This will have the advantage of conserving valuable edible oils for food purposes.
- (vii) We would also suggest diversification of this industry to include the manufacture of products of industrial and medicinal use or in the pharmaceutical industry. Some of these industries are capable of being developed on a small-scale basis and we would, therefore, suggest that the Commission itself should take up the development of these industries under its umbrella. This will extend the scope of employment to a large number of technical people also.
- (viii) A major difficulty in the marketing of soap manufactured out of oil pressed from non-edible oilseeds is the retention of the odour of the oils. Some work has already been done in the extraction of the bitters in some of the oilseeds such as neem. We would suggest to the Commission to pursue research in this field in order that the odour remaining in the oils may be removed and that these oils could be used for the manufacture of soaps required also for toilet purposes.
- (ix) We have no accurate data about the economics of production particularly of the soap units, but we have referred to the wide variations in the cost of production and therefore

the sale prices of such soaps (vide para 21.8). A partial explanation for this is that the soap units are small in size and therefore the relation of the overheads to the production is higher. Partly in order to standardise and also because the soap making units are not employment-oriented, we would suggest a rationalisation of the units in the soap manufacturing part of the programme so that the smaller and uneconomic units may be given up and comparatively bigger units established which will be justified both from the point of economics and possibilities of employment. We do not consider that the acceptance of this suggestion will have any adverse consequences on the employment aspect.

CHAPTER XXII

FIBRE INDUSTRY

The fibre industry occupies in the rural economy an extremely important place because of the fact that it produces ropes and strings required for binding agricultural produce and because of its potentialities for engaging a large number of artisans in gainful employment. We consider that as time goes on, it will occupy an even more important place and be responsible for a major contribution to the relief of unemployment in the rural areas.

22.2 The main aspects of the development programme for the fibre industry consist of the training of inspectors and artisans, the establishment of model training-cum-production centres, the grant of financial assistance for purchase of equipments and for the construction of godowns. Apart from these, the cooperative societies and the registered institutions engaged in the fibre industry are also assisted by contribution to their capital.

Disbursements

22.3 Table 1 indicates the State-wise disbursements of funds upto the First Plan and for every year of the Second and Third Plans upto 1963-64. It will be seen that the disbursements during the First Plan period were negligible. During the Second Plan period the total disbursements were of the order of Rs. 24.75 lakhs and during the first three years of the Third Plan, they were Rs. 54.76 lakhs. It would be noticed from this that the tempo of disbursements has vastly increased during the Third Plan and the disbursements during the first three years of the Third Plan were more than twice the entire disbursements during the whole of the Second Plan period. The development of the industry during the Second Plan was concentrated in Andhra Pradesh, Bombay, Mysore, Orrissa and Uttar Pradesh but during the Third Plan the Industry is being developed in other States including the Punjab, Kerala etc. The proportion of grants to loans in this industry is more or less even.

Production and Sales

22.4 Table 2 indicates the production and sales from 1959-60 to 1963-64.

Training and Employment

22.5 Unlike some other industries, this industry is seasonal in some areas, but partakes of a perennial character in others. Conse-

TABLE 1
Fibre Industry
State-wise, Plan-wise and Year-wise Disbursements

(Rs. lakhs)

State	First Plan		1956-57		1957-58		1958-59		1959-60		1960-61		Total Second Plan	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
1. Andhra	—	—	0.26	1.90	0.02	—	—	—	0.05	—	0.11	—	0.44	1.90
2. Assam	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3. Bihar	—	—	—	—	0.07	—	0.30	0.24	0.23	0.18	0.26	0.18	0.86	0.60
4. Gujarat	0.43	0.25	0.69	—	0.46	0.12	0.15	0.11	0.08	0.05	0.10	0.21	2.08	1.28
5. Maharashtra									0.34	0.35	0.26	0.44		
6. Kerala	—	—	—	—	0.03	—	—	—	0.10	0.06	0.14	0.21	0.27	0.27
7. Madhya Pradesh	—	—	—	—	0.07	—	0.10	0.11	0.09	—	0.19	—	0.45	0.11
8. Madras	—	—	—	—	—	—	—	—	—	—	0.05	0.21	0.05	0.21
9. Mysore	—	—	0.27	—	0.87	0.55	0.91	0.20	0.97	0.37	0.23	2.36	3.25	3.48
10. Orissa	—	—	0.13	0.30	0.10	0.12	0.10	0.10	—	—	—	—	0.33	0.52
11. Punjab	—	—	—	—	0.03	—	0.48	0.48	0.23	0.12	1.29	0.68	2.03	1.28
12. Rajasthan	—	—	0.07	—	0.03	—	0.30	0.24	0.03	—	0.10	—	0.53	0.24
13. Uttar Pradesh	—	—	0.05	—	0.43	0.36	0.41	0.06	0.79	0.30	0.96	0.59	2.64	1.31
14. West Bengal	0.04	—	—	—	0.10	0.12	0.10	—	0.18	0.12	—	—	0.38	0.24
15. Delhi	—	—	—	—	—	—	—	—	—	—	—	—	—	—
16. Jammu & Kashmir	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17. Goa	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	0.47	0.25	1.47	2.20	2.21	1.27	2.85	1.54	3.09	1.55	3.69	4.88	13.31	11.44

(Continued)

TABLE 1 (continued)

Fibre Industry
State-wise, Plan-wise and Year-wise Disbursements

(Rs. lakhs)

State	Total First & Second Plans		1961-62		1962-63		1963-64		Total Third Plan		Grand Total	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
	1. Andhra	0.44	1.90	0.29	0.58	0.12	0.17	0.33	0.31	0.74	1.06	1.18
2. Assam	—	—	—	—	—	—	—	—	—	—	—	—
3. Bihar	0.86	0.60	0.47	0.39	0.35	0.69	1.74	1.30	2.56	2.38	3.42	2.98
4. Gujarat	—	—	—	—	0.16	0.13	0.38	0.16	0.54	0.29	—	—
5. Maharashtra	2.51	1.53	0.41	0.13	0.17	0.22	0.48	0.41	1.06	0.76	4.11	2.58
6. Kerala	0.27	0.27	0.22	0.16	1.20	0.88	2.53	2.28	3.95	3.32	4.22	3.59
7. Madhya Pradesh	0.45	0.11	0.25	0.15	0.43	0.51	0.31	0.58	0.99	1.24	1.44	1.35
8. Madras	0.05	0.21	0.38	0.26	0.91	0.87	1.39	1.58	2.68	2.71	2.73	2.92
9. Mysore	3.25	3.48	1.05	0.46	1.51	2.03	1.20	2.34	3.76	4.83	7.01	8.31
10. Orissa	0.33	0.52	0.24	0.25	0.11	0.19	0.09	0.28	4.93	4.54	6.96	5.82
11. Punjab	2.03	1.28	1.90	2.35	2.94	1.91	2.57	1.98	2.92	2.42	3.25	2.94
12. Rajasthan	0.53	0.24	0.12	0.38	0.11	0.33	0.34	0.52	0.57	1.23	1.10	1.47
13. Uttar Pradesh	2.64	1.31	0.20	0.63	—	—	0.26	0.07	0.46	0.70	3.10	2.01
14. West Bengal	0.42	0.24	0.20	0.20	0.28	0.35	0.03	0.01	0.51	0.56	0.93	0.80
15. Delhi	—	—	0.03	—	0.03	0.02	0.03	2.02	0.09	2.04	0.09	2.04
16. Jammu & Kashmir	—	—	—	—	0.19	0.21	0.11	0.04	0.30	0.25	0.30	0.25
17. Goa	—	—	—	—	—	—	0.22	0.15	0.22	0.15	0.22	0.15
Total	13.78	11.69	5.76	5.94	8.51	8.51	12.01	14.03	26.28	28.48	40.06	40.17

quently, the industry provides employment both part-time and full-time for the whole year as well as in some areas for part of a year. During 1962-63, 7,579 full-time artisans and 3,474 families were pursuing the industry with aid from the Commission.

Table 2

(Rs. lakhs)

	1959-60	1960-61	1961-62	1962-63	1963-64
Production	1.55	6.56	14.18	92.97*	60.00*
Sales	1.10	5.98	11.80	30.78*	66.00*

* These figures include the value of production and sales by units not financially assisted by the Commission but taking advantage of its technical services.

Productivity, Research and Prices

22.6 Upto now 483 instructors and 1,785 artisans have been trained. All the instructors and artisans are engaged in the industry and therefore there is no wastage of training facilities offered by the Commission.

22.7 We are happy to note that the fibre industry has now covered several types of grasses and fibres including moonj, sisal, sabai and banana. The introduction of ban-making machines on the model of a similar machine used in Japan which is particularly suitable for the manufacture of ropes and strings from moonj and sabai grasses in the Punjab has displaced the traditional method of spinning and also considerably raised the productivity and wage-earning capacity of the artisans. The popularity of the machine is obvious from the fact that nearly 1,700 machines were distributed in 1962-63. We would suggest that the machines may be manufactured at certain specified places according to standard specifications and distributed all over India, wherever possible by using them in place of traditional equipment. Improvements have also been made in the quality and cost of batara spinning wheels, in the pedal spinning wheels and the scrapers for banana stems. Machines operated by fractional horse power have also been introduced in this industry. Similarly, with a view to reduce transportation costs lighter rope-making machines have been devised. Better and simple looms for weaving fibres of sisal and banana have also been designed. The uses of strings and ropes have been diversified not only for binding agricultural produce, but also as a substitute for weaving jute or cotton pats used for packing cotton bales. The Commission has, we are glad to know, in cooperation with the Indian Cotton

Mills Federation, attempted to introduce the use of pats made out of these fibres for packing of cotton bales.

Fourth Plan

22.8 During the Fourth Plan the industry is intended to be introduced in all States. It is also intended to take up certain intensive development schemes. At the same time the schemes for training and introduction of ban-making machine and spinning and weaving centres are proposed to be continued. The total outlay during each year of the Fourth Plan showing the grants and loans separately is expected to be as follows:

Year	Grants (Rs.)	Loans (Rs.)
1966-67	6,06,705	6,34,380
1967-68	8,16,405	7,04,380
1968-69	9,19,305	7,04,380
1969-70	10,22,205	7,04,380
1970-71	11,25,105	7,04,380
Total	44,89,725	34,51,900

Suggestions

22.9 We would like to make the following suggestions in regard to this industry.

- (i) Manufacture of equipments at specified places according to standard specifications. It would be desirable in this connection to plan the manufacture of these machines in consultation with the carpentry and blacksmithy industry of the Commission.
- (ii) With the expansion in agriculture and in view of the practically limitless use to which the production of the fibre industry can be put to, we would urge upon the Commission to get into touch with agriculture departments of the States in order to embark on a campaign to grow sisal and other fibre plants on the hill and waste lands where there are excellent potentialities for the development of the fibre industry by engaging the local population who will thus obtain a source of gainful employment. Similarly, the possibilities of growing fibre plants as a rotational crop with agriculture may also be explored.

- (iii) We would suggest the exploration of the use of fibre for other purposes and the production of ropes and strings out of other wild grasses.
- (iv) No work has been done in regard to the manufacture and utilisation of bye-products of fibre industry such as fibre tow, wax, starch, etc. We would suggest that the Commission should bestow special attention to this matter.
- (v) While, as mentioned in para 22.7 above, some work has been done in introducing improved technology and in increasing the productivity in the industry, the Commission may explore the possibilities of further improvement in this regard and the use of power-based machines wherever possible, and of course, without detrimental effects on the employment aspect. We feel that it will be possible by these means to increase the production of fibre and thus help the attainment of self-sufficiency in villages or groups of villages.
- (vi) The industry offers excellent scope for cooperative organisation in view of the fact that most of the persons pursuing it belong to the artisan class. At the same time, as at present organised, and as we can see its immediate development, the actual work of production of ropes, strings, etc. of fibre is done by artisans in their own places and not under one roof or at a central place in a workshop. We would, therefore, suggest that the industry should be developed mainly by the formation of service cooperatives which will help the artisans in the procurement of raw materials, purchase, supply and transport of machines, the processing of raw materials wherever necessary, and the marketing of the finished products. There is no need for construction of workshops or other places and make the artisans work there. The present method of working could continue with advantage.
- (vii) We are of the opinion that the good offices of the panchayat samitis and the zilla parishads could, with advantage, be used for distribution of the raw materials, help in marketing of the finished products and making other service facilities available to the artisans of this industry in those cases where service cooperatives cannot be established.

CHAPTER XXIII

BLACKSMITHY AND CARPENTRY

Like agriculture, the blacksmithy and carpentry industry will be found in every village. This industry is so inter-twined with the agricultural economy that it offers excellent scope for being organised either along with or as a handmaid to agriculture. Section 2 of the Khadi and Village Industries Commission Act defines a village industry as one specified in the schedule. The schedule to the Act refers to the blacksmithy and carpentry industry as follows:

“Blacksmithy and carpentry pertaining to implements and equipment connected with industries under the purview of the Khadi and Village Industries Commission.”

We are unable to understand the logic or the need for so circumscribing the scope of this industry. The important points so far as the industry is concerned are training of artisans, technical and financial assistance and the employment of artisans. We do not consider that the manufactured product of an industry should also be used in khadi and village industries in order to qualify for its inclusion in the schedule. If this standard of judgement were to be adopted for other village industries many of them included in the schedule would have to be removed, because the manufactured products of these industries are not always used in the khadi and village industries programme. We, therefore, consider that there is an imperative need for enlarging the scope of the blacksmithy and carpentry industry by removing the restriction under which the programme for this industry is to be undertaken by the Commission.

23.2 Even though the blacksmithy and carpentry industry is an ancient one and the idea of village workshop found first place in the report on the First Five Year Plan, this industry came within the purview of the Commission only during the Second Plan. However, in view of the fact that the scope of this village industry was circumscribed, not much progress has been made. Since the industry itself is intended to service or manufacture implements required for agriculture and other industries, the development programme of this industry is a simple one. It consists in offering financial assistance to different types of workshops A, B, C and D and in the grant of loan for capital to registered institutions and cooperative societies. The Patterns Committee of the Commission

has recently reduced the number of types of workshops to two i.e. A and B and the ghani manufacturing workshop under the ghani oil industry has been brought within the purview of the blacksmithy and carpentry industry under B type workshop. The patterns of assistance for the establishment of a workshop as recommended by the Patterns Committee is generally 50 per cent grant and 50 per cent loan except in respect of the construction of common workshop for which the grant is only 40 per cent and the remaining 60 per cent is a loan. We have in Chapter V made our recommendations regarding the pattern of financial assistance for equipment and godowns and we, therefore, do not wish to touch upon this subject here.

Progress

23.3 Table 1 gives the details of the disbursements, production, sales, employment and wages paid since 1957-58.

Table 1

Disbursement, Production, Sales, Employment and Wages in Blacksmithy and Carpentry Industry

(amounts in Rs. lakhs)

Year	Disbursement		Production (Rs.)	Sales (Rs.)	Employment	
	Grant (Rs.)	Loan (Rs.)			(Nos.)	Wages (Rs.)
1957-58	1.03	1.50	—	—	—	—
1958-59	1.34	2.25	—	—	—	—
1959-60	0.53	1.72	0.52	0.29	111	0.12
1960-61	0.69	1.24	1.62	1.57	353	0.41
1961-62	2.54	4.22	1.80	1.16	561	0.82
1962-63	4.67	3.67	2.97	2.60	183	1.25
1963-64	2.71	2.39	N.A.	N.A.	N.A.	N.A.

N.A.: Not available.

Fourth Plan

23.4 During the Fourth Plan the Commission proposes to introduce 65 workshops in each year. The expenditure on these is estimated at Rs. 2,27,500 grants and Rs. 1,62,500 loans per year. Uniform development is expected to be undertaken during each of the 5 years. The Commission also proposes to cover all the States

including the union territories. The programme which the Commission has formulated is a modest one and we recommend it for adoption.

Suggestions

23.5 We would like to make the following suggestions in regard to the development programme for this industry.

- (i) The tools which the traditional carpenter and blacksmith uses are in many cases antiquated. Considerable development in the evolution of simple hand tools and those operated by mechanical and electrical power has taken place and we would urge upon the Commission to embark upon a programme of introducing such improved and more productive equipment in the blacksmithy and carpentry industry.
- (ii) The training programme in this industry should be more of a peripatetic nature. Attempts should be made by the Commission to depute instructors to the various villages to demonstrate the use of improved equipment and, as part of the extension programme, introduce this equipment themselves.
- (iii) Though the industry is widely dispersed and is practically found in every village, sufficient number of blacksmiths and carpenters may not always be available for the formation and running of cooperative societies. We would, therefore, suggest that assistance to blacksmiths and carpenters may be given through the multi-purpose cooperative societies.
- (iv) This industry offers excellent scope for utilising the good offices and services of the units of local self-government in the villages i.e. panchayats and panchayat samitis. Wherever cooperatives cannot be formed we would suggest that help should be given by the panchayats and panchayat samitis. They should also see that all the public work within their jurisdiction which requires assistance of carpenters and blacksmiths is given only to them. We would also suggest that as part of their activity, they should introduce service facilities such as providing of lathes, shaping machines, other improved equipment which are too costly to be purchased by individuals, in order that the blacksmiths and carpenters within their area of operation can take advantage of them.

- (v) We would suggest that at the block level a model workshop may be established where machines to be utilised by the carpenters and blacksmiths may be installed. The panchayat samitis and the institutions who may be willing to run these workshops should be given assistance by the Commission.
- (vi) We would also suggest to the Commission to consider the coordination and, if necessary, the integration of the sections dealing with carpentry, blacksmithy and saranjam so that duplication is avoided and efficiency is introduced.
- (vii) Similarly, we consider that instead of having workshops under different village industries, the Commission should integrate this activity and see that all workshops required for servicing or repairing the equipments of village industries are established under the blacksmithy and carpentry scheme.

CHAPTER XXIV

MANUFACTURE AND USE OF MANURE AND METHANE GAS

The production of methane gas and manure from cowdung has been prevalent in India in one form or other for the last 30 years. This was included as an industry in the schedule of the Commission towards the end of 1960 and actual implementation of the scheme started from August 1961. The Indian Agricultural Research Institute, the Bombay Village Industries Committee and the Gujarat State Khadi and Village Industries Board had undertaken some work on this industry even before it came within the scope of the Commission. The industry aims at the utilisation of cowdung and organic wastes for the purpose of producing both fuel-gas and manure. If cowdung is directly burnt as fuel its manurial value is lost. If organic waste is not utilised to produce methane it emits a bad smell, attracts flies and fouls the atmosphere. As a result, however, of the utilisation of cowdung and organic wastes for the purpose of production of methane and manure, such a state of affairs is prevented and large sources of cheap fuel and efficient manure are created.

24.2 The facets of the development programme of the industry include the setting up of gas plants, building of latrines for feeding nightsoil to gas plants and the installation of gas lighting, heating and power units. Though there are regular schemes for the provision of technical assistance, similar schemes do not exist for training. Help is, however, given by the Commission for the preparation of blue prints for gas plants and latrines and for training persons in the construction and operation of these gas plants. The Commission has, however, planned to start by January 1965 at least ten training centres, at the rate of one in each State, where village level workers will be trained in the installation of plants of sizes from 60 to 250 cubic feet each. The Commission has also set up a gas plant research centre with a view to undertaking studies on the cost of production of methane gas and also for developing engineering techniques suited to the industry with particular reference to constructional details, size and cost of the gas plants.

24.3 The Commission took this industry within its fold since 1961. As on 31 March 1964, there were 46 registered institutions and 2 cooperative societies which have undertaken the implementation of this programme. The Commission has rendered technical assistance to 494 persons upto 1962-63. During 1962-63, the total production of manure was 270 tons and methane gas 9.50 lakh cubic feet. The

value of production in 1963-64 was Rs. 1.85 lakhs as against Rs. 0.70 lakhs in 1962-63. It is estimated that the 58 gas plants which have been set up with the assistance of the Commission would be capable of producing 40,000 cubic feet gas per day and would result in saving in the consumption of fuel of the order of approximately Rs. 1 lakh per year. We appreciate the basic principle of this industry and are convinced about its public utility. As a means of providing cheap fuel and manure, practically out of waste, it is unequalled. It also represents a very effective step in the generation of power on a decentralised basis. The utility of this industry from the sanitation, manurial, agricultural, public amenities and public health points of view is so great that it is ideally suited for being undertaken by organisations of representatives of the people rather than by artisans or their cooperatives or registered institutions. We regret, however, that local bodies such as panchayats, panchayat samitis and jilla parishads have not yet taken sufficient advantage of this scheme. We are of the view that the Commission should persuade these local bodies to play an effective role in the implementation of this scheme.

24.4 The assistance that is provided at present for the construction of gas plant under this industry is in the form of 50 per cent loan and 50 per cent grant. No subsidy is given to individuals for the setting up of gas plants. Assistance for building of latrines to be connected to the gas plants and the gas pipes is, however, provided as cent per cent loan. This industry has succeeded very well in Gujarat and we are told that this is because of the tremendous interest taken by individuals in implementing the programme. It has, therefore, been urged that individuals also should be given assistance including subsidy for the erection of gas plants. We, however, do not support this proposal. The industry is not employment-oriented, does not provide occupation for artisans and is not a low capital cost industry. In spite of this, we would, however, advocate the continuance of this industry because of the fact that it ensures the production of wealth out of waste and is very suitable for implementation by local bodies. But the Commission has only recently started giving attention to this industry. However, in view of its importance from the public health point of view, we would suggest that the Commission should explore the possibilities of obtaining assistance from the State departments of public health for the installation of gas plants. We would suggest that this scheme should be continued for the time being. However, constant efforts are required to see that the State Government departments, panchayat samitis and other district organisations are brought more and more into the picture so far as this industry is concerned.

CHAPTER XXV

LIME MANUFACTURING INDUSTRY

The lime manufacturing industry is traditional in every sense of the word. Long before the Commission interested itself in this industry, the manufacture of lime as part of the house-building activity is known to have been pursued in many villages and small towns in the country. A few cooperatives of the artisans engaged in this industry were in existence. The Commission, however, brought this industry within its umbrella only in 1961-62. The *raison d'etre* for the Commission undertaking this programme was to foster the concept of organised activities among these generally unorganised artisans, to introduce new equipment and improved methods of manufacture and burning of lime and to dovetail the programme of this industry with the house-building industry in the rural areas in order not only that the artisans may get full-time as opposed to sporadic employment, but also increased earnings. Another major objective behind the Commission undertaking this programme was to improve the quality of this important building material, make it more popular and cheap in view of the comparative shortage of cement in relation to the accelerated tempo of constructional activities.

Progress

25.2 Table 1 indicates the disbursement, production, sales and employment in this industry since it was started in 1961-62.

Table 1

(amounts in Rs. lakhs)

Year	Grants Rs.	Loans Rs.	Production Rs.	Sales Rs.	Employment No. Actual
1961-62	0.20	0.75	—	—	—
1962-63	0.87	1.74	3.21	3.45	1,134
1963-64	2.66	3.70	N.A.	N.A.	N.A.

N. A.: Not available.

Training and Research

25.3 The Commission started a technical assistance service at Poona as a model centre for providing training and service to artisans. Persons required for organising the programmes were trained

in the research centre. Researches carried under the guidance of the Technical Advisory Committee have revealed the potentialities of the industry for improvement in production and for developing it intensively and extensively. For example, applying scientific principle, an experimental lime kiln was devised. This has been successfully worked and it was seen that economy in use of fuel for burning limestone and higher output, uniform quality of lime and consequent rise in the income of the artisans were the results. The improved kiln has been commended as efficient by the Central Building Research Institute, Roorkee. The economics of this kiln on a pilot scale have been worked out. While we do not anticipate the result of the examination of the field trials on the economics of the kiln, we would express the hope that the development of this kiln would result in providing the traditional lime burners with an improved apparatus and would, at the same time, increase their earnings.

Fourth Plan

25.4 With lime as the basic raw material, the Commission proposes to expand the scope of the industry to include manufacture of distempers, lime-coir boards, sandlime bricks, hydraulic lime and cottage cement. It is also proposed to explore the possibilities of manufacturing chemical lime which is in great demand in the sugar, paper, leather, textile, rubber, paint, and other industries. During the Fourth Plan period, it is proposed to invest Rs. 78.08 lakhs in this industry resulting in a production worth Rs. 567.5 lakhs and gainful employment to 8,200 artisans. Some of these proposals are of an experimental but promising nature and we would, therefore, request the Commission to explore the possibilities of success and thereafter embark on them.

Suggestions

25.5 We would like to make the following suggestions in regard to this industry:

- (i) The association of this industry with the directorate of non-edible oils and soap of the Commission is the product of coincidence. We would suggest the separation of this industry from the non-edible oils and soap directorate.
- (ii) The manufacture of lime is closely akin and related to the provision of building materials. We would, therefore, suggest that the industry of building materials such as bricks and the manufacture of lime should be grouped under one directorate in the Commission for organisational purposes.

- (iii) Unlike some of the other industries the lime manufacturing industry could be organised on a producers cooperative basis. If this industry is combined with that of the manufacture of building materials like bricks, we see very good possibilities for the formation of cooperatives in this industry. We would thereafter suggest that the Commission explore the possibilities of obtaining contracts for these societies for manufacturing of bricks and lime from the Government building enterprises or construction activities of house building by cooperative housing societies or other societies which are sponsored or assisted by the Government. An integrated development on this pattern would result in the expansion of employment opportunities to the large number of lime burners and artisans engaged in the manufacture of bricks. This will not only give a tempo to the house building activities in the rural areas but incidentally stop the exploitation of the brick manufacturing industry by the intrusion of middlemen which, we regret to note, is a common feature in the brick bhatta industry as at present conducted.
- (iv) Fuel is an important factor that determines the quality, production and cost of lime. The use of coal cinders by traditional artisans is not satisfactory. It is necessary that coal and coke, the utility of which is well-established for lime burning should be made available to the industry at reasonable rates, in adequate quantities and as and when required.

CHAPTER XXVI

WEAKER SECTIONS AND BORDER AREAS

According to the 1961 census, the population of scheduled castes and scheduled tribes is 6.45 crores and 2.99 crores respectively. Between them, therefore, they constitute a little over 20 per cent of the entire population. There is also a large tribal population outside the scheduled areas. The conditions in which many of them live are sub-normal and it is therefore incumbent on the community and the Government to provide for their social and economic amelioration. An effective method of providing economic amelioration would be employment of these scheduled castes, scheduled tribes and tribals in village and cottage industries. In the words of the Scheduled Areas and Scheduled Tribes Commission, "if the problem of destitution and the sub-normal standards of living in the tribal areas is to be tackled, it can only be through development of village and cottage industries".¹ This Commission suggested that particularly in the field of processing industries and handicrafts, it was possible to provide employment to the scheduled castes, scheduled tribes and the tribals who will find in these a proper outlet for their faculties. The Commission was of the view that the Khadi and Village Industries Commission had the necessary organisation in order to carry out a programme of rehabilitation of the scheduled castes and scheduled tribes by engaging them in village industries.

26.2 The Study Group on the welfare of the weaker sections of the village community recommended that all the scheduled castes and scheduled tribes who are inherently weak economically should be placed among the weaker sections but it also went further and recommended that the criteria for determining who constitute the weaker sections of the community should be a "means test". Under this means test all families whose income is less than say Rs. 1000 a year would be considered as economically backward. The Group however suggested priority of assistance to be given to those whose family income is less than Rs. 500 a year. As regards families whose income is less than Rs. 250 per annum, the Group suggested that these should be regarded as destitute whose welfare should be the responsibility of the Government and the institutions sponsored by the Government. This Group also suggested that weaker sections could be rehabilitated by rural industries programmes.² According to its report "it should be obvious to any-

1. Report of the Scheduled Areas and Scheduled Tribes Commission, Chapter 14, para 14.6.
2. Report of the Study Group on the welfare of the weaker sections of the village community, Volume I, Chapter II, para 2.24.

one who has given the least thought to the question, that rural industrialisation, more than anything else, is a supreme requirement both for pulling the rural economy out of the morass it has fallen into, as also for raising the standard of living of the economically and socially weak. It should be rated higher than agriculture because though agricultural development is necessary for industrial growth, there is a limit to its growth and to the pace of it. Industrialisation, on the other hand — whether rural or urban — is capable of rapid and large expansion.”³

26.3 The Commission had been organising the work in the scheduled areas and for the scheduled tribes for some years. A member of the Board was in charge of this programme. However after April 1963 the Commission constituted a Weaker Sections Committee to advise it on drawing up a comprehensive programme for the economic rehabilitation of the weaker sections and also to advise it from time to time regarding the welfare of the weaker sections. The Commission has broadly accepted the means test as suggested by the Study Group and has decided to get its presently adopted development programme implemented through specified all-India institutions and their affiliated units already working for the welfare of the weaker sections, the State Khadi and Village Industries Boards and the institutions and agencies assisted by the Commission. The Commission has modified its usual pattern of assistance for schemes of khadi and village industries to provide for a more liberal percentage of grants to the weaker sections because of their economic conditions and inability to repay the loans. A special scheme for the training of workers belonging to the scheduled castes and scheduled tribes in khadi and village industries by introducing suitable courses of reasonable duration has also been formulated. A panel of trained personnel is being drawn up so that their services could be made available to the institutions engaging themselves in this programme. Since the year 1963-64, the total funds sanctioned for the implementation of the scheme of khadi and village industries for the weaker sections amounts to Rs. 8.25 lakhs (Rs. 3.56 lakhs as grants and Rs. 4.69 lakhs loans). We are of the view that the programme for the weaker sections needs to be considerably intensified before even a fringe of the problem could be said to have been tackled. The Commission should draw a comprehensive programme for khadi and village industries among the weaker sections during the Fourth Plan and to issue a special directive to its directors of industries and programmes that to elevate the economic level of these people

3. Weaker Sections Study Group, *op. cit.*, Volume I, Chapter III, para 3.31.

and bring them on par with the general populace special attention should be paid to the programmes for the weaker sections.

26.4 There are some special industries in the scheduled areas and areas occupied by the scheduled tribes and weaker sections which can be developed. These industries do not at present come within the schedule of the Commission. The Commission has submitted a comprehensive proposal for the inclusion of some of these industries within its schedule. We consider that no impact can be made on the economy of the weaker sections until these industries can be taken up whether by the Commission or, the Rural Industrialisation Commission if and when it is established. Such industries would include manufacture of charcoal, catechu, lac and resin, bamboo and cane, collection of medicinal and pharmaceutical herbs and processing them, fruit collection and preservation, processing and canning of fruits and forest vegetables, expansion of blacksmithy and carpentry industry in the forests to include the manufacture of timber and furniture out of such timber, operation of saw mills, etc. We would suggest for the earnest consideration of the Government that an expeditious decision should be taken in regard to the expansion of the scope of the Commission to include the above industries so that gainful employment can be provided to a large number of the weaker sections.

Hill and Border Areas

26.5 The national emergency which was declared in October 1962 brought to the fore the problems of the people in the border areas to whom before the emergency adequate attention had not been paid. The political consequences of their continued neglect were likely to be deleterious and it was, therefore, considered necessary to take steps for their economic amelioration so that they could continue to be voluntary and contented citizens of the country and not fall a prey to temptations and machinations of the invaders. The objectives of the border area industries and employment programme undertaken by the Commission were primarily:

- (i) provision of employment opportunities to the unemployed and underemployed ;
- (ii) arrangements for the supply of wool to manufacture cloth for the clothing requirements of the people in the border areas ;
- (iii) establishment wherever possible of consumer goods industries such as gur, match, ghani oil, non-edible oil and soap etc.;

- (iv) development of local initiative and local leadership and a sense of community conscience among the people by the formation of cooperatives and institutions ;
- (v) supply of improved implements and equipments ; and
- (vi) training of workers with a view to enabling them to undertake responsibilities for the development of these areas.

26.6 The programme for the development of the border areas was undertaken by the Commission only in 1963-64. One of the first tasks was to build an organisational machinery for undertaking this programme. Apart from a directorate at the headquarters which was set up to look after the work of the weaker sections and border areas, administrative machinery was also established in the different border areas. Separate offices were set up for the Uttar Kashi, Pithoragarh, Chamouli, Kulu (Punjab), Himachal Pradesh, Rajasthan, Tripura, Gujarat, Kutch, Ladakh and NEFA areas. The Commission appointed appropriate staff to man these offices and to undertake the development programme of these areas. A statement showing financial outlay sanctioned during 1963-64 and proposed for 1964-65 is given below :

Outlay Sanctioned During 1963-64

(Rs. lakhs)

<i>Name of the Area</i>	<i>Grant</i>	<i>Advance*</i>
Punjab	0.41	1.00
Himachal Pradesh	0.40	1.00
Uttarakhand	1.43	3.00
Rajasthan	0.53	1.50
Tripura & Manipur	0.73	2.00

Outlay Proposed During 1964-65

<i>Name of the Area</i>	<i>Grant</i>	<i>Advance*</i>
Punjab	0.64	0.70
Himachal Pradesh	0.38	0.89
Uttarakhand	4.04	8.90
Rajasthan	1.78	3.88
Tripura & Manipur	—	—
NEFA	3.44	2.90

* As all these are direct activities undertaken by the Commission, these advances are to be given to the local offices from the trading operation funds. They are not loans because the recipients are not outsiders.

26.7 Though the work in the border areas has commenced only recently it is of great consequence and will have repercussions on the political fabric. We therefore suggest to the Commission to keep a constant watch and assess from time to time not only the quantum of work undertaken in these areas but the reactions of the local population. We would also suggest that the assessment of the work in these areas in quantitative terms and according to the standards of assessment for normal work would not be correct because of the difficult condition in which the work has to be done, the political climate in which the Commission has to operate and the considerable spade work required before any tangible result can be achieved. We would also suggest that the work in these areas being of a very delicate nature, specially selected people should be put in charge who should have a combination of tact, capacity for leadership, uprightness in social and moral behaviour and a genuine affection for the people with whom they have to work. We would consider that in order to attract such people, they should be given special scales of pay and also special facilities for the conduct of their work.

CHAPTER XXVII

PERSPECTIVE PLANNING

The terms of reference require us to formulate our proposals for the Fourth Plan and in perspective wherever possible, for a fifteen-year period, i.e. 1966-1981. In order to have or suggest a perspective plan for a fifteen-year period, particularly in the case of an under-developed economy like ours which is anxiously taking long strides to bridge, in the shortest possible time, the gap between the existing state of under-development and the state of minimum development required in order before the citizens of the country are enabled "to lead a good life", certain basic considerations must prevail. Some of those which we consider imperative even during the Fourth Plan have been mentioned in Chapter II in which we have discussed our approach and objective. In fact, our proposals for the Fourth Plan are based on the assumption that the policies and objectives which have enabled khadi and village industries to function in the wake of independence will continue to actuate government policies during the Fourth Plan. Undoubtedly, we have referred to the hesitations and embarrassments in which the small industries sectors are being pushed into as a result of certain confusions and contradictions in State policy which may perhaps be inevitable. This confusion in policy may have the result of an anxiety on the part of the State to create conditions in which all sectors of the industrial economy can function effectively. But the danger of allowing free scope to all the different sectors may be that the more powerful and vocal are likely to over-shadow both in influence as well as in results, the weaker and the comparatively less vocal sections. In this context a certain amount of regulation among the sectors, and even *inter se* among sections in these sectors becomes inevitable. Some such regulation appears to have been considered as essential by the planners since the commencement of the First Plan. But, the tardiness and the hesitation with which this regulation has been conceived and enforced, has probably been responsible for the present state of affairs. It is a matter of irony, therefore, that while State policy is apparently intended to promote the development of each sector to its capacity as outlined in the Plan, the result has been dissatisfaction from almost every sector. This question becomes considerably important when a plan in a perspective of a fifteen-year period has to be drawn. For such a plan therefore, even more than for a short range plan of five years it becomes imperative to delineate certain essential lines of policy of development which, subject to circumstances over which the State has no control such as international situation, scientific developments, calamities, etc. will be enforced or will govern State action over the period of the perspective.

27.2 The Village and Small Scale Industries (Second Five Year Plan) Committee which was appointed by the Planning Commission in pursuance of the conclusions and suggestions of the National Development Council and its Standing Committee after discussing the basic approach of the draft Second Plan frame and the priorities as well as approach in the development suggested certain lines of policy which we have endorsed in Chapter II. It is a matter of regret that in spite of the lapse of nearly a decade since the Committee was appointed and its recommendations were broadly accepted by the Government, the implementation of the recommendations has been faltering almost to the point of causing desperation. It is time to cry halt to this policy of drift. If the present policy of drift is continued, we are apprehensive about the consequences on the economy as well as on the political situation that might prevail. We would therefore consider that once again the approach as well as the objectives must be re-enunciated and re-defined. These objectives are basic and national in character and we would therefore advocate that the policy should be prepared on the basis of a consensus of agreement between the party in power, the leaders of the constructive movement, eminent economists, administrators, social workers and eminent representatives of the other parties. The future development of the country is so important that the ideas of all bodies mentioned above are taken into consideration. In the same manner as the Constitution of a country governs its political structure and continuity, the basic policies formulated in accordance with the suggestions mentioned above should govern and regulate the economic structure and be unalterable save to the extent that such alterations become inevitable.

27.3 It is the primary responsibility of the State to secure work to all citizens and also to "secure conditions of work ensuring a decent standard of life".¹ In the context of this directive principle of the Constitution the imperative need of providing employment to every citizen of the country, who is willing to work becomes clear. This has been a major objective of planning in India. During the Third Plan it has assumed a special urgency. As stated in the Third Plan "full utilisation of the available manpower resources can be achieved after a considerable period of development. However, expansion of employment opportunities commensurate with the increase in labour force over the plan period is conceived as one of the principal aims of the Third Plan".² The Plan, however, realises that in view of the large numbers involved it was one of the most difficult tasks to be accomplished during the next 5 years. Employment in the rural areas and in the urban areas

1. Constitution of India, Article 43.

2. The Third Five Year Plan, Chapter 10, para 2, p. 154.

present different problems requiring different solutions. In the urban areas employment is lined with the fluctuations in business, transport and industry cycles. But with the growing consciousness of labour and its bargaining strength acquired by the formation of unions and other organisations to represent them, any attempt at reduction of urban employment or any involuntary fall in such employment, causes considerable commotion and it becomes the responsibility of the State to intervene and provide relief or settle the situation. This is the situation in urban areas the population of which is less than 20 per cent of the total population of the country. In rural areas both unemployment and underemployment exist side by side. In many parts of the country shortage of labour due to immobility of labour during busy agricultural seasons is reported but over large parts of the year, particularly when agricultural operations are not in progress or in times of famine and other similar calamities, rural unemployment or underemployment is an appalling phenomenon. The rural population constitutes 80 per cent of the total population. But, strangely enough, the problem of unemployment or underemployment or reduction in rural employment does not attract so much attention or exercise the energies of the State so much as a similar phenomenon in the urban areas. If, however, the Government represents the conscience of the community, and is not merely a protector of the interests of certain sections of the population, it becomes its duty to provide steps for reduction in unemployment or underemployment or even provide employment opportunities, though the victims of such underemployment or unemployment may, on account of their weakness or in ignorance of their rights are not vocal enough to demand relief from the Government.

27.4 The Third Plan mentions that in the course of the Second Plan additional employment opportunities which were created amounted to 8 millions of which 6.5 millions were outside agriculture. The Third Plan estimated the back-log of unemployment at the end of the Second Plan at 9 millions, apart from the people who are underemployed, and are willing to take up additional work whose strength was, believed to be of the order of 15 to 18 millions. During the Third Plan the addition to the labour force was estimated at 17 millions of which two-thirds were in the rural areas and one-third in the urban areas. If all these people who are unemployed are to be provided employment, opportunities for work during the Third Plan would be required to be provided for 26 (17+9) millions apart from the underemployed. The Third Plan provides only for a total employment of 14 millions, 10.5 outside agriculture and 3.5 in agriculture. It will be seen that at the end of the Third Plan, in the absence of drastic calamities like war, pestilence or famine or in

the absence of family planning in an aggressive form, there will be a back-log of at least 12 millions. It is estimated that increase in the labour force during the next fifteen years i.e. till 1981 may be of the order of 70 millions—17 millions in the Third Plan, 23 millions in the Fourth Plan and 30 millions in the Fifth Plan. All these figures would only prove that the problem of problems to be tackled on a priority basis would be unemployment to the exclusion of other problems. We are afraid that if this problem is not solved the future of the Government and indeed of the country is at stake.

27.5 In the context of the figures mentioned above, the role of agencies which are capable of providing employment opportunities, even at subsistence level to large parts of the population and of the necessity of State policy being regulated entirely in favour of giving such agencies the necessary encouragement and support would be obvious. It has been mentioned elsewhere that the contribution in numbers of employment opportunities in the field of khadi and village industries is about 2.25 millions. This may not be a very significant percentage of the total employment opportunities that were provided during the Second Plan. But nevertheless it has resulted in alleviating the problem to some extent. Conditions must therefore be created in which it is possible to continue such employment. On the positive side it becomes the duty of the State to rigorously curtail any inroads the effect of which would be to reduce such employment opportunities.

27.6 We have referred in chapter II on objectives and approach to the considerations which should prevail in regard to the adoption of technology during the Fourth Plan as well as limitations to which advance in technology should be subject. We would again and again underscore the imperative of the balance between technology and employment, because no technology the effect of which is to increase unemployment or reduce employment can be encouraged by a State whose duty it is to provide employment to its citizens. There are advocates who, however, believe that the advancement in technology and the economic consequences that would follow, namely, improved instruments of production, improved processes of manufacture, reduction in the cost of production and easier marketability, will expand the consumer demand for commodities, and create more employment opportunities in ancillary industries. There may have been some instances where such consequences have ensued. But, there is no certainty that the creation of further employment opportunities would invariably follow in the wake of technological advance. Nor would it be possible to predict that such a consequence will follow in certain circumstances and will not in certain others. As has been very aptly commented upon by the

Karve Committee "the avoidance of additional technological unemployment becomes an important aspect of economic policy. Whatever the merits and fruits of a given transition in the long run, if it aggravates an existing unfavourable situation, measures must necessarily be taken either to postpone or modify the process of transition. In the sphere of traditional industry, on the other hand, production through modern techniques makes redundant the capital and labour employed and creates a very large problem of unemployment of resources, especially labour resources. In the peculiar Indian situation the possible compensating effects on total employment of rapid introduction of modern technology are not immediately obtainable. The result is the creation of an increasingly difficult problem".³ Even in the organised industry rationalisation and introduction of time-saving or labour-saving processes are not accepted without demur. The one condition on which they are accepted is that there should be no reduction in the present level of employment. We are aware of costly imported machinery not having been put to use on account of the fear that the introduction of such machinery may result in increasing unemployment. If these are the considerations which weigh in the case of the large-scale industries, the total labour force employed in which is hardly 40 lakhs, is an emphasis on employment not very much more justified in the sphere of small industries?

27.7 It is argued by some that in the inter-dependent world in which we live, the waves of technological change will, not being susceptible to governmental control, win in the race particularly where the capacity of assimilation of technology is not restricted and slowly swallow up the inefficient, unprogressive and uneconomic sectors of production. While we agree that the influence of education, propaganda, travel and the example of cheaper and better production by institutions adopting up-to-the-minute technological process, are likely to have some effect on the small-scale sector of industry we would consider that as part of the Government's duty towards the citizens, regulation of the progress of such technological change would not only be desirable but necessary. Should however such technological advance become absolutely necessary and does not have any effect on total employment, the best method for effecting such change would be through State, community or collective ownership of the instruments of such advanced production.

27.8 These are some of the vital features in planning for a perspective of fifteen years. We believe it will be possible for the Government, realising the situation in which the country is placed today, to give serious consideration to these vital factors and formulate its plans and policies for the next fifteen to twenty years on this basis.

3. Karve Committee, *op. cit.*, p. 15.

CHAPTER XXVIII

FOURTH PLAN: PROPOSALS AND OUTLAYS

We have outlined in Chapter II the objectives and approach during the Fourth Five Year Plan. We have also indicated in detail the long-term considerations that should guide planning in the perspective of a 15-year period. We now propose to formulate the outlays for the Fourth Plan. We have discussed the proposals for the Fourth Plan for khadi and village industries in the chapters dealing with them in the report. The various directorates of the Commission formulated certain proposals for the Fourth Plan, and these, we understand, were discussed with the members of the Commission. These proposals are nevertheless still tentative. We have, however, formulated our proposals and have suggested the outlays and physical targets in the light of the assessment and critical review of the working of the programmes for khadi and village industries.

28.2 The financial outlays and physical targets to be attained (wherever it has been possible to indicate) in respect of the various khadi and village industries schemes are as shown in the Statement. It will be seen that for khadi (cotton, woollen and silk) an amount of 23.89 crores as loan which was provided in the Third Plan plus departmental receipts of about Rs. 35 crores would have to be converted into the working fund to be utilised for loans for working capital, stocking loan etc. A provision of Rs. 50.50 crores for grants for subsidies (free weaving, production and sale subsidies and subsidy for implements etc.) training and experiments, investment on equipments and miscellaneous central expenditure would be required. So far as village industries are concerned, a total provision of Rs. 47.31 crores would be required. We have not indicated the break-up between loans and grants in this amount because of certain recommendations regarding patterns of assistance which we have made and which are subject to consideration and approval by the Government of India. A portion of this provision would have to be converted into the working fund for village industries for the purpose of loans for working capital, stocking loan etc.

TABLE 1
*Financial Outlays and Physical Targets for Khadi and Village Industries in the
 Third and for the Fourth Plans*

Industry/ Programme	Provision in Third Plan		Achievements in Third Plan (period 1961-64)		Proposal for Fourth Plan	
	Financial	Physical	Financial	Physical	Financial	Physical
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Khadi (cotton, woollen and silk)	Rs. 6,900 lakhs	—	Rs. 5,578 lakhs	Production in 1962-63: cotton Rs. 1,584 lakhs, woollen Rs. 416 lakhs, silk Rs. 121 lakhs, Total Rs. 2,121 lakhs.	Grants: Subsidy Rs. 3,350 lakhs Investment on equipment Rs. 700 lakhs Training & Experiments Rs. 400 lakhs Misc. Rs. 200 lakhs Central exp. Rs. 400 lakhs Rs. 5,050 lakhs	Production Targets: Cotton khadi 160 to 170 million yards valued at Rs. 4,000 lakhs, woollen khadi valued at Rs. 900 lakhs and silk khadi 40 lakh square yards valued at Rs. 280 lakhs.
					Loans: No additional provision for loans is envisaged in the Fourth Plan since the provision during the Third Plan plus estimated departmental receipts of Rs. 3,000 to 3,500 lakhs which remain with the Commission are considered sufficient for loan purposes. Therefore, the extra outlay is restricted to Rs. 5,050 lakhs under grants as indicated above.	

(Continued)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Processing of cereals and pulses	Rs. 254.92 lakhs	—	Rs. 389.88 lakhs	—	Rs. 700 to Rs. 800 lakhs	<p>(1) annual production by the end of Fourth Plan: 15 to 16 lakh quintals of rice;</p> <p>(2) service cooperatives and panchayats to be provided with improved equipments;</p> <p>(3) stocking and marketing loans to be given only where institutions, cooperatives, jilla parishads, panchayats, etc. can get advance orders for hand-pounded rice.</p>
Ghani oil industry	Rs. 417.20 lakhs	18,450 improved ghanis	Rs. 518 lakhs	34,243 ghanis (improved and traditional) Production of oil in 1963-64. 6.77 lakh quintals	Rs. 1,122 lakhs (tentative)	<p>(1) programe to cover 52,060 ghanis ;</p> <p>(2) production of oil (1970-71) 17.89 lakh quintals;</p> <p>(3) protection to industry by defining spheres of village. small-scale and large-scale sectors;</p> <p>(4) a fluctuation fund to wipe off losses in purchase of oilseeds;</p>

(Continued)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Cottage leather industry	Rs. 438.01 lakhs	—	Rs. 159.27 lakhs	—	Rs 600 lakhs	<p>(5) The outlay of Rs. 1,122 lakhs proposed for the Fourth Plan by the Directorate is 2½ times the outlay in the Third Plan and requires to be re-assessed in the perspective of securing adequate protection to the industry.</p> <p>(1) intensive development of a few selected districts;</p> <p>(2) <i>Targets:</i> 700 flaying platforms, 350 flaying centres, 70 intensive flaying centres, 3,500 tanning pits, 210 model tannerries, 70 chrome tanners, 70 re-tanning and finishing units;</p> <p>(3) increasing coverage of traditional sector from 11 per cent in 1963-64 to 30 per cent in 1970-71.</p>
Handmade paper industry	Rs. 120.21 lakhs	—	Rs. 86.95 lakhs	Paper produced in 1963-64: 1,604 tonnes	Rs. 63.75 lakhs	<p>(1) production of 4,100 tonnes of paper in 1970-71.</p> <p>(2) re-vitalising of existing units instead of expansion.</p>

(Continued)

(1)	(2)	(3)	(4)	(5)	(6)	(7)												
Gur and khandsari industry	Rs. 283.31 lakhs	—	Rs. 138.4 lakhs	Production in 1963-64: 15.16 lakh quintals gur and 0.54 lakh quintals khandsari	Rs. 308.00 lakhs	<p>(1) Production in 1970-71 to reach 35.22 lakh quintals gur and 2.80 lakh quintals khandsari;</p> <p>(2) employment to be stepped up from 55,600 persons in 1962-63 to 1,55,793 in 1970-71;</p> <p>(3) fixation of floor price for gur;</p> <p>(4) common production programme in regard to sugar-cane supply.</p>												
Palmgur industry	Rs. 130.99 lakhs	—	Rs. 283.05 lakhs	<p>Value of neera produced in 1963-64: Rs. 16.05 lakhs</p> <p>Value of gur: Rs. 645.8 lakhs</p>	Rs. 600 lakhs	<p>(1) The appointment of a committee is suggested to go into this industry;</p> <p>(2) <i>Targets:</i></p> <table> <tr> <td>Palmgur</td> <td>77,453 tonnes</td> </tr> <tr> <td>Sugar</td> <td>26,250 tonnes</td> </tr> <tr> <td>Molasses</td> <td>13,125 tonnes</td> </tr> <tr> <td>Neera</td> <td>20 crores bottles.</td> </tr> <tr> <td>Candy</td> <td>5,000 tonnes</td> </tr> <tr> <td>Fibre and other products worth</td> <td>Rs. 5 crores;</td> </tr> </table>	Palmgur	77,453 tonnes	Sugar	26,250 tonnes	Molasses	13,125 tonnes	Neera	20 crores bottles.	Candy	5,000 tonnes	Fibre and other products worth	Rs. 5 crores;
Palmgur	77,453 tonnes																	
Sugar	26,250 tonnes																	
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Candy	5,000 tonnes																	
Fibre and other products worth	Rs. 5 crores;																	

(Continued)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Beekeeping industry	Rs. 90.81 lakhs	94,500 hives	Rs. 56.57 lakhs	Hives : 1.85 lakhs. Honey produced: 7.14 lakh Kgs. in 1963-64.	Rs. 170 lakhs	<ul style="list-style-type: none"> (3) export and domestic utilisation of palm fibre; (4) need for uniformity of excise rules in all the States; (5) palm plantation on government waste land as part of agricultural policy; (6) schemes for rehabilitation of tappers displaced due to prohibition. (1) Number of hives 5.25 lakhs in 1970-71; (2) Honey production to reach 20 lakh kgs. in 1970-71; (3) Adoption of I.S.I. standards for bee boxes and Agmark standards for honey; (4) Processing and marketing to be undertaken by State Boards and cooperatives to reduce middlemen's margin and lower price of honey to consumer; (5) Liberal patterns of assistances to weaker sections.

(Continued)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Cottage match industry	Rs. 20.60 lakhs	—	Rs. 15.63 lakhs	Production 87,000 gross boxes in 1963-64.	Rs. 87.25 lakhs (tentative)	<i>Note:</i> Allocation proposed for this industry must be made with caution as it depends on a number of assumptions regarding continuation of subsidy and excise rebate; availability of soft wood and bamboo at low cost and above all, absence of marketing difficulties.
Cottage pottery industry	Rs. 154.31 lakhs	—	Rs. 104.97 lakhs	Traditional potters covered 26,000	Rs. 300 to Rs. 400 lakhs	(1) Intensive development of districts and blocks to cover 4.3 lakhs of potters out of 11 lakhs in the country; (2) Commission to examine targets proposed, by the Directorate in greater detail before submitting Fourth Plan proposals to the Government.
Cottage soap industry	Rs. 376.08 lakhs	—	Rs. 205.88 lakhs		Rs. 403 lakhs	Greater utilisation of non-edible oilseeds resources which is estimated at 1 percent of those available each year as in 1963-64.

(Continued)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Fibre industry	Rs. 64.72 lakhs	—	Rs. 54.76 lakhs	—	Rs. 79.42 lakhs	<p>(1) Industry to be developed in all the States and on an intensive basis;</p> <p>(2) Industry to be organised mainly through service co-operatives.</p>
Blacksmithy and carpentry	Rs. 30.94 lakhs	—	Rs. 20.20 lakhs	—	Rs. 19.50 lakhs	<p>(1) To introduce 65 C type workshops each year;</p> <p>(2) To introduce modern tools;</p> <p>(3) Peripatetic training of artisans;</p> <p>(4) Organisation mainly through service co-operatives;</p> <p>(5) Use of good offices of panchayats and panchayat samitis to introduce service centres and secure public works.</p>
Methano gas manufacture	—	—	Rs. 5.62 lakhs	—	Financial outlay as per suggestions regarding future development	<p>(1) The industry is ideally suited for being undertaken by jilla parishads, panchayat samitis and panchayats rather than by artisans or their co-operatives;</p>

(Continued)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Lime manufacturing industry	—	—	—	—	Rs. 78.08 lakhs	<p>(2) The Commission should obtain assistances of the State public health departments to expand gas plants.</p> <p>(1) Expansion of the industry to include 8,200 artisans and to produce Rs. 267.5 lakhs worth of products, such as chemical lime, hydraulic lime, cottage cement, sandlime bricks etc.;</p> <p>(2) Integrate programmes with brick manufacture under cooperatives.</p>

B. Ramakrishna Rao
Chairman

D. K. Kunte
Member

T. S. Gokhale
Member

A. K. Karan
Member

M. L. Dantwala
Member

Vichitra Narain Sharma
Member

P. C. Borooah
Member

V. Subramanian
Convener

19 September. 1964

CONCLUSIONS AND RECOMMENDATIONS

OBJECTIVES AND APPROACH

1. Social and economic advance is necessary in order to root out the twin evils of poverty and unemployment. The thread which therefore runs throughout the Three five year plans is the advancement socially and economically of the masses of India through democratic and socialistic means. In the First Plan, it was stated that "village industries have a central place in rural development programmes". The Plan also emphasised that the programme of village industries had to be supported by specific measures of assistance and an appropriate State policy. The Second Five Year Plan emphasised the following objectives:

- (i) to avoid, as far as possible, during the period of the Second Plan, further technological unemployment such as occurs specially in the traditional village industries;
- (ii) to provide for as large a measure of increased employment as possible during the plan period through different village and small industries; and
- (iii) to provide the basis for the structure of an essentially decentralised society and also for progressive economic development at a fairly rapid rate".

In the Third Plan it was emphasised that while "village and small industries had made a significant contribution in the First and Second Plans, in realising the objectives of expanded employment, larger production and more equitable distribution, the larger dimensions of the tasks to be accomplished in the Third Plan would make their role even more important". On the basis of the development that has taken place, during the First and the Second Plans and in the three years of the Third Plan, and in view of the fact that the aims and objectives of economic development must remain essentially the same, we conceive that by and large, the approach in relation to village and small industries would be more or less the same during the Fourth Plan. (paras 2.1, 2.2, 2.3)

2. Village and small industries are capable of offering employment opportunities at low capital cost to large numbers of workers at or near their places. Consequently, encouragement of village and small industries should be guided by two considerations, first on the positive side of stepping up of employment opportunities and secondly on the negative side of prevention of further reduction in employment opportunities. This objective, has necessarily to be coordinated with the other important objectives such as advancement in technology, improvement in productivity, enhancement of leisure,

elimination of drudgery, introducing economy in production costs and rationalisation of overheads in marketing. Over these ten years khadi and village industries have been able to provide employment opportunities to about 2.25 million people. Small industries constitute an important percentage of the total additional employment to be provided in the Third Plan and, therefore, we would give pride of place to this objective of providing employment opportunities through village and small industries in the Fourth Plan. (2.4)

3. Another important objective of planned development is the organisation of industries on a decentralized pattern in order to yield a balance not only of regional growth but also of equitable distribution of the productive resources both in material and men. Such a pattern helps in diffusion of employment, a more balanced distribution of economic effort and wealth. Above all, the spectacle of monolithic industrial organisations with all their attendant problems of smoke and slums and the springing up of satellite townships feeding on these organisations can be avoided. We would recommend that the Government should take rigorous steps to prevent concentration of industries in large cities. (2.5).

4. The objective of planning is to reduce inequalities. It is "a basic premise in India's five year plans that, through democracy and widespread public participation, development along socialist lines will secure rapid economic growth and expansion of employment, reduction of disparities in income and wealth, prevention of concentration of economic power and creation of the values and attitudes of a free and equal society". (2.6)

5. One of the main objectives, according to the Third Plan, is "to improve the productivity of the worker and reduce production costs by placing relatively greater emphasis on positive forms of assistance such as improvement of skill, supply of technical advice, better equipment and credit etc." Stagnation in the rural industrial sector by the continuance of inept and inefficient methods of production, and by the adherence to techniques which are out of date, should be removed. While we would emphasise that an appropriate balance between employment and technology should be maintained, we would not suggest any steps in the direction of retardation of improvement in techniques. A mistaken impression seems to have been created in certain quarters that the preservation of antiquated techniques in the village and small industries sector has almost become a dogma with the result that a fossilisation or an ossification of technological growth has arisen. The justification for the continuance of a relatively backward technique can only be the social disadvantages and the consequent unemployment that are likely to be created by the introduction of such techniques. At the same time,

we would emphasise the need of a gradual or progressive transition from a relatively backward technique to a relatively forward technique. We would advocate "a dynamic approach to the entire problem of technique in rural industries". This dynamic approach is called by the name of intermediate technology by some. We would, however, rest content with the expression 'appropriate technology' because technology in our opinion is a changing phase and will always remain in transition as research, experimentation and thought about improvement in techniques are likely to go on all the time. (2.7)

6. The Village and Small-Scale Industries (Second Five Year Plan) Committee has stated that "one of the most important factors in transforming the Indian economy into a progressive yet decentralised and cooperative structure is the spread and use of electric power all over the country". The Commission has explained that one of the reasons for the "hesitation about the suitability of extending generally the use of power to decentralised production through village industries is the costliness or the unavailability of electric or other mechanical power in outlying areas". The Commission was of the view that "use of power for any operation or process under any of the programmes should be encouraged or allowed only on the fulfilment of the following conditions:

- (i) "That the object of permitting use of mechanical power will be to raise the level of productivity and thereby to secure an increase in the income of the workers engaged in an occupation or an industry. It will be an additional ground for approval if such use is likely to be helpful in the diffusion of employment;
- (ii) "That such a process is not detrimental to the concept of self-employment and decentralisation of production".

We believe that an adherence to this statement does not at all conflict with the adoption of modern technology and improved processes. We consider that inhibitions which have prevented the acceptance of an improved level of technology would largely disappear as a result of the acceptance of this new policy by the Commission. (2.8)

7. Throughout the plans there has been an emphasis on the development of the village and small-scale industries through industrial cooperatives because the cooperative form of organization offers the maximum scope for the development of the individual personality among the self-employed. We are of the view that the basic concept of developing village and small industries through cooperative orga-

nization is healthy and should be continued during the Fourth Plan. (2.9, 2.10)

8. In regard to the question of the continuance of rebates and subsidies, the Village and Small-Scale Industries Committee stated that "though we are not in favour of initiating new schemes of subsidies, rebates etc., we realise that generally the measures taken for limitation of production in certain directions make necessary a system of excise duties". In the approach to the Third Five Year Plan it has been mentioned that one of the main objectives to be kept in view in implementing the programmes for village and small-scale industries in the Third Plan will be "to reduce progressively the role of subsidies, sales, rebates and sheltered markets". It will appear that there is some contradiction in the objective of encouraging village and small-scale industries and the objective of reducing the role of subsidies, sales rebates and sheltered markets, if it is accepted that the village industries employing backward technique and the large-scale industries enjoying the "economies of scale and organisation" have to exist side by side. We agree with the views expressed by Prof. Gadgil that a continually subsidised unit of production cannot be a concept of development, since it very decisively defeats the fundamental 'growing character' of a developing economy. We must confess that the measures of State policy originally contemplated during the First Plan for the sustenance and growth of khadi and village and small industries sector have not been enforced to the extent that they ought to have been. Since the traditional industries provide substantial employment opportunities and, therefore, must be preserved, we are afraid that the continuance of the rebate or subsidy for reducing the differential between the price of the village industries products and of the competing small-scale or large-scale industries products is unavoidable unless the entire khadi and village industries programme, as pointed out both by Prof. Karve and Prof. Gadgil, is looked upon as a relief and rehabilitation programme for the sustenance on subsistence levels of people, who are engaged in these occupations. We of course, do not agree with the latter proposition. (2.11, 2.12, 2.13, 2.14)

9. The First Plan stated that "wherever a large-scale industry competes with a cottage industry, the appropriate course to adopt would be to try and formulate a common production programme". It also stated that in addition to a determination of overall conditions of supply and demand, one or more of restrictive elements may be needed for the common production programme for the small or large-scale industry. In accordance with this programme a cess was imposed on the mill industry for the benefit of the handloom industry and khadi. The production programmes of some other

large-scale industries were also frozen. But it would be apparent from the report of the Third Plan that the support to the idea of common production programme is lukewarm. The indiscriminate springing up of rice mills and their licensing by the State Governments with all the attendant consequences on the industry of hand-pounding of paddy, the expansion of the oil expellers and the tremendous inroads that these have caused on the survival of the ghanis, the regulations passed under the Defence of India Rules for the supply of cane to the sugar factories and the deleterious results that these regulations have had on the gur and khandsari industry, the proposed establishment with the help of the imported machinery of rice mills in the public sector, are apposite instances of the wide divergence between the conception of common production programme and the need for State policy to implement actively a common production programme on the one hand and the actuality of the situation on the other. The difficulties faced by the village industries in obtaining raw materials such as wool, oilseeds, paddy, etc. are also instances to illustrate how the idea of common production programme has not been enforced in practice. An indirect consequence of this policy is, in our opinion, the freezing of techniques and the resistance to technological development in the village and small-scale sector, because the depression in production and sale has not induced a buoyancy or enthusiasm in the minds of the artisans to continuously strive to improve their production by adopting improved technology which will reduce both the cost of production as well as the selling price. If the village and small-scale industries have to keep pace with the technological development and productivity, if they have to sustain the level of employment and if they have to play their role in the development of self-employed and decentralised sectors of industry and "the federalisation of economic life", the idea of common production programme should not be a mere chimera or shibboleth but translated into reality. As a result of this confusion and contradiction in thinking over the last 10 years, there has been a stagnation in the rural economy and an uncertainty which has stultified the development of the village and small-scale sector and has also resulted in the arbitrary and lopsided development of the large-scale sector. A dynamic approach to the concept of common production programmes is now called for in the light of the several developments that have now taken place. These developments would require a new approach and a new policy. The aspects of the new policy would be, selection of industries in respect of which common production programmes should be enunciated and carried out, the demarcation of spheres or varieties, reservation in the total quantity, subsidization of the products of village and small-scale industries, guaranteed supply of raw materials at reason-

able cost and in proper time to the village and small-scale sector, the orientation of the licensing policy to enable the village and small-scale sector to fulfil its targets and a sound purchase policy. (2.15, 2.16)

ORGANISATION : PRINCIPLES AND POLICIES

10. The functions of the Commission under the Act are generally adequate, but we are of the view that since one of the basic objectives of the five year plans is expansion of employment with the object of "ensuring a more equitable distribution of national income" and "avoiding some of the problems that unplanned urbanisation tends to create", the functions of the Commission should include the relief of unemployment or underemployment by the development of khadi and village industries. We are further of the view that, as the development of the rural economy cannot be effected without a comprehensive consideration of several factors, the Commission should be empowered, as part of its activities, to plan the schemes for khadi and village industries so as to result in the integration of the rural economy rather than in the isolated development of khadi and village industries. (3.3)

11. The Commission invariably refers all matters of policy regarding the development of khadi and village industries to the Khadi and Village Industries Board for its advice and is guided by it. This is a healthy feature, because, while the functioning of the Commission is not hampered, it has, at the same time, the benefit of the advice and guide lines laid down by the larger body consisting mainly of persons who have competence in the field of khadi and village industries. (3.4)

12. We consider the association of the Chairmen of the State Boards a salutary step because it promotes co-ordination between the activities of the State Boards and the Commission. (3.5)

13. The Board, as at present constituted, has four members of Parliament and this provides a link between the supreme legislature of the country and the Commission, which is probably the most important agency for the reconstruction of the village economy. We are of the view that such a coordination is likely to be beneficial not only to the Commission which will have thus an idea of how Parliament reacts to its policies, but also to Parliament because through these members it can get a more intimate idea of how the moneys allotted to such an important sector are actually utilised and about the results achieved by the Commission. (3.5)

14. A suggestion was made by the Estimates Committee of the Lok Sabha, 1961-62 that there is some merit in having some representatives of the State Governments on the Board in view of the fact that the execution of the various schemes of khadi and village industries is shouldered by the State Boards set up by the State Governments. We are of the view that this recommendation of the Estimates Committee has been more than met by the nomination of the Chairmen of the State Boards to the Khadi and Village Industries Board. (3.5)

15. The Estimates Committee has also suggested the desirability of giving representation to certain specialist agencies like the Council of Scientific and Industrial Research, Indian Central Oilseeds Committee and the Indian Central Cotton Committee on the Board. We have been informed that the representatives of these bodies are nominated on the committees constituted by the Commission for dealing with the specific matters, which concern these bodies. We consider this arrangement adequate. (3.6)

16. We would also recommend that an amendment, similar to Rules 4 (d) and 4 (e) of the Khadi and Village Industries Commission Rules, 1957, requiring a member to disclose his financial interest (i) in any subsisting contract with or in any work being done for the Commission and (ii) in any business undertaking dealing with khadi or any other village industry specified or deemed to be specified in the Schedule to the Act, should be incorporated in the Rules relating to the members of the Board and also in the State laws in respect of the members of the State Boards. (3.7)

17. The co-ordination between State Boards and registered institutions in that State can be brought about by the Commission using its good offices with the State Governments for introducing a provision to nominate to the respective State Boards, representatives of the Board and of the institutions directly assisted by the Commission in that particular State. (3.8)

18. From what we have been able to see, we must say that the working of some of the State Boards is not at all satisfactory. We would, therefore, like to impress upon the Government of India the need to see that the salutary suggestions made by the Commission and endorsed by the Prime Minister are accepted by the State Governments. (3.14)

19. Where the working of a State Board continues to be unsatisfactory in spite of the Commission and/or the State Government having suggested remedial action, the State Government should take suitable action to improve the Board's working either by nomi-

nating a fresh Board or, where necessary, by directly taking over its activities or by requesting the Commission to do so, so that the objective of providing employment to the artisans is not defeated. (3.14)

20. We are afraid that unless the relationship between the Commission and the State Boards is put on a proper footing and unless the working of the State Boards is improved on the lines of the suggestions mentioned it will not be possible for the State Boards to fulfil the expectations which have motivated their establishment and far less to fulfil the ambition of being the principal implementing agency of khadi and village industries programmes in the States. (3.15)

21. We are happy to observe that the relationship between the Commission and the institutions has been smooth and has not presented any problem. (3.16)

22. There is need of close co-ordination in each State between the activities of the various institutions. Such a co-ordination is all the more necessary because the Commission will, in course of time, concern itself mainly with giving financial assistance and formulating policies, the chief implementing agencies being the State Boards. (3.17)

23. We endorse the recommendations of the Co-ordination Committee in regard to the above which, we are informed, have not yet been fully implemented. We would urge that all the suggestions made by the Committee be put into effect fully. (3.19)

24. We would, in addition, suggest that to effect further co-ordination between the Commission's work at the State level and the State Boards, the Commission's representative in the State should either be nominated to the State Board or specially invited to attend all meetings of the State Board and its standing finance committees. (3.19)

25. We would suggest that the aim should be to consolidate the progress already achieved in promoting and encouraging cooperative efforts in khadi and village industries to revive the stagnant and dormant societies which can, with proper attention and assistance, be made to function satisfactorily rather than to increase the number of societies. We are happy to note that the Commission is of the same view and is bending its energies in the same direction. (3.20)

26. We would suggest that the Commission and the various agencies responsible for the registration and supervision of cooperative societies should give proper attention to the removal of technical and organisational defects. We would also suggest that the

patterns of assistance should be so designed as to make it possible for the societies to get assistance for overcoming the difficulties mentioned above. (3.21)

27. We are of the view that unless there is a progressive switch-over to institutional financing, the resources which the Government can provide over a period of time are not likely to be sufficient to cater to all the requirements of the cooperative societies and institutions for all purposes. We consider that public financial resources should mainly be used for training, research, administrative and managerial expenditure and for developmental purposes leaving it to the institutional agencies to cater to the working capital requirements of the societies and institutions. (3.22)

28. We would recommend that the Government should allow the scheme of State Cooperative Banks functioning as agencies to pass on funds made available by the Commission to cooperative societies to start in any State where the circumstances for the cooperatives obtaining finance from the institutional agencies are favourable on the terms and conditions laid down by the Government. We have no objection, if the entire scheme is reviewed after a period of 2 years. We also consider that it is necessary for the Commission to take vigorous steps in consultation with the State Boards and the cooperative financing agencies for bringing the scheme into effect immediately. (3.23)

29. While we agree that the pace of cooperative financing must be quickened, we would like conditions to be created so that the funds of the financing agencies are safeguarded during the initial period. We would, therefore, endorse the suggestion made by the Commission to the Government for a cent per cent guarantee to the institutional financing agencies for meeting the financial requirements of the industrial cooperatives. We welcome Prof. D. R. Gadgil's view that if the position of the cooperatives is made viable albeit as a result of economic policy formulated by the Government and of doses of monetary assistance given by the Commission and the State Boards, it should be possible for the cooperative financing agencies to meet the requirements of the cooperatives. We commend this view for more uniform acceptance and we would plead with the Government that immediate steps be taken for the initiation of the guarantee scheme of financing industrial cooperatives of khadi and village industries. (3.24)

30. We consider that there is a positive advantage in the association of the Financial Adviser and the Chief Executive Officer as members of the Standing Finance Committees by amendments of the Rules and Regulations in order that there might result a better

understanding of the problems and a quicker execution of the policies of the Commission. (3.25).

31. We are not quite sure whether both the expenditure and the administrative work on the large number of committees and sub-committees of the Commission are justified. The Commission should, therefore, examine the need for having so many committees and sub-committees and also the need for having so many members on each of them and the periodicity and venue of their meetings. (3.26)

32. We would, suggest to the Commission to consider whether the Chairman or a member of the Commission should not have the subject of finance allocated to him in the general allocation of duties in the same manner as the subjects of accounts and audit are allocated. This would enable the member in charge of finance to be in close touch with the Financial Adviser and understand the validity of his advice as well as the impact which such advice will have on the programmes. (3.33)

33. We would suggest that where there is a difference of opinion between the views of the State Board and the State Director, the State Board should, except in the case of a pressing necessity, refer such matters to the Commission for advice and be generally guided by the Commission's advice. We also consider that the Commission's State Director should be made responsible for sending periodical reports about the activities of the State Boards and of the major institutions. (3.34)

34. We have noticed considerable overlapping and duplication between the staff of the State offices of the Commission and of the State Boards in respect of the village industries programmes. Both the Commission as well as the State Boards have technical and supervisory staff. To prevent duplication as well as to bring about economy in expenditure, we would suggest the pooling of the technical and supervisory staff because the State Boards are progressively to be made responsible for implementing all schemes of village industries. (3.35)

35. We have referred to the method in which the State Boards are functioning and we would, therefore, caution the Government of India and the Commission against the indiscriminate acceptance of the principle of abolishing its State offices without being satisfied that, consequent on the abolition of the State offices, there will be no vacuum in supervision, control, reporting to the Commission and of coordination between the activities of the Commission, the State Boards and the institutions. (3.36)

36. We are of the view that a better understanding of the difficulties of the implementation of the programmes of khadi and

village industries is necessary on the part of the audit authorities. Such an appreciation, would be possible, if there was a closer contact, between the audit authorities and the Commission's departmental heads. We would urge the Commission to impress upon its departmental heads the imperative need of attending expeditiously to the clearance of audit objections, which have now reached a very huge figure. (3.38)

37. We are firmly of the view that the accountability of the State Boards for the moneys given to them by the Commission should be brought home squarely to them and any persistent failure on their part should, apart from disqualifying them from future assistance, be viewed seriously and the Commission itself intervene and assist institutions under the State Boards directly. (3.39)

38. Since there has been an inordinate delay in the bringing into being of the arrangements to appoint chartered accountants to audit the accounts of institutions we would suggest that the Commission should implement them expeditiously. We would suggest that in the case of institutions receiving financial assistance from the Commission of over Rs. 5 lakhs, the scope and nature of the audit may be laid down by the Commission and the institutions requested to appoint auditors from the panel of chartered accountants drawn up by the Commission. (3.42)

39. The audit of the accounts of cooperative societies assisted by the Commission and the State Boards presents an even more dismal picture than that of the State Boards or of the registered institutions. We would, therefore, recommend an immediate examination of this question. For the clearance of the past arrears we would suggest action on the following lines:

- (i) To clear the backlog of arrears of audit and to make the accounts up to date at least upto 1962, special squads of cooperative auditors/chartered accountants may be appointed by the State Boards and the Commission. The Commission may give assistance to the State Boards for the purpose of appointing these squads. The State Boards in consultation with the Registrars of Cooperative Societies of the States should immediately frame the scope and nature of this audit.
- (ii) This audit should be recognised by the cooperative departments as equivalent to their statutory audit.
- (iii) These squads should finish the audit of those societies whose accounts upto 1961-62 have not yet been audited by the end of 1964-65 and thereafter, expeditious action should be taken by the Commission, the State Boards, the

Registrars of Cooperative Societies and the cooperative societies themselves for rectifying the irregularities, improving the affairs, liquidating of societies, where necessary, and registration of new ones in their place to provide employment for the artisans who are likely to be affected by closing down the societies of which they are members.

In order that in future the audit of the cooperative societies undertaking the khadi and village industries programmes is up to date, we would suggest the following :

- (i) The executive officer or other appropriate officer of the State Board may be delegated the powers of Joint Registrar of Cooperative Societies so far as khadi and village industries cooperatives are concerned.
- (ii) The State Boards may be given assistance for the appointment of auditors for auditing the accounts of the cooperative societies assisted by them. These auditors may be drawn up from the cooperative department.
- (iii) The Registrars of Cooperative Societies of the States should recognise the audit of the auditors of the State Boards as equivalent to statutory audit by the cooperative department itself.
- (iv) In respect of cooperative societies assisted by the Commission directly, the internal audit staff of the Commission should audit the accounts and the Registrar of Cooperative Societies of the particular State should be requested to recognise such audits as equivalent to statutory audits of the cooperative department. (3.43, 3.44)

40. We would also emphasise that unless the defects pointed out by the auditors are rectified within a reasonable period which will be fixed, further assistance should not be given either by the State Board or by the Commission. In the case of persistent defaults in clearing the defects noticed at the time of audit, societies may be blacklisted and assistance denied to them in future. In order that the artisans of the affected cooperative societies may not suffer, steps should be taken to offer them employment either by engaging them directly or by the formation of new cooperative societies in that area. (3.45).

41. We are constrained to observe that the position is very unsatisfactory in regard to the submission of utilisation certificates by State Boards and that unless the Commission strains every nerve to see that the utilisation certificates are obtained without delay, it will only

discredit the Commission's working. At the same time we feel that a more understanding view should prevail in regard to the production of the utilisation certificates. We believe that the object of insisting on utilisation certificates is to see that the moneys have been utilised for the purpose for which they have been given and that they are usefully employed in productive purposes. We are, therefore, of the view that a more imaginative concept for the production of these certificates is called for. We believe that for such amounts as loans for working capital, for stocking raw materials and for holding of stock in process, it should be possible for audit to be satisfied with a certificate indicating production or the value of the goods from the institutions concerned and a corresponding certificate from the technical authority in the Commission to say that the value of this production of goods is proportionate to the amount of capital loaned. Similarly, in respect of items relating to direct purchases by the Commission or the grant of direct subsidies, rebate etc. a certificate from the Commission about having made such purchases or having given rebates should be adequate without any further certificates from the institutions. We have been informed that the Commission itself has made similar suggestions. We urge the Government and the audit to accept these suggestions so that the real purpose of producing utilisation certificates is achieved and that there may be no delay in the production of such certificates. (3.49)

42. We would also suggest that where a State Board or an institution, in spite of several requests, persistently defaults in rendering proper accounts or furnishing utilisation certificates, further assistance to such State Boards or institutions should be discontinued. We have no doubt, that such a step while it might sound harsh, is likely to be more salutary and result in strengthening financial discipline and accountability for public funds. (3.50)

43. We consider that the requirements of the "working fund" as proposed by the Commission to the Government are based upon a certain amount of arbitrariness and look more like an attempt to capitalise the present position rather than to work them out on a scientific basis. We concede that the nature of production in khadi and village industries is such as to make an accurate examination difficult. We are happy, however, that the Commission has in the first instance appointed a committee to go into the requirements of working capital for the production and marketing of khadi and to arrive at a basis on which such loans should be sanctioned in future. We have no doubt that the findings of the committee will result in a detailed examination of the current needs of the institution. The committee has been authorised to examine every aspect of this

question and we hope, it will be possible for the Commission to take early action on the recommendations of the committee. We would also suggest that either the scope of the committee may be widened in order to examine the requirements of village industries or a separate committee for the purpose of determining the principles on which working capital loans may be sanctioned to village industries should be appointed. (3.58)

44. We would, however, like to make the following suggestions for the consideration of the Commission and in particular, of the Working Capital Committee:

- (i) Though many institutions ask for their requirements of working capital separately for production, sale, stocking etc., there are some who do not so separate their requirements. The Commission examines the requirements on the basis of the formula which has been adopted by it. The formula provides for the requirements of production, sale, stocking, etc., separately. In the final analysis, however, the Commission sanctions loans for working capital to the institutions in bulk without assigning either percentage or amounts for different purposes such as production, sale, vastragars, etc. We consider that at the level of the Commission it is desirable for the requirements of the institutions for different purposes such as production, sale, stocking, vastragars etc. to be separated and separate amounts sanctioned so that the difference between these activities may be recognised. Institutions also should maintain separate accounts of these activities.
- (ii) The requirements of vastragars i.e. the wholesale stocking should be separated from production and should not be clubbed along with the amount required for marketing.
- (iii) As a result of the suggestion made at (i) above the turnover of production is likely to be faster and the requirements of the working capital will be quickened. This factor should be taken note of while determining the requirements of production and marketing.
- (iv) The inclusion of the requirements of stocking loans in the working fund does not, to our mind, appear to be correct. The stocking loans are required to be given once a year. With the idea of separation of the requirements of production and marketing, the stocking loans will become renewable along with the previous loans since all the raw materials purchased and stocked will naturally figure in the production. Consequently, these stocking loans should

either figure as a percentage of the amount of production loans or be given in the form of short-term loans repayable in six months. (3.59)

45. We are of the view that these modifications in the procedure of budgeting are likely to result in a more realistic budget estimate and would, therefore, reduce *ad hoc* demands for supplementary amounts as has been the practice with the Commission for some years now. It will enjoin on the institutions and State Boards the responsibility for the proper implementation of the programmes chalked out by them and the proper utilisation of the funds asked for by them. This would also enable the Commission to avoid the various criticisms that have been legitimately levelled against it by the Estimates Committee of the Lok Sabha, 1961-62, and the Public Accounts Committee about the improper and *ad hoc* method of budgeting, planning and utilisation of funds. (3.60)

46. We consider the innovation of placing with State Boards and institutions 25 percent of their requirements as imprest as not only justified, but also desirable. We would, however, make the following suggestions:

- (i) If the State Boards or the institutions observe that there is no scope for the development of an industry, they should report this fact to the Commission and surrender the amount to the Commission so that such amount could be used by the Commission for fulfilling the requirements of other State Boards or institutions or for other industries of the State Boards or institutions.
- (ii) We would also suggest further simplification of the accounting machinery at the headquarters by the introduction of a system, whereby it will be possible for the State Boards and the institutions to obtain their requirements from the nearest branch of the State Bank of India so that the work, the time and the administrative expenditure involved in the transmission of cheques/drafts from the headquarters of the Commission to the State Boards and the institutions all over the country may be substantially minimised.
- (iii) We would suggest that the State Boards and the institutions may draw an initial imprest from the nearest branch of the State Bank of India or any other bank as may be authorised by the Government from time to time and get their periodical replenishments on receipt of an authority to the State Bank of India or any other specified bank to be given by the Commission after the submission of the statements

of expenditure from month to month and after the scrutiny of these statements by the Commission. (3.62)

47. We have carefully gone through every aspect of the question whether the intensive area scheme and gram ekai programme fall outside the functions of the Commission and are convinced that the viewpoint advocated by the Commission is sound. We are also of the view that unless the integrated development of the rural masses is undertaken, no impact on the rural economy is possible. This is not, of course, to suggest that the Commission should undertake programmes other than khadi and village industries. But we are of the firm view that unless the programmes of these industries are linked up with the other activities in the countryside and unless the Commission as the only organization, which has such a network of agencies throughout the country and which has directly or indirectly engaged itself in more than a lakh and a half of villages in the country, is enabled to plan for such development, the results will not be satisfactory. We would recommend to the Government to examine whether and if so, what legislative modifications are necessary to achieve this end. (3.65)

48. We would, however, express the hope that the proposals sent by the Commission for modification of the law to enable it to undertake schemes of integrated development and for including other industries such as forest industries and manufacture of forest produce, fruit preservation, widening the scope of the carpentry and blacksmithy industries, etc. will be viewed sympathetically by the Government and appropriate legislation introduced early. (3.67)

49. We have no doubt in our mind that the Commission is convinced of the need and desirability of using the good offices of the panchayats, the panchayat samitis and zilla parishads for the development of the khadi and village industries programmes. They should be given an advance idea of the budget for their area so that they can formulate the schemes in consultation with the local people and submit them for assistance to the Commission or the State Board. We regret that the view that the funds should be channelised through them is not acceptable to us for the following reasons:

- (i) The local bodies consist of representatives of the local population who are elected for certain periods. They are liable to change after the period is over. Therefore, there will be no continuity. A constructive programme like khadi and village industries requires the continuous association of persons who take an active interest in the programme. This will not be possible if the elected representatives of the local bodies.

- (ii) The entire programme of khadi and village industries has been sponsored and executed by non-official agencies of social and constructive workers. The achievement in the field of khadi and village industries is almost entirely the direct result of this feature of the work.
- (iii) The policy of the Commission and the State Boards, with which we agree, is that no scheme should be directly implemented unless such a course is dictated by absolute necessity. The programmes of khadi and village industries, therefore, are executed by registered institutions and cooperative societies.
- (iv) We have recommended elsewhere that progressively the institutions and the cooperative societies engaged in khadi and village industries should switch over to institutional financing. Hence the question of panchayat samitis and the zilla parishads disbursing the funds would then not arise. (3.69)

50. We would suggest to the Commission and the State Boards that the panchayat samitis and the zilla parishads should be kept informed of the programmes undertaken within their jurisdiction so that it may be possible for them to suggest alterations, if any, to the programme. Similarly, the Commission or the State Board should see that the panchayat samitis and the zilla parishads are kept informed of all the patterns of assistance available under the Commission so that the panchayat samitis and the zilla parishads can positively and adequately guide the local population to take advantage of these schemes for provision of employment by submitting schemes for inclusion in the State Boards' budget proposals to be submitted to the Commission dealing with the work in community development blocks. (3.70)

51. The entire constructive activity including the khadi and village industries programme within the area of a panchayat samiti or a block should come within the supervision and the purview of a co-ordinating committee consisting of representatives working in that area of the major institutions interested in or associated with constructive activities. We would suggest that this committee should not and need not be clothed with any executive authority because we hope that by its constitution, its importance and the selfless nature of the persons who would compose it, its deliberations and advice would automatically have a sanctity and authority which would not be questioned. (3.73)

52. We are of the view that the general guidelines recommended by the Research Committee and accepted by the Commission for undertaking research have been rightly thought out. We would, how-

ever, recommend that research so far as the Commission's programmes are concerned should be broadly on the following lines:

- (i) Improvement in the tools of production with a view to minimisation of cost, increase in productivity and ensuring that the equipment gives trouble-free service bearing in mind the limitations of the rural areas for repairs and renewals.
- (ii) Improvement in the levels of technology with particular reference to (a) use of power subject to the limitation that the present level of employment is not reduced; (b) manufacture of precision tools in collaboration with organised industries so as to result in the production of precious tools and parts; and (c) ensuring a proper balance between the levels of technology on one hand and the levels of employment on the other.
- (iii) Market research with a view to making the products of khadi and village industries cheaper, competitive, more attractive and durable.
- (iv) Introduction of productivity techniques, work studies, etc.
- (v) Improvements in the economics of production and distribution of products of khadi and village industries. (3.76)

53. We are of the view that while technological improvement is absolutely necessary for the continuous progress of khadi and village industries, such technological advance should not be allowed to create an imbalance between technology and employment on the one hand and technology and the cost on the other. At the same time, we do not agree with the views expressed in certain orthodox circles about freezing the present levels of technology on the ground of the fears about the expansion in unemployment consequent on the introduction of improved technology. In this connection, we endorse fully the Commission's views in regard to use of power and we consider that the conditions prescribed by it subject to which the use of power may be encouraged do represent the proper line of thinking. (3.76)

54. We would suggest that instead of there being a formal appeal against the decision of the Certification Committee, the Commission, receiving a representation against the decision of the Certification Committee may review such cases with a view to deciding whether the decision needs modification. Where the Commission considers that such a modification may be required the case may be remitted to the Certification Committee for reconsideration. (3.79)

55. We consider that in view of many complexities involved in applying the certification procedure for khadi *mutatis mutandis* to village industries, recognition is as far as the Commission ought to go in regard to village industries under the present circumstances. (3.80)

56. We recommend the creation out of the existing bodies or by establishing a new one of a single comprehensive authority with the necessary powers and resources and charged with the responsibility of rapidly industrialising rural areas. (3.82)

57. We have discussed the question of rural industrialisation with several persons including the Chairman of the Khadi and Village Industries Commission, the Chairman and Secretary of the Standing Committee of the Rural Industries Planning Committee as well as some members of the Planning Commission. We are of the view that no impact has yet been made on rural industrialisation by the Rural Industries Planning Committee and the intention set out by the Planning Commission has not been fulfilled. Prof. D. R. Gadgil, an eminent economist has stated that "rural industrialisation is one of the major economic and social objectives of the plan of economic development. Therefore, it can be achieved only if the entire development plan and in particular, the entire plan of industrialisation is framed so as to attain this objective. No substantial result can be achieved, in the short run, with the present approach and area of efforts at rural industrialisation". (3.84)

58. We would suggest that the question of constituting a single body with responsibility for the entire field of rural industrialisation and with authority to execute programmes in this sphere should be re-examined by the Government. (3.85)

59. There will, however, be an advantage in having a co-ordinated programme in respect of all rural industries and placing all rural industries including village industries under a single authority. (3.86)

60. If khadi has to be preserved in the same manner and with the same orientation as inspired the programme when it started, the merging of khadi, handlooms and powerlooms would be a proposition fraught with grave consequences. We, therefore, suggest that the implication of the coordination of this programme in all its facets should be discussed in detail by the Government with the planners, the social and constructive workers and economists. The policy framed as a result of the discussion should, in our opinion,

operate for a reasonable period and not be subjected to change from time to time. (3.87)

FINANCIAL ANALYSIS

61. We are glad to note that the Commission did realise the weakness of the ambar charkha programme and profiting by the mistakes originally committed by it, displayed considerable caution with regard to the disbursements for this programme in the Third Plan. (4.2)

62. We consider that the fall in the percentage of grants to total disbursements and the consequent increase in the proportion of loans to the total disbursements in village industries is a healthy trend. It is likely to induce in the institutions a greater sense of responsibility as well as a desire to get the maximum return out of the assistance given. (4.3)

63. It will be seen that in regard to khadi, the variations in the percentage of disbursements to allocations are not so striking whereas they are striking in the case of village industries. This may be due to the fact that the khadi programme is implemented by the registered institutions, who are directly engaged in the activities, whereas in the case of village industries the amounts are disbursed to the State Boards, who in turn have to disburse them to the institutions and the cooperative societies actually implementing the village industries programmes. Another explanation would be that the planning on the part of the State Boards in respect of village industries is faulty and considerable sums of money are disbursed to them even without ascertaining the possibilities of their being able to spend the amounts resulting in unspent balances which have to be refunded. (4.5)

64. The proportion of establishment charges in village industries is nearly 7 per cent of the total disbursements, and we consider this a little on the high side. The proportion of establishment charges to the total disbursements should not generally be more than 5 per cent at the most. (4.8)

65. The position regarding the confirmation of the loan balances is unsatisfactory. We have been informed that, in several cases, the Commission has requested the institutions and the State Boards to confirm the loan balances, but this has not been done. Apart from the requirements of prudence, it is an essential aspect of banking that the confirmation of balances must be obtained from the loanees. (4.11)

66. We would, therefore, recommend to the Government and the Commission that in the case of those State Boards, cooperative

societies or registered institutions or others, which do not confirm the balances in spite of persistent requests from the Commission, the question of denying further assistance should be seriously considered. (4.11)

67. The percentage of the defaults to the total loans to be repaid in khadi and ambar programme is 26.9. It will be seen that considerable vigilance is required in order to bring down this percentage of defaults. It should also be remembered that the law of limitation would apply to loans given by the Commission and it is, therefore, essential to see that steps for recovery of the overdue loans are taken in time. (4.12)

68. The percentage of overdues to the total loans due for repayment in village industries is 72. The position is really alarming. The larger part i.e. two-thirds of these overdue loans are due from cooperative societies and registered institutions assisted by the State Boards who, in turn, got funds from the Commission. It is obvious that neither the Commission nor the State Boards have bestirred themselves to take energetic steps for the recovery of the defaulted amounts. It is a matter of concern that the enthusiasm shown in disbursing the amount has not been shown in respect of recovering the defaulted overdue amounts: (4.13)

69. We understand that in view of the large number of cases likely to arise, the Commission has proposed the constitution of standing tribunals in each State in order to dispose of expeditiously such cases. The proposal is at present under the consideration of the Government. We would urge upon the Government to accept this proposal immediately in order that the proceedings of recovery may go on in an expeditious manner. The Commission has also proposed to the State Governments to amend the State legislation to include a similar provision in respect of the State Boards. The constituent Acts of some State Boards have been so amended. We would urge upon the Government of India to see that the remaining State Governments make the necessary amendment in the constituent Act of their State Boards. (4.14)

70. We regret that the State Boards who have to recover such large amounts from institutions and cooperative societies assisted by them have not yet shown an awareness of their responsibility. We consider time has now come for the State Boards also to take similar steps immediately to prevent the position from going out of hand. (4.15)

71. Neither the Commission nor the State Boards have yet made a provision for some fund out of which losses incurred bonafide could be made good. The Commission has only recently considered

this matter, and has suggested to the Government the constitution of a fund, with a corpus, to start with, of Rs. 30 lakhs. We consider that a similar step should be taken by the State Boards who will be the major defaulters, as the dues in village industries are in a large measure due to the defaults of the cooperative societies assisted by the State Boards. (4.16)

72. We would suggest that the Commission should carefully review its budgeting policy and undertake a more careful scrutiny of the requirements of the State Boards and the institutions in order that the phenomenon of variation between the budget estimates, the revised estimates, the Government sanctions and the disbursements does not occur in future. (4.19)

PATTERNS OF ASSISTANCE

73. In view of the fact that the village and small industries will not have the advantages flowing from the economies of scale and organisation and also because of the wide gap between the technological superiority and economic production of the large-scale industries compared to the corresponding inferior technology and higher cost of production of village and small industries, there should be certain built-in safeguards either in the form of economic policy or in the patterns of monetary assistance as a result of which it would be possible for the village and small industries sector to stand on its own legs and to become viable in course of time. The patterns of financial assistance for khadi and village industries should, we are of the view, be designed to subserve the above purpose. (5.1)

74. We have examined in Chapter II the basic objectives underlying the formulation of khadi and village industries programmes and have made certain suggestions which necessitate a slight modification of some of these basic policies enunciated by the Planning Commission. It would, therefore, follow from this that the patterns of financial assistance which are in a sense the economic corollary to the policy of planned development, should be revised from time to time in accordance with the basic objectives of the plans. (5.3)

75. We regret that we do not agree with the view of the Khadi Evaluation Committee that the rebate on woollen khadi should be abolished. We would accept in principle the continuance of the subsidy on woollen goods in some form or the other, and recommend to the Commission to examine this question in detail with regard to the method and quantum of giving the subsidy including the question of applicability of the free weaving scheme. (5.5)

76. We would agree in principle with the continuance of the subsidy on silk in some form or other and recommend to the Commission to examine in detail the method and quantum of subsidy

including the question of applicability of the free weaving scheme. (5.7)

77. We agree that the present subsidy of Rs. 2.50 for a traditional charkha may be continued on the ground of its very low productivity and the fact that it is distributed to a large section of artisans and other under-privileged members of the community who cannot afford to pay the full cost of the charkha. On the other hand, we are of the view, that the continuance of the subsidy of 50 per cent in respect of other items of equipment such as ambar charkha, processing machinery, dyeing equipment etc. is hardly justifiable, because of the fact that such improved equipment has obvious advantage in higher production, cheaper cost and increase in competitiveness from the commercial point of view. We would, therefore, suggest that the entire amount of assistance to the institutions and cooperative societies for the purpose of all tools and equipments in khadi should be in the form of loans repayable in 15 years. The loan may continue to be interest-free. The institutions may be allowed to make their own arrangements with regard to recovery of the cost of these equipments from the spinners, in case such equipment is not used by the institutions directly and is distributed to spinners or artisans. The psychological effect which the revision of the pattern would cause is, to our mind, likely to be extremely encouraging. At the same time, a greater sense of responsibility will be enjoined on the institutions since they will be liable to repay the loans. The indiscriminate waste of equipment and the consequent loss that we have observed in the implementation of the ambar charkha programme would in consequence be a thing of the past. (5.8)

78. We have noticed during the course of our tours that an undue emphasis has been placed on the construction of godowns without attaching equal importance to the development programme itself. We also consider that, in keeping with the simplicity and low cost which should guide all khadi and village industries schemes, costly equipment, costly building and costly machinery should be avoided as far as possible. We would therefore recommend that, as far as possible, accommodation for storage of raw materials and finished products of khadi and village industries should be hired. We consider that this should not be difficult particularly because of the large construction activity undertaken in the towns and villages and the numerous storage facilities that are now coming into being as a result of the activities of the Warehousing Corporation and even of the financing agencies. We would suggest that in case there are difficulties or in case any of the conditions on which such accommodation is made available need to be negotiated, the Commission should take steps in this matter. We would, therefore, suggest that

assistance for the purpose of construction of godowns for khadi may be given only on a certificate from the institutions or the State Boards that the requisite accommodation on hire is not available. We would also suggest the Commission to examine the need for continuing the subsidy at as high a rate of 50 per cent as the godowns are to be used for a commercial purpose and cannot be considered as a part of promotional or developmental activity. (5.9)

79. We are of the view that unless permanent arrangements are made for the provision of finance for carrying on khadi and village industries, it will not be possible for the industries to attain economic viability in the foreseeable future. We are happy to note that the Commission itself has recognised this aspect and has suggested to the Government that the working finance required for the khadi and village industries programmes should be provided as a permanent fund to be recalled or repaid only when the production is diminished or the institution becomes stagnant. We have referred in detail to the institution of the working fund in Chapter III. We consider that the requirements of these industries will be largely met by the institution of this fund. We have also suggested in Chapter III that in course of time the institutions and the cooperative societies should depend for their funds on institutional financing. When this comes into being, we would suggest that as in the case of the working fund, to be instituted by the Commission, the arrangements to be devised by the institutional financing agencies for meeting the working capital requirements of the institutions and cooperatives should be such as not to result in any diminution of the actual requirements of the societies and the institutions. This will enable them to continue in production even after the financing is taken over by the institutional agencies. (5.10)

80. We have been emphasising the need for these industries standing on their own legs in course of time and for them to be viable. We consider that the tenure of the repayment of the loan should have some relation to the factor of economic viability. We are surprised that in spite of the favourable terms and conditions prescribed by the Government for repayment of loans for structures, both pucca and kutcha, the Commission has thought it fit to make those terms and conditions more strict. The inability of the institutions to adhere to these strict conditions probably accounts for the heavy defaults. We would suggest that the more liberal terms offered by the Government should be given to the institutions and the societies. For similar reasons, we would suggest that the repayment of the loans for implements should be in 10 years instead of 5 years as at present, and for machinery in 20 years instead of 10 years. We are of the view that this liberalisation in the terms of

repayment is absolutely necessary in order to give these industries a chance to come up and get themselves established. (5.11)

81. As regards assistance for construction of godowns, we would suggest the application of the same principle as in the case of assistance for the construction of godowns for the khadi industry. We would also discourage the construction of godowns for each village industry. Wherever it is possible, godowns should be constructed for a group of village industries. For this purpose, either the district federations or the State Boards may have their godowns constructed to be let out to the institutions or cooperative societies engaged in the manufacture of village industries products. (5.12)

82. The pattern of assistance for distribution of improved equipment is that of half loan and half grant. While we consider that such a liberal scale of assistance in the initial stages was necessary, the stage has perhaps now come for a need to review the continuance of this pattern of assistance in the case of improved equipment whose utility has been established and whose contribution to increased productivity is no longer a matter of dispute. We would suggest that in the case of such equipment, the pattern of assistance should be in the form of a loan. As we have suggested a liberalisation in the tenure of repayment of loans, we do not consider that the reduction in the subsidy will have any detrimental effect. We would, however, suggest that the practice of giving 50 per cent of the assistance in the form of a grant may continue in the case of new equipment whose utility and productivity are yet to be determined or established. The grant in such cases would be justified in the same manner as even in commercial organisations initial incentives are given with a view to popularising either a product or an equipment. (5.13, 5.14)

83. In view of the modifications we have suggested in the pattern of assistance for tools and equipment, we would recommend that these tools and equipments be produced at certain determined places, so that the objectives of precision, trouble-free service and proper performance are attained. All these manufacturing centres should be certified or recognised by the Commission and it may be made a condition that the institutions and the societies would get assistance only if the tools and equipments were obtained from these certified or recognised centres. (5.15)

84. The institutions engaged in the khadi and village industries programmes are intended to serve mainly the interests of the artisans who are organisationally weak, have no high level of business acumen and are unable to take advantage of the economies of scale of production which the organised industries enjoy. It is, therefore, necessary to assist these institutions by providing competent techni-

cal and managerial assistance until such time as they acquire organisational experience and entrepreneurial ability. The provision of assistance for technical and managerial personnel to these institutions and cooperative societies has been uptill now only marginal. We would suggest the examination of this question in some detail and the provision on a sliding scale of managerial and technical assistance, to institutions and cooperatives of all descriptions for a period of 5 years in the first instance. We would also make a distinction in the scale of assistance between the institutions and the cooperative societies because the former are more fortunate in having a large number of social workers who have experience of constructive work to help them in the initial stages. Besides, many of these institutions are off-shoots or decentralised units of the large institutions which have had the good fortune of having some dedicated workers to serve them. (5.16)

85. We would emphasise on the Government and the Commission the need to provide liberal assistance to the institutions and the cooperatives for the purpose of construction of work centres. We are of the view that such an investment is likely to yield even more profitable and permanent returns than the prestige investments in godowns and construction of store-houses. (5.17)

86. A word is required about the patterns of assistance in the case of work among the weaker sections of the community. It has been reported to us by the Commission that whereas generally khadi and village industries have acquired some foothold, considerable work remains to be done for the provision of employment among the weaker sections of the community and in areas where such weaker sections are concentrated. The application of the normal patterns of assistance in such areas or to such persons would not be proper. We agree that there is a need for more liberal treatment of these areas and particularly an increased scale of subsidy in the assistance which has been accepted only partially by the Government. We would urge the Government to fully accept this proposal of the Commission. (5.18)

87. We have given careful thought to the question as to whether there should be uniformity in the patterns of assistance for schemes under the Khadi and Village Industries Commission and the schemes in the other sectors of small industries. We agree that where conditions are equal and where the industries are operated under fairly uniform circumstances, there should be uniformity in the patterns of assistance. But, as has been pointed out, when assistance is provided to millions of small artisans with meagre resources for a large number of purposes, it is impossible to ensure any degree of uniformity either in the pattern of assistance

between different sectors of the small industries or even between different industries in the same sector. We would, therefore, consider that the proper criterion under such circumstances would, by and large, be to ensure that assistance is given in the right manner for the right purpose and that the assistance is not too small or too excessive in relation to the requirements and also that it secures, to the extent possible, some contributions from the artisans and also stimulates in them the habit of self-reliance. (5.19)

TRAINING

88. While we admit the need of having separate courses in view of the difference in syllabus and specialised content of the programmes as also because of the technical aspects of each of these programmes, we suggest that from the point of view of overall supervision of the content and purpose of the programmes and for determining the utility of these programmes from the point of view of expenditure, utilisation of trained personnel and follow up of training into production, all these programmes should be brought under the umbrella of the Training Directorate. (6.1)

89. A closer examination of the khadi sanghatak and karya-karta training courses points to the lack of planning whether in location of the places, the organisation of the courses or the continuance of the courses. We are afraid that unless more thought is given to the organisation of these courses and the method of training is itself systematised, such a large expenditure on this training course will not be justified. We are also very unhappy to note that the courses and the content have been changed several times over this period. We are unable to appreciate why it was necessary to make such frequent changes. We would suggest to the Commission to abolish this course if it is not able to make up its mind about the duration, syllabi or content and introduce in its place, if necessary, a course of training which can continue without any drastic changes for at least a period of 4 to 5 years at a stretch. (6.6)

90. We have noticed lack of a coordinated approach in the training of extension officers (industries) partly because of different ideologies animating these two training courses i.e. small-scale industries and khadi and village industries and partly because the training is being conducted at two different places by two different institutions under different conditions. The Ministry of Community Development and Cooperation had, therefore, appointed a committee to go into the whole question and suggest steps necessary for coordinating the approach to the course. The committee has suggested the

formulation of an integrated training course to be conducted at one place for a total period of 12 months. The committee's recommendation has broadly been accepted by the Commission, the Ministry of Industry and the Ministry of Community Development, Panchayati Raj and Cooperation. We understand that it has recently been decided that the Ministry of Industry will directly run the integrated training courses. We presume that the policy, approach and requirements of the Commission would be taken into consideration at the time this course is formulated and during the running of this course from time to time. (6.7)

91. While we are uncertain about the possibilities of the members of the white collared fraternity in the Commission getting identified with the interests of the artisan community by a process of education through staff orientation training, we, at the same time, welcome the move and hope that the awareness of the local conditions and the difficulties of the artisans will induce in the members of the staff of the Commission greater responsiveness to and understanding of the needs of the programme. This training, we would suggest, should be given to the members of the staff not only of the Commission but also of the State Boards. We would suggest also the expansion of this facility and the conduct of this course in other vidyalayas so that as large a number of persons can be covered by this programme in as short a time as possible. (6.9)

92. We would suggest that the Commission take steps for economising the per capita expenditure in the training course for salesmanship. (6.10)

93. While we recognise the value of this training and would suggest its continuance in order that technical personnel required for the dyeing industry are provided we would emphasise that as in other cases the cost of training is exorbitant and the Commission should make every endeavour to bring it down. (6.11)

94. We regret that the Commission has not implemented most of the recommendations of the Village Industries Evaluation Committee. Each of the industries has separate training courses; no positive steps have been taken for multi-purpose training or grouping industries for the purpose of training and no emphasis has been laid on education in the economic aspects of the programme of khadi and village industries which would have been possible had all these training activities come within the umbrella of one Direc-

torate and single pointed attention given to the fulfilment of the basic principles animating the training programme. We would urge upon the Commission to give its attention to this aspect of the training programme and we, therefore, reiterate the suggestion made earlier for the need of a single directorate to look into the overall aspect of the training programme without in any way circumscribing the need of technical knowledge and technical personnel in so far as the training in village industries programme is concerned. (6.14)

95. We are sure that the efforts of the Commission in the direction of training their senior personnel in area development, industrial management and productivity courses conducted by other agencies will result in their personnel appreciating the needs of higher productivity and better technology and transmitting this appreciation to the artisans and the workers which in turn will undoubtedly enable khadi and village industries to be put on a sounder footing. (6.15)

PERSONNEL AND MANAGEMENT

96. There has been a rapid expansion in the administrative and technical staff of the Commission as well as in the expenditure incurred on them. This is exclusive of a similar expansion in the staff of the institutions as well as in the administrative personnel and administrative expenditure of the various State Boards. (7.1)

97. We would agree with the Estimates Committee and suggest that technical staff for the supervision of the various schemes according to the norms prescribed should be appointed. But a matter for concern is the vast increase in the administrative staff over the last 4 years. (7.2)

98. We are of the view that there is scope for reduction of the staff and for improving and streamlining the work with a view to increasing efficiency and effecting economy. We are happy to note that the Commission realising the need for efficiency and economy has appointed a committee in March 1964 to go into the question and suggest measures. (7.2)

99. We would suggest that the committee examine critically not only the strength of the administrative and technical staff of the Commission, but also in general the totality of the staff engaged by the Commission, State Boards and institutions for the implementation of their programmes with a view to suggesting economy. The committee should, we feel, examine the quality of the staff as well as the procedures followed in these offices and suggest steps for increasing efficiency and effecting economy. (7.1, 7.2)

100. The Public Accounts Committee, 1962-63 has commented on the increase in administrative expenditure. We endorse the view of the Public Accounts Committee. (7.3)

101. To the extent that more and more responsibility is taken over by State Boards and institutions for implementation of the programme, there should be proportionate reduction in administrative expenditure. We regret that such reduction has not taken place. We would urge upon the Government and the Commission to give particular attention to the problem of the rising administrative expenditure and take steps for bringing this down as much as possible. (7.3)

102. We would recommend to the Government and the Commission that the norms for establishment expenditure for both technical and administrative staff for different industries should be fixed and the staffing pattern and expenditure should be regulated on the basis of such norms. (7.3, 7.4, 7.5)

103. By history and circumstances the Commission has been more or less driven into a position where the scales of pay of its employees have either to be the same or to have a close correspondence to the scales prescribed by the Central Government for its employees. In respect of other matters i.e. service conditions, medical, leave and contributory provident fund regulations, the Commission has its own set of regulations though such regulations are modelled on corresponding Government rules and regulations. But the employees of the Commission compare themselves with similar employees of the Central or State Governments and represent for revision in those rules in respect of which they are placed at a comparative disadvantage. In order to prevent further difficulties, either the Commission must in respect of all its employees adopt the scales of pay, rules and regulations applicable to corresponding employees in the Central or State Governments or enact and maintain a set of independent regulations for its staff. The nature and scope of the work of the Commission, the philosophy animating its programme and the conditions under which it has to work as well as the co-ordination it has to maintain with the other khadi and village industries institutions would dictate the need of a separate set of regulations for its employees so that the difference between their conditions and the conditions of the workers in the khadi and village industries institutions are not tempting enough to lead to mobility or migration from one to the other. (7.6, 7.7)

104. In order to instil into the minds of the employees of the Commission an awareness of the conditions in which the khadi and village industries work is carried on and in order to orient their minds in that direction, the staff of the head office of the Commis-

sion are required to undergo an orientation course in one of the vidyalayas. (7.8)

105. It would appear to us that between the Commission's decision to accept the scales of pay for Government servants in respect of its own servants and the decision that the staff should identify themselves with objectives behind the khadi and village industries, there is some sort of a basic conflict. At any rate, from the persistent desire of the staff for the application of all Government rules and regulations, it would be obvious that the motivation appears to be very different from the objectives which the Commission is having for its employees. We have no doubt in our mind that the spirit and the animation of the programme as mentioned by the Commission must be felt and absorbed by the staff of the Commission before they can be expected to make any impact or exercise any influence over the large band of non-official workers, artisans and other members of the rural community for whom the Commission's programme stands. In order, therefore, to remove the basic contradiction between the viewpoint of the employees and that of the Commission more radical measures would appear to be necessary. (7.8, 7.9)

106. During the early days of the Board and during the first few years of the Commission, the services of experienced people from the Government departments and constructive organisations were borrowed. With the expansion in the activities of the Commission and the need to recruit a large number of persons who may have had no background of the khadi and village industries programmes or no experience of khadi and village industries work, it became necessary for the Commission to formulate recruitment rules in respect of all categories of posts and to spread the net wider in order to recruit, particularly for technical posts fresh talent, though such talent may not have the background and experience of constructive work. The feeling persists that general recruitment would bring in persons who may not be motivated by the programme of the Commission or be inspired by the ideology behind it. We would suggest that the Commission in consultation with the Rural Institutes and the educational institutions, founded or sponsored by the old constructive workers should draw out a plan of its requirements over a period and recruit persons trained in these institutions so that the Commission can have a corps of properly qualified and trained personnel who will, because of their upbringing and training, find it extremely easy to identify themselves with the objectives of the programme. (7.10)

107. The Commission recruits its gazetted staff i.e. staff whose basic salary is more than Rs. 275 a month through a Services Board

consisting of a retired Chief Secretary of a State Government and two other veteran and experienced constructive workers. In respect of staff in lower categories, recruitment is generally through a committee appointed by the Commission. Questions about disciplinary matters, representations against seniority and service conditions are also proposed to be referred to the Services Board for advice. We commend the example of the Commission to the State Khadi and Village Industries Boards and even to some of the big registered institutions. (7.11)

108. It is necessary that the morale of the staff should be high and there should be contentment among the staff. Among the important factors which govern the question of morale and contentment are impartiality in administration, a proper promotion policy and security. In addition, it is necessary that the dealings of the Commission with regard to its staff should always be impartial and that extraneous considerations do not affect this relationship. We have no doubt that the Commission is conscious of this principle of personnel administration. (7.12)

109. There are no well-defined rules for the recruitment, promotion and service matters in respect of the staff in the trading operations. Their grades of pay do not correspond with those for the regular staff. There has been some mobility, both horizontal and vertical, between the trading staff and the regular staff of the Commission. But every group of such cases of mobility has brought with it certain problems. The Commission had recently appointed a Trading Staff Committee to examine the question of the trading staff, their scales of pay, service conditions, etc. The Committee has generally recommended that the scales of pay and allowances of the trading staff should be brought in line with those of the regular staff. We would suggest that the Government and the Commission should consider expeditiously the recommendations of the Trading Staff Committee and take a final decision. (7.13)

110. Many of the registered institutions engaged in the khadi programme have a long history and tradition and are still guided by devoted and dedicated workers. The qualities and principles which they imbibed from Gandhiji have largely been responsible for the progress of these institutions. However, the expansion in the production of khadi and the compulsion of physical limitations as well as the progressive inability of these tried workers to shoulder the very much more increased and onerous responsibilities generated by the expansion programme have necessarily led to the influx recently of a large number of workers whose environments are different and whose training has not been as systematic as in the case of the older generation of workers. A second line of workers animated

by high ideals and by association with the old constructive workers absorbing the experience and knowledge of running these institutions is, therefore, an imperative necessity. It should, we consider, be a primary duty of the Sarva Seva Sangh, the Commission and the other constructive organisations to apply their minds seriously to the enrolment of new and trusted workers who will have the motivation and acquire the *esprit de corps* of the older generation of workers. These new workers should be trained in the traditions of service, integrity and loyalty and placed in positions of responsibility and trust so that they can blossom themselves into the builders of tomorrow. We are afraid, unless these steps are taken, the khadi tradition will cease to exist. (7.14)

111. The scales of pay of the workers of the institutions have remained fairly static and bear no comparison with the scales of pay adopted by the State Boards and the Commission for similar workers. The field of constructive activities has become a three-tier service with the State Boards' service being more attractive than that of the institutions and the Commission's still more attractive than that of the State Boards. The phenomenon of migration from institutions to the State Board and from the State Board to the Commission has been fairly common. Rationalisation of scales and the recognition that all the workers belong to a common field of activities are absolutely essential. It is not difficult to conceive of some near equality between the Commission's scales of pay for its employees in a particular State and the employees of the State Board and institutions in that particular State. In any case, the differences in total emoluments whether in the form of monetary incentives or in perquisites and facilities should not be such as to place the institutions at a disadvantage *vis-a-vis* the Commission. (7.15)

112. With the growth in the periphery as well as physical content of the activities of these khadi institutions, it would become more and more difficult for them to maintain their contacts with the artisans, supervise their activities properly and continue the *esprit de corps* which is the *sine qua non* of khadi programme. Decentralisation of their activities is, therefore, an absolute need for the major institutions. We are also glad to note that many of the big institutions such as Gandhi Ashram, Lucknow, Bihar Khadi Gramodyog Sangh, Tamilnad Sarvodaya Sangh etc., have realised the obvious advantages of decentralisation. The responsibility for the success of the decentralised units should be that of the parent organisation. It is their duty to foster the personality growth of the spinners, the weavers and other artisans who must be groomed in order that they may ultimately take charge of the organisation. The theory of trusteeship in its ideal form is analogous to the State withering away. As and when the beneficiaries for whom the trust is consti-

tuted begin to blossom and undertake responsibility themselves, the trustees should withdraw into the background and confine themselves to overall supervision. If the trusteeship degenerates into a rigid regimen, however benevolent, and thereby stultifies development of the artisans' personality, it would have done incalculable harm to the establishment of a democratic and socialistic society. (7.16)

113. There are, however, certain special considerations in the field of village industries. There is no tradition like the one which runs through the entire field of khadi. For successful implementation of village industries schemes people who are in charge should have technical acumen or undergo technical training including training in management, engineering and industrial economics, marketing, finance and techniques. A scheme for undertaking a programme of training in rural engineering was also initiated by the Commission but we regret that this scheme has not been proceeded with. A comprehensive course of training for providing the top and middle management in village industries is required. It should be possible for the workers at these levels to supervise a group of village industries because such workers need not be technical specialists in each industry. We would suggest that the Commission should apply its mind towards the formulation and conduct of such a course of training. (7.17)

114. The Khadi Evaluation Committee had suggested a new institutional framework for khadi activity under which the Commission was expected "to re-fashion itself as an instrument of greater efficiency and carry out its work with an adequate appreciation of the bearing of the new horizons, which are well within view." The Commission in this context should concern itself with the important functions recommended by the Khadi Evaluation Committee. The Commission as it is at present organised is attempting to fulfil the above objectives,, but there is a feeling in some quarters that its direct participation in the programme has been responsible to a certain extent for stultifying the initiative of the institutions in the field and also for the embarrassments and difficulties regarding personnel and staff, scales of pay, conditions of service and levels of efficiency. We have given careful thought to the suggestions for the reconstitution of the Commission. We have not thought it necessary to suggest any detailed revised pattern of the organisation of the Commission. We consider that the emergence of the State Boards, the progressive investment by the Commission of the responsibility for the implementation of the programme in the State Boards, the slow but sure pace of decentralisation which the big registered institutions have adopted, the enunciation by the Commission that its future policy and role will generally be of policy making, financing and an overall supervision of the work of the

State Boards and institutions leaving the implementation aspect to the latter completely, and above all, the progressive manner in which the artisans are slowly becoming more vocal about their rights, and more responsive to their obligations, would indicate that, by and large, the suggestions of the Khadi Evaluation Committee have or are being gradually implemented. We would, however, venture to suggest that the pace of development of the field organisations as well as the pace of entrusting responsibilities to them should be quickened and intensified so that the Commission, untrammelled by the embarrassments and attachment arising from implementing the programmes directly, is enabled to become a guide, friend and philosopher of the entire khadi and village industries movement. (7.19, 7.20, 7.21)

INTEGRATED DEVELOPMENT PROGRAMME

115. In order to review the working of the intensive area scheme, in October, 1962, the Commission requested the Institute of Economic Growth of which Dr. V. K. R. V. Rao was the then Director, to undertake an evaluation of its working and submit a report. We understand from the Commission that this report has not yet been submitted. In view of the detailed evaluation undertaken by Dr. V. K. R. V. Rao, we do not propose to assess the working of the intensive area scheme in our report and particularly because the intensive areas which have been continued by the Commission are to be brought on the lines of the gram ekais and assisted accordingly. (8.4)

116. The review of the progress of the scheme would indicate that though the work in the gramdan villages was undertaken with an abundant initial spurt of enthusiasm, neither was it planned nor were the efforts coordinated with a view to creating some lasting impact in these villages. The experience and the lessons which a sustained effort in these villages would have borne for the future of the gram ekai movement, would have been valuable. The Commission has not been able to obtain these lessons and experience because of the apparently haphazard way in which this whole scheme was implemented. (8.6)

117. The integrated development programme is intended to stimulate in the local population an initiative and a desire for the development of the village community as a whole and not of the programme of different sectors of the economy in an isolated manner. The scheme is also intended to provide employment opportunities on an expanding scale to the local community by the exploitation of the local raw materials and their manufacture into finished products which should, to the maximum extent possible, be consumed locally. (8.7)

118. A general review of the progress of the work in the gram ekai areas, however, reveals that the programme has caught the imagination of the people in certain States, whereas the progress in other States is rather disappointing. (8.10)

119. In those States where the progress has been disappointing, the reasons are the dearth of constructive social workers inspired by the ideology of the movement, the lack of enthusiasm in the sponsoring institutions, the non-availability of trained and competent workers at the gram ekai level and the inability of either the State Board or the institution sponsoring the scheme to sustain the enthusiasm displayed in the initial stages. It will be obvious from this that the mainspring of the success of this movement is the personnel who are running and organising it. It is they who have been responsible for creating favourable conditions for the development of this programme. It is, therefore, necessary that the programme should be taken up only in those areas where it is possible to harness the services of constructive workers with faith in and devotion to the programme. It would also appear that in order to improve the performance of the gram ekais, as far as possible, compact areas in contiguous blocks should be taken up for development rather than scattered ekais distant from one another. (8.10)

120. The free weaving scheme, which has been introduced by the Commission with effect from 6 April 1964, is, to our mind, a very pointed extension of the concept of integrated development. The dovetailing of the programme for the gram ekais with the programme for free weaving is necessary. It should be seen that in all the gram ekais, which have already started work, the maximum push is given to the scheme of free weaving. (8.12)

121. We would emphasise the need of a minimum programme of development to be undertaken in the gram ekais. As an essential part of this minimum programme should be, of course, included certain basic village industries, such as blacksmithy and carpentry, fibre, tanning and pottery. Not only should the Commission make efforts for the development of these industries in these areas, but translate the concept of integrated development into reality by the full exploitation of the local raw materials and the maximisation of local consumption of the articles produced. (8.12)

122. While we commend the concept of integrated development, we would caution the Commission that the practical aspects of the programme and the concrete results attained should be continuously under review so that the programme does not remain a mere ideology. (8.12)

COOPERATION

123. We can well understand that unlike the registered institu-

tions operating in the field of khadi which have a long history and are guided by eminent social workers, the khadi cooperatives are organised by artisans who are illiterate, lack business acumen and organisational skill, and find it difficult to obtain good managers and secretaries. We would, therefore, consider that it is the paramount duty of the Commission's and the State Board's staff as well as of the Certification Committee to educate these cooperatives in the process of obtaining certificates and in enabling them to obtain certification without any delay. The formation of khadi cooperatives represents a stage in the decentralisation of khadi work and we regret that the progress in this direction has been extremely disappointing. In this connection, we must refer to the general lack of enthusiasm and desire on the part of big registered institutions, with notable exceptions, to decentralise their work by organising cooperative units of production and management. We are of the view that unless the "personality growth" in khadi artisans is fostered by an encouraging and benevolent attitude on the part of the registered institutions, cooperative production of khadi is not likely to make any impact. (9.3)

124. We regret we have not been able to get up-to-date figures relating to the working of khadi cooperatives i.e. share capital, owned funds, deposits, sales, membership etc. As regards targets for the Fourth Plan for khadi, we would suggest that the aim should be to produce at least 20 per cent within the cooperative fold. It may be noted that we are suggesting only a marginal addition to the target as set out by the Commission for the Third Plan. This is so, because, as we have explained earlier, there is still a considerable gap between promise and performance in this sector. It is a matter of great disappointment that in respect of the village industries cooperative societies also, we have not been able to obtain complete information about the details regarding their capital, owned funds, other liabilities, production, sales, profit or loss. We would urge upon the Commission to devise a method by which this basic information is collected and made available in time. In view of this, we regret it is not possible for us to comment the working of the industrial cooperatives, or their contribution to the total production or sales in respect of these industries, with any degree of accuracy. (9.4, 9.5)

125. Because of their inherent weaknesses, the khadi and village industries cooperatives need to be supervised very closely. It is not possible for the societies to find the resources for appointing qualified managers, secretaries and other technical staff. We have suggested in Chapter V the grant of liberal assistance for employing such managerial, secretarial and technical personnel. In regard to supervision over the working of these societies, we would

endorse the recommendation of the Cooperative Administration Committee which suggested that supervisors for such types of societies should be provided at the rate of one supervisor/inspector for every 10 societies. The State Boards are responsible for the implementation of village industries programmes through co-operatives. We have suggested elsewhere that the executive officers of the State Boards may be vested with powers of Joint Registrars of Cooperative Societies. We would, therefore, suggest that the personnel appointed to supervise the working of the industrial societies should be kept under the control of the State Boards. Later, when the khadi and village industries cooperatives start obtaining their funds from the central financing agencies, the supervisory personnel may, as suggested by the Cooperative Administration Committee appointed by the Government of India, be transferred to the central financing agencies. (9.7)

126. As regards the provision of efficient secretaries to manage the affairs of khadi and village industries cooperatives, we would recommend the formation of cadres of secretaries at the State or regional level. These cadres can be operated by the State Boards under whose aegis almost all the industrial cooperative societies are working. As this necessarily involves the transfer of personnel from one type of industrial cooperative to another, we would suggest that the State Boards should arrange, in consultation with the Commission, a course of basic training covering all the industries within the purview of the Commission so that it may be possible for these secretaries to function successfully in any industrial cooperative to which they may be posted. We would also recommend that wherever it is possible to economise, a group of cooperatives may be looked after by one secretary. As we are suggesting the formation of a cadre State or region wise, we do not anticipate that there will be any difficulties regarding language, local conditions etc. which would prevent the successful operation of the cadre system. (9.8)

127. We consider that the progress in the training, particularly of secretaries of societies, is woefully inadequate. The training programme, particularly of secretaries of industrial cooperatives, should be intensified in view of the fact that there are nearly 16,000 societies whereas hardly 300 secretaries have been trained. Considering the need, as pointed out later, of reviving stagnant societies and improving the working of the societies which are indifferent, the completion of the training programme within a period of about 3 or 4 years and in any case before the end of the Fourth Plan is imperative. (9.9)

128. We would also place equal, if not more, emphasis on member-training and member-education. The success of the co-

operative movement depends not primarily upon its proper administration but upon the development in the members of the cooperatives of an *esprit de corps*, an understanding of their mutual obligations and rights and of the need for a coordinated functioning of the societies in order that they may be effective business units of organisation. This can be attained by member-training and member-education which should be conducted in all the States with the assistance of the State cooperative unions, the central financing agencies and the State departments of cooperation. (9.10)

129. We would, therefore, suggest that during the Fourth Plan, emphasis should be on the revival of these stagnant societies and the consolidation of the cooperative movement in khadi and village industries. (9.11)

TECHNICAL RESEARCH

130. We are happy to note that the Commission has decided to have the new model spinning equipment and the opening and carding equipments manufactured at a central place taking advantage of the latest engineering techniques in order to have a precision instrument according to standard specifications and calculated to give trouble-free service in the villages where repair facilities are not available. The success of the new equipment and its potentialities for tackling unemployment problem will be watched with interest. (10.2)

131. A direction in which we suggest research could be profitably conducted, is for devising small hand-operated gins or if that is not possible, power-operated gins with small capacities which could enable the ginning operation to be done in the local areas. (10.3)

132. We note that during the last few years, some of the major khadi institutions have established modern machinery for bleaching, dyeing and finishing operations for khadi fabrics. The improvements in textile printing are also slowly being taken advantage of by the producers of khadi. (10.4)

133. A matter of note is that in respect of the woollen industry, improved technology has been adopted at an even more rapid pace than in the case of the cotton industry. Proof of this is the introduction of modern wool-carding machines and modern milling, raising and calendering machines for woollen fabrics. This has enabled not only an increase in the wages of the spinners as well as weavers but in higher productivity and in the manufacture of better quality fabrics. (10.5)

134. The objectives of research in this industry should be (i) raising the productivity of equipment, (ii) increasing the earnings of

the handpounders, (iii) conserving the nutritive elements in rice, and (iv) keeping the breakage in rice to the minimum. (10.6)

135. The handpounding industry is one that provides employment to a very large number of people and so, every possibility should be explored for effecting improvements in the equipment without affecting the employment potential. (10.6)

136. The question of increasing the output of rice but at the same time preserving its nutritional value in the context of the alarming food scarcity in the country is another main direction in which research should be undertaken. We would suggest the exploration of the possibilities of fulfilling the above objectives in so far as research in the processing of cereals and pulses industry is concerned. (10.6)

137. Research must be continued with regard to devising a ghani which will yield the maximum percentage of oil and at the same time the cost is lowered and capacity for crushing is improved on the existingghanis in the country. (10.7)

138. While the level of technology needs to be stepped up, we must note that a large number of telis are dependent on this industry and that research should be pursued taking into account the need to preserve the employment potential rather than merely improve the equipment without realising the consequences of such an improvement on employment. (10.7)

139. The improved potter's wheel should not only have higher productivity but also be made available at prices within the purchasing capacity of the ordinary potter. (10.8)

140. Extension work needs to be undertaken to advise potters in the selection and mixing of clays to enable them not only to produce more durable pans and pots at no extra cost, but also diversify the lines of production to include clay pipes and heavy red earthenware which are increasingly in demand in developing villages. (10.8)

141. We are glad to note that the idea of common workshed has been generally accepted and is functioning as a nucleus unit both for enabling organisational changes to be carried out and as an optimum method of extension in technical services to the cottage pottery industry. (10.8)

142. More efforts need to be undertaken in the cottage pottery industry in the direction of diversifying in the production of tiles, pickle jars, domestic stoneware and industrial ware. (10.8)

143. In the cottage leather industry the direction of research should be increasing the earnings of the artisans, supplying them

with the new tools of increased productivity and increasing productivity of tools. (10.9)

144. Considerable research work has been conducted by the Commission in the recovery through the bone digester and other equipment, of all by-products of flaying such as tallow, meat-meal, sterile bone-meal, bone-manure, neat's-foot-oil, di-calcium phosphate, glue, technical grades of gelatine, bone-char, bone distillation products etc. In regard to the tanning industry, improved equipment based on the use of power for the finishing and processing of leather is already in wide use. This is a welcome direction and has resulted in stepping up the earnings of the artisans as they have been able to obtain a better price for the leather. As regards the leather goods manufacturing industry, improvement in the working hand-tools and adoption of sewing machines for sewing uppers requires to be undertaken. (10.9)

145. Research in the problems of canegur and Khandsari industry has been aimed at persuading artisans to adopt new and improved techniques to raise the earnings of traditional gur-makers and the production of standard quality of gur. Technical know-how regarding sugar manufacture available today can be introduced in the canegur making industry through the cooperative organisation. (10.10)

146. We suggest that the scope for further improvement in the techniques and the equipment used in the canegur industry should be explored. (10.10)

147. Since the Commission proposes to discontinue giving any importance to the development of khandsari industry, we do not consider there is any need for undertaking any special research in regard to this industry. (10.10)

148. The improvement in the productivity of the tapper in particular as a result of the several researches undertaken by the palmgur industry has resulted in increasing the earnings of the tappers. We are of the view that commendable research work in regard to this industry has been undertaken. (10.11)

149. The Central Research Institute has conducted investigations and researches into many aspects of the non-edible oils and soap industry. These include collection of seeds, storage of oilseeds, designing of equipment for depulping and decortication for the different types of oilseeds, maximum recovery of oil from kernels etc. The National Research Laboratories have carried out research for removing the bitters from non-edible oils, for detoxification of non-edible oilseed cakes to render it more suitable as cattle-feed and for improvement in the process of refinement of

oils with a view to easier marketing and wider industrial use. We congratulate the Commission for the research work it has sponsored in the non-edible oils and soap industry. (10.12)

150. We are satisfied that the direction in which research has been carried out in the handmade paper industry represents a very great advancement and indicates great possibility for further development of this industry. (10.13)

151. Considerable research work has been undertaken by the Central Beekeeping Research Institute of the Commission. (10.14)

152. In addition to the above, research is also being undertaken in the domestication of the rock-bee and improving the method of extraction of honey from the rock-beehive. (10.14)

153. Considerable research is necessary to reduce the capital cost of the methane gas plants, to increase the rate of production (particularly in the cold seasons) and to develop methods and equipment for utilisation of the gas for lighting, heating and industrial use. The problems are being systematically investigated at the research centre of this industry. (10.15)

154. The real research problems of the cottage match industry are of developing suitable small scale equipment for splint manufacture out of bamboo and of evolving standard composition for match-heads and for side-paints. (10.16)

155. A simple machine has been developed for the purpose of making bamboo splints but requires considerable improvement. The Central Research Institute has investigated match-head compositions and has indicated correct compositions which are safe from the point of view of accidents due to physical shock. The methods of analysis of match-head compositions for control purposes have also been worked out. (10.16)

156. The Central Research Institute has now designed a cheap equipment operated by hand for the production of match box veneers from soft wood. This equipment has now been sent for field trials. We believe that this will result in vastly improving the speed of production of wood veneers in case it is successful at the field trial. (10.16)

157. The fibre industry offers a wide field for application of engineering technique for developing efficient implements for extracting of fibre by mechanical means as in the leaf fibres, for carding or hackling of fibres, spinning of fibres, spinning of fibre into twines and twisting the twines into ropes and cordage. We are of the view that praiseworthy work has been done in the fibre industry in the direction of research not only in exploration of new

fibres and grasses for the purpose of manufacturing finished products but also in devising improved equipment for the purpose of increasing earnings and saving in time and labour of the artisans. (10.17)

158. We would lay special emphasis on the development of research from the engineering aspect of these industries with particular reference to the improvement and simplification of equipment used in the various village industries. The Central Research Institute, we regret to note in this connection, is very weak in its mechanical engineering section and we would urge upon the Government and the Commission to set up a strong mechanical engineering section with a view to designing equipments for the various village industries which will yield a proper balance between improved technology, employment, productivity and additional earnings for the artisans. (10.18)

KHADI

159. Both the Khadi Evaluation Committee and the Estimates Committee of the Lok Sabha, 1961-62 have brought out pointedly the imbalance in the development of khadi between the different States. The Commission has explained that tradition, favourable climate and circumstances in Uttar Pradesh, Bihar, Madras etc. on the one hand, and the absence of workers, institutions and local demand, on the other, in the other States, were responsible for the imbalance. We concede that this explanation is legitimate, but we wish to make the point that in the larger interest of removing unemployment or reducing under-employment, concerted efforts ought to be made for the development of khadi in the areas, in which the development has so far been tardy. We consider, that this is all the more necessary, because, the foundation for the Third Plan of the Commission is integrated development, under which one of the essential characteristics is local production for local consumption. In fact, this philosophy has been carried in the realm of khadi to its logical conclusion by the institution of the free weaving scheme from 6 April 1964, under which the main emphasis is village, regional or area self-sufficiency with an emphasis on the production of varieties to meet local demand. Recently, emphasis has also been given to the programme of decentralised activities. We would suggest, in the light of these factors, that the Commission may re-examine and re-orient its approach to the development of khadi. (11.7)

160. The proportion of grants to the total disbursements has, as already pointed out in Chapter IV on financial analysis, been 44 per cent in the First Plan, 40 per cent in the Second and 37 per cent during the three years of the Third Plan. There has been a significant increase in the proportion of loans to the total disbursements.

While this is a healthy sign in itself and may indicate that the institutions are becoming more self-reliant, a close examination of the position would, however, reveal that the institutions have not been able to build up a reserve out of the margins allowed by the Certification Committee if, they had managed the institutions economically and efficiently by some saving out of the margin of 20 per cent. The result has been the continued dependence of the institutions on the Commission. While we conceive that in view of the rapid expansion in production, large sums of money for working capital became necessary and for this, the institutions had necessarily to go to the Commission, we would like the Commission to look into the question of whether in case of institutions, which earn large sums of interest by depositing their resources in fixed or other deposits, some interest should not be charged on their borrowings from Commission in order to deter them from doing so. We feel that in the implementation of the khadi programme, the institutions should take into account the totality of the resources available. (11.8)

161. It is obvious from the figures of disbursements of working capital loans that the institutions have, on the basis of the formula adopted by the Commission, a sum of nearly 50 per cent more than what they are entitled to. This position certainly needs looking into. In fact, in later years, the position has unfortunately deteriorated still further. Some conclusions from this depressing situation are inevitable. The first is, that in respect of the increase in the production, there has been a constant lag between total volume of production and total volume of sale. The second is, the significant number of idle ambar charkhas and their drag on production. A third conclusion is the difficulty of the institutions to repay the loans occasioned either by the absence of fluidity in their turnover or by the diversion of the working capital loans for other purposes such as construction of hospitals or hostels and in some cases, purchase and installation of capital equipment and machinery, construction of godowns, etc. Under any circumstances, these conclusions make it obvious that there has not been adequate scrutiny with regard to the requirements of the institutions and no remedial action taken as and when the difficulty of repayment, locking up of capital, accumulation of stocks etc. manifested itself. It may also be necessary to scrutinise the formula on the basis of which the requirements of the working capital of the institutions are sanctioned. We are glad that the Commission has appointed a committee to go into the question of examining the factors governing the requirements of working capital of institutions. We are sure that the committee will take into account all the salient considerations brought out in this report, so that in future the requirements of the institutions for a given volume of production are properly scrutinised and the amounts required sanc-

tioned without any delay. It should also be the duty of the Commission to prevent the diversion of funds from one purpose to another. Such periodical vigilance will also enable the Commission to attack the problem as it arises instead of as in the case of disposal of accumulated stocks of khadi, going to the rescue of the institutions several years after the phenomenon of accumulation had started manifesting itself. (11.12)

162. The question of the investment in khadi with a view to its proper and productive uses, and a determination of the relationship between the total input and total output needs to be undertaken by the Commission. We would urge upon the Government and the Commission to examine this particular point as we are afraid that there may be a tendency on the part of the institutions to over-capitalise themselves by the acquisition of assets which are productive only from the long term point of view, or by the dissipation of the resources obtained by them from the Commission in prestige items such as godowns, plants and machinery which cannot by the very nature of the circumstances be utilised to yield the full return. We are afraid that this over-capitalisation may also be partially responsible for the total defaults on the khadi side which amount to nearly 27 per cent of the total loans to be repaid by the institutions (Rs. 2.77 crores out of Rs. 10.28 crores due as on 31 March 1964). (11.13)

163. During the course of our tours, an apprehension was expressed in certain quarters that in some States a point of saturation had been perhaps reached and this accounted for the comparatively slow rate of increase. It has been explained to us that there is considerable difficulty in finding the right type of workers for the expansion of the khadi programme. There has been a crying need for decentralisation and this has also strained the manpower resources of the institutions. As a result of these factors expansion of khadi work in these States would, we were told, be difficult in future. We have emphasised in para 11.7 the need for balanced regional development. This need becomes all the more pressing in view of the circumstances obtaining in the traditional States. The Commission's efforts in inculcating the khadi programme in comparatively new States require to be energised because in such States khadi would offer a fair means for alleviating the problem of unemployment. (11.15)

164. While it is too early to assess the results of the free weaving scheme which was started only in April 1964, it must be emphasised that unless the bedrock on which khadi, as a part of the rural economy stands, is made firm, the khadi programme is not likely to have any permanent place in the reorganisation of the village

community. It is possible to conceive that the efforts for local consumption and local production would not conflict with the production of certain varieties, which are particularly in demand, in the rural areas. No doubt, the emphasis of the programme should not be submerged in the production of khadi to meet distant markets. (11.16)

165. It will be seen that the activation-renaissance programme has proceeded at an extremely slow pace. The total number of charkhas which have been activated-remodelled or converted into six-spindle is 69,540. This is the result of the efforts of three years. The Commission's plan was to activate all the idle ambar charkhas. Even assuming that all the remodelled and converted charkhas are from among those that were idle, a considerable amount of further work remains to be done, as only 31 per cent of the problem has been tackled. But the assumption which we have referred to is not justified because some of the remodelled or converted charkhas are those which are actually working. In fact, the enthusiasm for conversion and renovation has been more from the spinners who are operating the charkha and who want a better instrument. The Commission appears to have activated, renovated or at least given preference to such charkhas. It was wrong on the part of the Commission to have done so when the specific object of the programme was to activate the idle charkhas. As a result, the enthusiasm of the people owning the idle charkhas and who expected them to be activated has flagged. The infection of idle charkha has therefore spread. All these circumstances point to the conclusion that the percentage of idle charkhas far from decreasing has increased. We would suggest to the Commission to give priority to the programme for activation of the idle charkhas in view of the continuing unsatisfactory position and the need to bring them back into operation. We must regret, in this connection, that no accurate figures of the number of ambar charkhas manufactured, distributed, idle and active have been made available to us. In fact, we understand that most of these figures are estimated. This is unsatisfactory. We would, therefore, suggest to the Commission to undertake immediately a comprehensive census of all the ambar charkhas whether active, idle, lost, destroyed, unserviceable, etc. We would also suggest that if an institution is not able to account for an ambar charkha or unable to give information about its whereabouts, serious notice should be taken when considering proposals for assistance for its programme. (11.33)

166. The role of the traditional charkha in the context of the development of the ambar programme has, strangely enough, not become less important. The traditional charkha still remains the bedrock of the khadi programme because even today, about 60

per cent of the cotton khadi produced is out of traditional yarn. (11.35)

167. We would, however, caution the Commission against any over-enthusiasm or over-optimism in regard to the new model ambar charkha developed by the Bhuta Committee. It is likely that if the new model fulfills the expectations of the Commission, there will be tremendous pressure on the Commission to introduce it in large numbers. It is possible that at that time the Commission may yield to the pressure without satisfying itself completely about the training of the artisans, the technical competence of the persons looking after the training, the facilities for repairing and servicing, the aspect of cost and the limitations of the manufacture of this instrument in a decentralised manner. It is essential that the Commission should keep the above points in view if the experience of the old model is not to be repeated. The cost of the new model is also an important consideration particularly in the light of the purchasing and/or repaying capacity of the spinner. We hope that it will be possible for the Commission to see that this factor is kept prominently in view at the time of the manufacture on a large scale of this new model. (11.37)

168. We have tried to ascertain what the impact of the free weaving scheme would be on the production of cotton khadi and how far it would affect the estimates of the requirements for khadi during the Fourth Plan as well as the estimates of production of khadi during the Third Plan. We were given certain estimates under which it was mentioned that because of the impact of the new scheme, there will be an increase of about 10 per cent in respect of commercial production, 5 per cent in respect of swavalamban production and 10 per cent in respect of rural sales during 1964-65 and 15 per cent, 10 per cent and 15 per cent respectively in respect of commercial production, swavalamban and rural sales in 1965-66. As we consider that these anticipations needed more justification, we requested for certain specific details. We have, however, not received detailed suggestions from the Commission upto our signing the report. (11.43)

169. During the course of our tours, we made pointed enquiries about the effect of the new free weaving scheme on sales, particularly commercial sales. We have been informed that the fears held out in some quarters about the decline in the commercial sales in the urban centres have not been proved true. On the contrary, we have been informed that in some areas, the sales have increased. We would not wish either to be optimistic about the effect of this scheme on urban sales or, at the same time, deny the immense possibility which it holds for expansion of rural consumption. If the

scheme succeeds in generating a demand and enthusiasm among the rural population, it would have had considerable effect on the re-orientation of the rural economy towards self-sufficiency on the lines which were conceived by Mahatma Gandhi and which are being emphasised by Acharya Vinoba Bhave and the constructive workers of the khadi movement. Khadi in that event would become an organic part of the village economy, the spearhead of a concerted effort for improvement in all spheres so that the rural masses can, as envisaged by the Planning Commission, at last be given an opportunity "to lead a good life". (11.44)

170. We would suggest if possible, that the Commission should obtain an assurance from the Government for the supply of woollen blankets and other woollen goods on a long-term basis in accordance with the same principles which govern the supply of the requirements under the "Accepted Tenders" scheme for cotton khadi. The present level of production for Government requirements can then be carried on and kept up with a degree of certainty. At the same time, we must urge as has been pointed out by the Panel on Woollen Industry appointed by the Government of India, that unless the civilian market is progressively tapped and production is organised to meet these requirements, the woollen industry cannot be established on a permanent footing. (11.47)

171. We consider that in view of large number of institutions which are engaged in the woollen programme and in view of the fact that the value of production is nearly Rs. 4 crores constituting about 20 per cent of the total khadi production, a separate directorate be set up, charged with the responsibility of the development of the woollen industry in all its aspects, namely, purchase and supply of raw material, technical guidance and assistance for production, processing, finishing etc., attention to the needs of Government requirements including procurement from institutions, arrangements for inspection and supply to the Government etc. (11.48)

172. In particular, we would suggest the organisation of the purchases under the proposed Wool Directorate on a more systematic and expert level. Very much more than in the case of cotton, expertise is required for the purchase of wool with regard to its quality, grading and price, restricted availability, suitability for production of certain varieties, lasting qualities, mixing and blending of different types of wool etc. All these aspects would require a clear and definite purchase policy. We have noticed that the purchases are done in an *ad hoc* and arbitrary manner. In view of the expansion of the woollen industry in hill and border areas and the difficulties in transport and communications in certain parts of the year in these areas, it is necessary that the supplies of wool to these areas

should be systematised. The Commission should formulate its purchase policy keeping all these points in mind. We would, in this connection, also suggest that in view of the technical nature of the industry, properly qualified technical personnel must be appointed to look after this work and advise the institutions and societies in their production. We are of the view that unless these steps are taken, the development of the woollen industry under the aegis of the Commission is likely to be haphazard. (11.49)

173. A word is required about the organisational structure of the woollen industry. Most of the woollen work in the north is carried on by old registered institutions, most of which are also engaged in the cotton khadi production programme. In Maharashtra, Mysore and Andhra, a large number of cooperative societies are functioning. We understand that some of these societies have been responsible for misuses in regard to claims of subsidy under the woollen industry programme which came to the adverse notice of the Public Accounts Committee. People interested in the woollen industry programme are the sheep rearers, the wool shearers, the spinners and weavers. In many cases they belong to different communities each of which is vocal about its own claims. The organisation of composite cooperative societies of these categories of people may present serious problems of administration and co-ordination. At the same time, one of the defects attributed to the woollen industry programme of the Commission is that the actual producers are not in the picture. We would, therefore, suggest that the Commission should consider carefully how this industry, both in the north and south, should be organised, bearing in mind the points we have made above. (11.50)

174. While we agree that particular attention should be given to the development of the woollen industry in the Himalayan and border areas, we would also suggest that the possibilities of development of this industry through diversification in Andhra Pradesh, Maharashtra and Mysore be explored as, we have been informed, the scope in many parts of these States is very large. (11.51)

175. We consider that though the requirements for the silk industry may be met out of the khadi fund, it might be desirable to have a separate budget as well as separate allotments for the silk industry in view of its increasing importance. (11.53)

176. The Commission constituted a Silk Advisory Committee which advises the Commission on the policies regarding the silk industry. The Khadi Evaluation Committee suggested that "to protect the interests of artisans engaged in hand-reeling of raw silk and to assure rearers a minimum standard price, on the one hand, and to develop and expand production of pure silk and waste silk, on the

other, production and expansion of pure silk and silk waste yarn and cloth should be unified. The Commission should be assigned this function. The Silk Board, of course, is and should continue to be the appropriate body for administering all projects for the improvement and expansion of silk rearing". The Commission accepted the recommendation. Since these recommendations have to be implemented by the Government, we would suggest that the Government should decide this matter early. The coordination between the activities of the Commission and the Central Silk Board is to be brought about by reciprocal membership. (11.54)

177. The most essential raw material for the silk industry is cocoons. There is considerable exploitation of the spinners by the middlemen in this matter. Besides, as the scarce supplies of this raw material are required for the silk industry under the purview of the Commission and the silk industry in the large-scale sector, there is always a competition for obtaining it. We consider, that the best method for systematising purchase and supply of cocoons would, as in the case of cotton, be to make it a commodity to be governed by the Regulated Agricultural Produce Market Act. We understand that the Government of West Bengal have introduced legislation to this effect. We consider that it is time the Governments of the other silk-producing areas or cocoon-rearing areas should also follow suit. (11.56)

178. The production of silk during 1962-63 amounted to 18.33 lakh sq. yards valued at Rs. 121 lakhs. On the basis of trends of production during the last seven years we estimate that the production of silk at the end of the Third Plan would amount to 25 lakh sq. yards valued at Rs. 175 lakhs. In the light of the achievements of the industry and potentialities for its development, we would suggest that the target for the Fourth Plan may be fixed at 40 lakh sq. yards valued at Rs. 280 lakhs. This incidentally is what has been estimated to be the achievement of the Commission at the end of the Third Plan. (11.57)

179. The cotton loan procedure obviously needs systematisation and we would, therefore, suggest that the Commission in consultation with its Cotton Purchase Committee devise a procedure. In the light of the institution of the working fund, we believe that in future it will be possible for the institutions to adhere to a systematic practice. We have no doubt that centralised purchase with its attendant advantage of increased bargaining power will enable the institutions to get cotton in a cheaper manner. (11.60)

180. We hope, that in view of the well-defined spheres in which the Commission, the Agriculture Departments and the Central Cotton Committee act, it will be possible for the Indian Central Cotton

Committee to persuade the Agriculture Departments of the State Governments to undertake for and on behalf of the Commission arrangements for the cultivation and the supply of cotton that may be required for the success of the free weaving programme. (11.61)

181. We may refer to the question regarding the waste involved in the utilisation of cotton by khadi producers. It has been observed that institutions are inclined to utilise superior cotton for lower performance. This is due partly to the non-availability of clean short and medium staple varieties which tempts the institutions to submit indents for cotton of better varieties to spin even lower counts. The remedy for this is to devise an efficient instrument for the pre-spinning processes of cleaning and carding. Such efficient instruments may have to be operated by power. But we believe, that, in the interest of the optimum utilisation of cotton, there will be no objection to the use of power in such processes. Perhaps, arrangements for centralised cleaning and distribution of the cleaned cotton to the institutions would be an excellent proposition. Such a system may also be conducive to better mixing and hence more even and better spinning. Secondly, since humidity requirements cannot be easily arranged in the field of khadi, there is a tendency for khadi producers to use a higher staple length for a lower strength of cotton. For instance, in Rajasthan, a very dry area, mostly Jarila or 197/3 cotton which is capable of spinning 20s elsewhere in the country is utilised for spinning 12s and 14s, for which a cheaper substitute like Kalyan having less staple length and strength could be easily utilised. Thirdly, there are currently no suitable varieties for spinning 10s or 12s since even the best of Bengal are very much lower for spinning 10s and 12s and even Kalyan after improvement would still be a little too high for this performance. In order to avoid this difficulty, quite a number of khadi producers use superior cotton for spinning 10s and 12s. The remedy for this is for the Commission to see that the Indian Central Cotton Committee takes steps for evolving a suitable variety for the range of production of 10s and 12s which, incidentally, is very widely required for producing cloth for supply to the Government. (11.62)

182. It will be seen that, considerable technical research in the cultivation and utilisation of cotton to meet the specific requirements of the khadi producers needs to be done. We would suggest that the Commission pay special attention to this matter in consultation with the Indian Central Cotton Committee. (11.63)

183. We are doubtful whether any useful purpose is served by the continuance of spinning competitions. We would suggest that this scheme may be discontinued. (11.66)

184. We were extremely impressed by the very useful role

which the scheme of spinning classes in jails has played in rehabilitating convicts. It has injected a sense of discipline into them, given them training in an industry which they can pursue after release and has succeeded in elevating them in a moral sense. In view of the fact that the work of spinning is carried on under controlled conditions, the quality of the work is uniformly high. We consider that this scheme should be introduced in as many jails as possible. The total expenditure incurred from the beginning of the scheme till 1963-64 is hardly Rs. 6.54 lakhs. We consider that the expenditure on the scheme is thoroughly justified. (11.67)

185. The importance of rehabilitation of weavers in the light of the free weaving scheme cannot be overstated. In order to see that local consumption keeps pace with local production, it is necessary to ensure that the arrangements for weaving the yarn spun by the spinners are made so that not only the cost of transport is reduced but also regular supply of cloth is arranged. The Commission has proposed as part of the free weaving scheme to make arrangements for weaving within a radius of 10 to 15 miles of an institution. We commend this idea. We would place the greatest emphasis on this scheme. It will also help coordination between spinning and weaving. It will generate cooperation between these two classes of artisans and result in the development of self-sufficient village economy. (11.69)

186. We would, in this connection, also advocate the need for making arrangements under a common shed for weaving of special varieties required such as for supply to the Government and for export. Such varieties can only be prepared under controlled conditions and under circumstances where supervision and standardised production can be attained. We would also suggest that the Commission formulate a coordinated scheme for spinners and weavers in suitable areas under workshed. We noticed during the course of our tours that this had already been tried to a certain extent in Kerala and the results are very promising. (11.70)

187. The Estimates Committee of the Lok Sabha, 1961-62 has suggested a review of the scale of assistance for non-recurring and recurring expenditure to khadi bhandars and sales depots. The review was necessary in order to ensure that while the assistance is related to the actual turnover of the bhandars, it provides sufficient incentive to increase the sales. It might also be examined whether the initial non-recurring expenditure could be met by granting long-term loans. The Commission has not yet taken a final decision on this recommendation. We understand that the Commission has referred the matter to its Patterns Committee for advice. We believe there is a sufficient force in the observations of the Estimates Com-

mittee and would urge the Commission to review this matter very early. (11.73)

188. We would suggest to the Commission to formulate a proper manual of procedure for participation in exhibitions, keeping accounts of expenditure, checking of vouchers, submission to audit etc. as well as a code of conduct for participation in all exhibitions. (11.74)

189. The Patterns Committee of the Commission has suggested the restriction of the number of all-India and State-level exhibitions to 4 or 5 in a year. The Committee which has stressed the organisation of exhibitions in rural parts of the country primarily aimed at popularising different varieties of khadi and demonstrating improved techniques of production, has suggested that "properly organised exhibitions in schools, colleges and universities can play a very great part in educating the literate masses in the ideals, purposes and benefits of a characteristically rural development programme which khadi stands for and are likely to create a favourable climate for the expansion of khadi in its perspective". We entirely endorse the views of the Patterns Committee and would suggest an orientation of the Commission's policy in regard to sanction of assistance for organising and participating in exhibitions in this direction. (11.75)

190. While we would not emphasise the export of khadi to the detriment of local consumption, we must draw the pointed attention of the Commission to the vast possibilities of earning valuable foreign exchange by the export of khadi and also village industries products. The production for this purpose and the arrangements for export would require a system and organisation and exercise of tact, initiative and integrity. We hope it will be possible for the Commission to devise arrangements bearing these points in view. (11.77)

191. Since the Public Accounts Committee of Parliament has already criticised the Commission for the transactions in regard to disposal of accumulated stock of khadi, we do not wish to add anything except highlight some of the very confusing and disturbing factors in this situation.

- (i) The Commission does not at any stage seem to have made up its mind one way or other in regard to disposal of these accumulated stocks, since its decision has varied at every stage of this complicated transaction.
- (ii) It is a matter of regret that for the same goods money has been given more than once which shows a disregard of financial principles and unawareness of public accountability.

- (iii) The impression one gets from the transaction is that the uppermost idea appears to be to avoid losses to the institutions as much as possible.
- (iv) For generations the tradition in the khadi world has been that the responsibility for the disposal of substandard goods has always been with that of the institutions. For the first time in the history of the khadi movement, an attempt was made to transfer this responsibility to an outside authority and thus deprive the institutions of the initiative to dispose of the goods themselves.
- (v) It is a matter of regret that even now the Commission is not yet out of the woods because about 20 per cent of stocks have yet to be disposed of and nearly 60 per cent of the value of the goods sold to the institutions and the State Boards has not yet been realised by the Commission.
- (vi) The Commission at the initial stage when it purchased the goods and at the ultimate stage when it decided to repurchase the goods and sell them perhaps over-estimated its ability to tackle this problem, because soon thereafter the goods had to be given back on both the occasions to the institutions and the State Boards to sell them. This obviously shows that the real responsibility should always remain with the institutions, and the Commission should help in finding markets or in reimbursing losses in genuine cases.

We may be forgiven if we give expression to our view that these transactions are unbusinesslike and do not have a parallel in any business organisation. (11.85)

192. The position regarding accumulated stocks, we regret to learn, continues to be acute. The accumulation as on 31 March 1964 is nearly 50 per cent of the estimated value of production in 1963-64. We do not consider this at all a normal situation and would, therefore, suggest to the Government and the Commission to consider this matter and suggest some permanent solution which may include a periodical review, say once a year, of the stock situation and the writing off, if necessary, of the losses that may be occasioned as a result of the periodical disposal of accumulated and substandard cloth at a reduced price. (11.86)

193. We would like to clarify a few points in regard to the nature, content and magnitude of employment in khadi spinning. The information made available to us in the first place is far from complete at any moment of time in its coverage. Secondly, since

the data are incomplete and are not continuous, it is not possible to indicate even roughly which activity or activities can be considered strictly part-time and which full-time in their true sense. Broadly speaking, since both spinning and weaving tend to intensify during the agricultural off-seasons, the pursuit of these occupations can be said to have offered, by and large, seasonal opportunities of employment. Moreover, spinning whether on the traditional or ambar charkha has so far attracted generally women who have to spend a major part of their day in attending to domestic chores and social and other callings, and who thus can devote not more than 3 to 4 hours on an average on the charkha. This work-period is even shorter during the times of festivals and marriages. In a large number of cases more than one or two members of the family spin on the same charkha. Thus it would appear that any estimate of employment will tend to be either an over-estimate or under-estimate in the absence of accurate details of work-period and per unit production. In view of the distribution of these charkhas in far-flung villages among a large number of households and the nature of occupation, the collection of such details poses very difficult statistical problems. Similarly, weaving of handspun yarn also is seasonal but can be considered to be of a longer duration, both in its work-period and content. A weaver is generally assisted by one or two members of his family particularly in sizing and warping. Some sample surveys undertaken by the Commission have shown that, while a large proportion of weaver's families in rural areas is generally agricultural landless workers, a sizeable portion of spinners is from among small agricultural land owners and lower middle class such as teachers, clerks etc. We consider that all these have an important bearing on understanding the nature and content of employment in khadi. In short, spinning provides employment for about 2 to 4 hours in a day for about 100 to 150 days a year. We have our doubts however, whether the ambar charkha, though a decidedly better equipment than the traditional charkha, has proved attractive enough to induce the spinners to work longer periods except perhaps in a few urban areas and among the lower middle class families. Ambar has to go a long way before it can become an instrument of real promise to those for whom it was meant as a means of livelihood. (11.88)

194. The periodic reports received by the Commission, though incomplete, throw some light on the amount of wages paid to different categories of artisans in khadi. An examination of the cost-charts shows that, on an average, about 65 to 66 per cent of the total value of cloth at the point of sales constitutes wages. Roughly, of the total wage bill, 6 per cent is for carding, 33 per cent for spinning, 25 per cent for weaving and 2 per cent for other ancillary processes.

The Khadi Evaluation Committee also came to more or less the same conclusion about the composition of the various wage elements. Moreover, the surveys carried out by the Commission in certain parts of the country showed that the spinning (including carding, slivering and other preparatory processes) and weaving wages accounted for about 60 to 63 per cent of the total value of cloth. On this basis, the total wage-bill in khadi may be estimated at about Rs. 11 crores in 1961-62 and Rs. 14 crores in 1962-63. In other words, the wages paid in 1962-63 to spinners may be estimated at Rs. 8.2 crores, weavers at Rs. 5.3 crores and others at Rs. 0.50 crore. (11.89)

195. In para 11.14 we have critically examined performance of khadi so far which would lead us to estimate a target of 160 to 170 million sq. yards in the Fourth Plan. Similarly, in Para 11.51 we have indicated the target for the Fourth Plan in respect of wool and in para 11.57 in respect of silk. We have not given the financial outlays which may possibly be required for the fulfilment of these targets. In the Third Plan, an outlay of Rs. 69 crores consisting of Rs. 45.11 crores grants and Rs. 23.89 crores loans has been provided. This is exclusive of the departmental receipts of the Commission in the form of refunds of grants, repayment/return of loans which was expected to be of the order of Rs. 30 to Rs. 35 crores. The production that has been attained in the year 1962-63 is 89.61 million sq. yards valued at Rs. 21.21 crores. The expectation at the end of the Third Plan is 113.75 million sq. yards of the value of Rs. 28.50 crores. The targetted production at the end of the Fourth Plan would, according to us, be 166 million sq. yards worth about Rs. 40 crores. This is more or less the same target as was suggested by the Commission and accepted by the Government for the Third Plan during which the Government provided Rs. 69 crores and allowed the departmental receipts to remain with the Commission. It would, therefore, be obvious that for attaining the same production at the end of the Fourth Plan, the requirement would be more or less the same. Therefore, we are of the view that so far as khadi is concerned, it may not be necessary for the Government to provide any additional loan for working capital or for stocking cotton. (11.90)

196. So far as grants are concerned, we would suggest the following outlay.

- | | | |
|--|-----|------------------|
| (i) For subsidy under free weaving scheme and production and sales subsidy at an average of 25 per cent of the total value of production | ... | Rs. 33.50 crores |
| (ii) Investment (equipment, tools and finishing plants etc.) | ... | Rs. 7.00 crores |

(iii) Training, experiments etc. at 10 per cent of the value of production	....	Rs. 4.00 crores
(iv) Other miscellaneous items such as exhibitions, promotional schemes etc.	...	Rs. 2.00 crores
(v) Central expenditure on establishment, supervision etc. at the rate of 10 per cent		Rs. 4.00 crores
	Total	Rs. 50.50 crores

The outlay for grants agreed to by the Government for the Third Plan was Rs. 45.11 crores. As against this, an outlay of Rs. 50.50 crores for grants is required, during the Fourth Plan. In view of these circumstances, we do not consider that any higher amounts for the additional production either under loans or grants during the Fourth Plan are required than that provided by the Government in the Third Plan. (11.91)

197. As stated above, the outlay in the Third Plan provided by the Government is Rs. 69 crores plus departmental receipts of about Rs. 30 to Rs. 35 crores. In other words, since the loan and the departmental receipts will be allowed to remain with the Commission in view of the institution of the working fund only an additional provision of Rs. 50.50 crores as grants will be required. The total provision in the Fourth Plan will, therefore, not exceed the outlays provided by the Government in the Third Plan and the departmental receipts put together. (11.92)

PROCESSING OF CEREALS AND PULSES

198. In 1962, the production of rice was 33.6 million tons. We have been informed that the handpounded rice accounts for 10 to 15 million tons or roughly 40 per cent of the total production of rice. The share of the Commission's programme in the handpounding industry is hardly 1 per cent. From these figures the leeway to be made by the Commission even in respect of covering the handpounding of paddy industry is obvious. The Commission's efforts should be directed towards this end. (12.1)

199. Many of the State Boards and institutions have returned the amounts of disbursements on account of either their inability or unwillingness to use the money for this industry. In view of this, it would be obvious that there has been no proper scrutiny of the requirements of the State Boards and institutions and no proper planning or correlation between disbursements and requirements. We are of the view that considerable improvement is required in this direction. (12.3)

200. We should suggest that the Commission should explore the possibilities of institutional financing of the loans required for stocking of paddy on a guarantee system and even by covering the margins required by the financing agencies. Similarly, we must draw specific attention to our recommendations in Chapter V regarding the grant of assistance for the construction of godowns particularly because in this case we believe the assistance of the warehousing corporations both of the Centre and the States would be forthcoming. We regret to observe in this connection that we have not been able to get information in respect of the number of turnovers in the godowns and their capacity and it is therefore not possible for us to comment upon the adequacy of the number of godowns, the necessity of such godowns and whether they have yielded the benefit which was planned or intended of them. In fact, we have been informed that nearly 25 per cent of the amounts disbursed for the construction of 359 godowns as on 31 March 1964, have actually been refunded by the institutions. It is also apprehended that some more amounts are still lying unutilized in the construction of godowns. We underline the imperative need of proper planning and economy on the part of the Commission in this matter. (12.4)

201. A matter of interest is that rice-growing States like Madhya Pradesh, Punjab and Madras have absorbed comparatively smaller amounts, from which the conclusion would emerge that the disbursements have been arbitrary and have not followed (a) either the possibility of handpounding in the surplus States, or (b) the requirements of these States for handpounding. (12.5)

202. Though we have received complaints about non-supply of handpounded rice it will be obvious from the figures (of paddy de-husked, rice produced and sales effected each year) that, if the presumption of yield of rice at 63 per cent of the quantity of paddy de-husked is correct, the industry is facing marketing difficulty because the sales are not keeping pace with the production. We regret that we have not been able to obtain accurate information about the turnovers of the marketing depots, the number which have actually been functioning and the expenditure incurred on them. We would suggest to the Commission that its directorate in charge of processing of cereals and pulses should be reorganised and energised with a view to supplying information and reports required and for attending to the marketing problems of the industry effectively. (12.7)

203. It is claimed that the industry within the purview of the Commission provides employment to 16,275 full-time and 41,263 part-time workers. The figures of part-time employment include

persons who are self-employed and who consume the rice hand-pounded by them. The total outlay during the last 10 years has been of the order of Rs. 5.69 crores; the per capita expenditure therefore amounts to nearly Rs. 982 which is really on the high side. (12.9)

204. It must, however, be remembered that the Commission's coverage is limited to about 1 per cent of the industry as a whole. On this basis the total number of people including the self-employed who are likely to get employment opportunities in the industry of handpounding would run into several lakhs. It is, therefore, imperative on the Government to provide conditions under which these employment opportunities could be availed of. (12.10)

205. In pursuance of the recommendations of the Rice Milling Committee appointed by the Government of India in 1954, the Rice Milling Industry Regulation Act was enacted in 1958. The provisions of this Act and the Rules made thereunder stipulated that all existing rice mills should obtain a permit and thereafter a licence for carrying on rice milling operations. Before a permit for the establishment of a mill is given, a detailed enquiry will be made with regard to the number of rice mills operated in the locality, the availability of paddy in the locality, availability of power and water supply, the type of rice mills to be installed and the effect of the installation or functioning of the rice mills on the employment position in the locality. The Act should therefore be considered to have provided safeguards for the continuance of the handpounding of paddy industry. The rules also provide that the licensee shall not remove more than 5 per cent or less than 3 per cent of bran. In spite of all these salutary provisions there has been a steady increase in the number of rice mills and hullers. At the end of 1963 there were about 42,279 rice mills and hullers. In some States the effect of the establishment of these rice mills and hullers has been very detrimental to the interests of the handpounding of paddy industry. A recent sample survey of 54 villages in Maharashtra revealed that there were 55 mills — 1 each in 13 villages, 2 each in 10, 3 each in 2 and 4 each in 4 villages. Out of the total production of 2.30 lakh B. mds. of paddy in these villages, the quantity handpounded was 65,000 B. mds. (approximately) or just 28.5 per cent. When the Rice Milling Committee reported on the situation in 1954 the percentage was 38.5. In 10 years there has been a fall of 10 per cent. The fall in some other States, we are given to understand, is even more staggering. The Commission, we understand, has taken up with the State Governments and the Central Government the question of the enforcement of the provisions in the Act and of streamlining the enquiries to be made before permission is given either to install a

new rice mill or huller or to revive defunct rice mills. A suggestion has also been made that it should be made obligatory on the part of the licensing authority or the authority granting a permit to consult the State Khadi and Village Industries Board before such a permit or licence is given. The Central Government, we are informed, has regretted its inability to introduce a provision in the Act for making such consultation obligatory. The Central Government is also contemplating the establishment of rice mills — 6 are proposed to be started immediately — with imported machinery, the recovery of which is reported to be 8 per cent more than that of the existing mills. Such an aggressive and massive effort on the part of the Government is likely, in our opinion, to completely drive away the handpounding industry even from those areas where it still has a foothold. The Commission's efforts unfortunately have made such a small impact on the entire programme of dehusking of paddy that, perhaps, the fears of the Government about the capacity of the handpounding of paddy industry to deliver the total amount of rice required may be justified. But, in view of the fact that such a large number of people find employment in the industry and also in view of the scope for expansion, we would consider it to be the Government's duty to provide facilities to this industry. The inroads of the huller and the mill in the areas where handpounding has a foothold should be completely stopped. (12.11)

206. We regret that in view of the difficulties which the industry is facing from several points of view i.e. the regulation of the rice mills, the setting up of new rice mills in the public sector, the difficulties of marketing handpounded rice, the plan which the Commission has formulated (for the Fourth Plan period) can be considered unrealistic. We regret that we are also not in a position to assess with any degree of precision the requirements for this industry until the policy of the Government and the capacity of the industry are determined on a more realistic basis. However, assuming that there are no major variations in policy and assuming the continuance of the present tempo we would suggest an outlay of about Rs. 7 crores to Rs. 8 crores because we do not expect production to increase to more than 15 to 16 lakh quintals by the end of the Fourth Plan. (12.12)

207. In view of the present unsatisfactory working of the programme, we would suggest that service cooperatives be encouraged to provide improved equipment required for handpounding of rice so that the members could take advantage of this equipment for handpounding of rice required by them. (12.13)

208. We would also suggest that in every panchayat in a rice-producing area, assistance may be given by the Commission for the

setting up of equipments required for handpounding. The villagers could thus take advantage of this equipment and have the rice required by them handpounded at their own cost. Wherever necessary, the Commission may sanction the equipment on cent per cent grant basis so that handpounded rice is made cheaper and popular. (12.13)

209. While normally no stocking or marketing loan for individuals or institution or cooperative societies need to be given, such assistance can be extended to areas where village panchayats, panchayat samitis, zilla parishads, institutions and cooperative societies are able to get advance orders for handpounded rice from organisations or groups of individuals or for the requirements of the community. (12.13)

210. We regret that the Government both at the centre and the States have not laid adequate emphasis on the nutritional values of handpounded rice. We would urge that this deficiency be removed. The Government should undertake or sponsor marketing research studies with a view to propagating handpounded rice as is done in foreign countries when certain special products are popularised on the grounds of health. (12.13)

211. Both in the interests of reducing the food scarcity, as well as to provide nutritious food, it is necessary to see that the percentage of polish prescribed in the Rice Milling Industry (Regulation) Rules is adhered to scrupulously. Research in regard to the manner in which the amount of polish is retained should be continued on a priority basis. We would also urge upon the Government to tighten the machinery for enforcing this salutary provision. (12.13)

212. We are of the view that the Government should have a clear policy in regard to the spheres, capacities and roles of the rice milling industry in the handpounding, small-scale and large-scale sectors. (12.13)

213. Before investing scarce national resources in imported or manufactured equipment, the Government should satisfy itself that the existing machinery cannot be renovated. (12.13)

214. Planned and sustained efforts should be made to evolve an improved equipment for dehusking and polishing as well as devising an improved process of parboiling in order to reduce wastage, physical fatigue and cost of production. The last factor will have a pronounced effect on the difference in price between mill-pounded and handpounded rice. (12.13)

215. A better conceived and more imaginative programme should be devised for training the artisans in the use of improved

equipment and particularly in disseminating information about the nutritive and health-giving properties of handpounded rice. (12.13)

216. We have observed that the Commission has uptill now not given adequate attention to the industry of handprocessing of other cereals and pulses. We consider that the Commission should formulate and implement a comprehensive programme for this purpose. (12.13)

GHANI OIL INDUSTRY

217. More than half the total disbursements for this industry were for the purchase and stocking of oilseeds and for working capital for the ghanis. Nearly 10 per cent of the total disbursements were for the distribution of improved ghanis and another nearly 9 per cent for the consolidation of the capital structure of the oilmen's cooperative societies. The expenditure on administrative organisation and tertiary services accounts for a very small proportion of the total disbursement. It is possible to conclude from this that if there are no violent price fluctuations in the oilseeds trade and if there is no indiscriminate expansion of the power-based sector of the oil industry, the ghani oil industry can continue on more or less the same position during the Fourth Plan. (13.3)

218. During 1963-64, the Government of India removed the excise duty which was previously being levied at Rs. 20 per quintal on each unit of this industry, the production of which was 70 maunds and over per year. Since the ghanis operated by the village oilmen were exempt from this excise duty, a differential cushion was automatically provided which helped to sustain the industry. With the removal of this cushion, the ghani oil industry ran into difficulties as will be seen from the fall in the production and sales of oil during 1963-64. (13.5)

219. We regret to know that the Commission has not yet taken steps to disburse the management grant which was sanctioned in 1961-62 and the production subsidy which was sanctioned in July 1963 to the oilmen and their cooperative societies. We understand that the conditions under which grants and subsidies will be paid are still being finalised. We are unhappy that even after the sanction of the Government has been obtained, it has not yet been possible for the oilmen and their cooperative societies to get the necessary relief. We are of the view that if the sanctioned relief had been disbursed in time, the impact of the abolition of the excise duty would not have been so seriously felt by the ghani oil industry. (13.6)

220. It is a regrettable feature that the working of the cooperative societies is far from satisfactory. We are of the view that the enthusiasm in organising these cooperative societies has far out-

run discretion. In the initial stages, technical personnel were not given to man these societies; assistance for working capital, purchase of ghanis, construction of sheds was not given at the same time and there were delays in the cooperative department in regard to recommendation of loans. These are stated to be the reasons for the unsatisfactory working of these societies. We have also been informed that in Bihar and Uttar Pradesh where the ghani oil industry is concentrated, the State Governments levy a purchase and/or sales tax, as a result of which the prices of the oilseeds and/or prices of the oil are pushed up because the tax cannot be borne by the oilseed-crushers and is necessarily therefore passed on to the consumers. In view of this, the cooperative societies find it difficult to market their oil. The Commission has taken up the matter of exempting the ghanis from the purchase and/or sales tax with the respective State Governments whose response has not yet been favourable and in the light of the need of developing the industry in the cooperative sector we would suggest to the Central Government to intervene and request the State Governments to grant the concession to the cooperatives. (13.8)

221. The reasons why the traditional craftsmen did not accept the Wardha ghani, as an improved one, appear to us to be justified and we would therefore suggest that assistance in the form of a loan should be given in future for all ghanis and not be restricted merely to the Wardha ghani. (13.9)

222. The programme of the Commission has covered 34,243 ghanis both traditional and improved. (13.10)

223. As at the end of 1962-63, out of a total number of 34,243 ghanis in the field, only 24,716 ghanis consisting of 9,308 improved ghanis and 15,408 traditional ghanis were working satisfactorily. The remaining were not working satisfactorily. Efforts would be made to activate the latter and to introduce another 7,517 ghanis which will be working fully during the first year of the Fourth Plan. (13.11)

224. The estimated outlay of Rs. 11.22 crores during the Fourth Plan period is $2\frac{1}{2}$ times that during the Third Plan period. An increase of 200 per cent in the production of oil is expected by the provision of about 100 per cent additional ghanis. (13.12)

225. We are of the view that unless the Government makes up its mind about protection to this industry, the figures of outlay, production, coverage etc. are mere exercises in academics. We would emphasise in this connection the need to define the respective relative roles of the village sector, the smallscale powerbased sector and the largescale sector. There is today considerable confusion and we have separately indicated in Chapter II, our approach with

regard to the enunciation of a common production programme in this industry. (13.13)

226. The Estimates Committee had suggested that as the problems relating to the village oil and non-edible oil industries were similar and there should be coordination in production, research and training, the directorates in the Commission looking after these industries should be combined. The Commission has suggested that the problems in respect of these industries are different and, therefore, separate directorates should continue. While we concede that there are distinguishing features in respect of each industry, we are, at the same time, of the view that certain aspects of these two industries are common, such as problems of storage, problems of extraction of oil and increase in percentage of extraction and problems relating to experiments, chemical analysis etc. We do not suggest a merger of these two industries all along the line. But we would suggest that for facilitating coordination in the training programme, in the research activities and in the problems of analysis and experimentation, the directorates may be combined with two separate wings, one each for the ghani oil industry and the other for the non-edible oils and soap industry. This will result in considerable saving of personnel and, consequently, administrative expenditure. (13.14)

227. As we have mentioned in para 13.11, the policy in respect of the future of the industry *vis-a-vis* the small scale or power based sector and the large scale sector has to be determined. We have made detailed reference to this aspect of the question in chapter II. (13.14)

228. There is considerable room for improvement in the purchase of oilseeds and the marketing of oil. The cooperatives of this industry or their federations should be strengthened to enable them to purchase oilseeds during the season, hold them over for distribution to members for production of oil as and when necessary and to market the oil produced at the most favourable rates. These cooperatives should make arrangements with the agricultural produce market committees or, where possible, directly with the members of multi-purpose or agricultural cooperative societies for the purchase of oilseeds. Considering that the production in the oil ghani is comparatively uneconomic, a saving by these methods in the cost of oilseeds is likely to go a long way in eliminating the marketing difficulties of these societies. (13.14)

229. The prices of oilseeds are subject to great fluctuations. By the adoption of the suggestions we have made in para 13.14 (iii) a sizeable part of this fluctuation would be avoided. We would in addition, however, suggest the constitution by these societies or their federations of fluctuation funds to be contributed to by the telis,

the societies, the federations, the State Governments and the Commission. This fluctuation fund could be used to wipe off the losses which might be incurred by these societies during the lean days. Apart from this, it will also enable the societies to continue in production even though temporary losses on account of such fluctuations arise. (13.14)

230. Edible oils constitute an important article of food. Edible ghani oil is preferred to mill oil by certain customers for its purity, nutritional value and taste. Besides, one of the fundamental factors of this industry is that a large number of oilmen depend on it. The retention of the ghani oil industry is, therefore, justified on the grounds of preserving the employment of hereditary craftsmen. However, there is no gainsaying the fact that if the industry is to survive and expand, it should continuously strive to reduce the price of oil which is part of everybody's daily needs. The aim should, therefore, be the reduction of prices by adopting one or more of the following methods:

- (a) increase in oil extraction percentage;
- (b) minimising time taken per charge;
- (c) supply of improved filter presses;
- (d) maximising the charges per ghani per bullock in an effort to raise economy of production; and
- (e) organised buying of oilseeds and selling of oil to which we have referred above. (13.14)

COTTAGE LEATHER INDUSTRY

231. The Commission's programme covers about 11 per cent of the production by the village industries sector. This is a significant achievement. (14.1)

232. The total disbursement in the First Plan was only of the order of Rs. 31.80 lakhs whereas it was stepped up to Rs. 204.45 lakhs during the Second Plan or by nearly 7 times. During the three years of the Third Plan the disbursements were of the order of Rs. 159.27 lakhs. It is estimated that, during the remaining two years of the Third Plan, the tempo of disbursements will be stepped up in view of a large number of initial difficulties having been surmounted. We are doubtful whether the total outlay will, however reach the estimated figure of Rs. 5.38 crores at the end of the Third Plan. (14.3)

233. During the course of our tours and interviews we have had the benefit of discussing all these problems in some detail. In the light of these discussions, we would make the follow-

ing suggestions for removing the difficulties mentioned above so that the flaying industry can be pursued with ease and without interruption.

(i) The question of abolishing or buying over on a compensation basis the hereditary rights in regard to dead cattle and their carcasses by the panchayats, panchayat samitis and zilla parishads, which are the units of the local self-government should be vigorously pursued. We have noticed that the response to this suggestion is already favourable. The hereditary rights may continue to vest only where the persons in whom these hereditary rights vest undertake the obligation of having the carcasses flayed properly and the other parts of the carcass utilised to the full extent directly or by sale to institutions which arrange for such flaying and utilisation of the other articles.

(ii) Panchayats and panchayat samitis should arrange to have the carcasses flayed and the other parts of the body utilised properly by individual flayers and tanners or cooperative societies of such flayers and tanners, and where necessary, by licensing certain persons, to undertake these activities where flayers and tanners do not come forward or cooperative societies cannot be established.

(iii) As in the case of the death of a human being, it must be made an obligation on the part of every cattle owner to report the death of his cattle to the nearest panchayat or panchayat samiti.

(iv) It would be advantageous if jeeps with trailers or other vehicles for the purpose of transporting carcasses are made available by the Commission to the cooperative societies of tanners or registered institutions undertaking flaying and tanning activities or where neither of these bodies is available, to panchayats. The economics of the proposal may be examined in detail and if justified assistance may be given for the sanction of jeeps.

(v) The importance of proper methods of flaying and utilisation of the other parts of the carcasses cannot be over-emphasised. The Commission should undertake the responsibility of providing training facilities on a very wide scale through cooperatives, registered institutions and panchayat samitis for flayers and/or other people who are made responsible for, or take up the duties of, flaying and utilising the other parts of the carcass. Considering the very large number of villages and the needs of making arrangements for flaying at such a large number of places, as well as the paramount need to ensure the full utilisation of the carcass, it is necessary that this training programme should be given importance among the Commission's schemes for the development of this industry. (14.6)

234. The main difficulties in regard to tanning industry stem from the socio-economic conditions of the tanners. They are, in many cases, illiterate and on account of lack of business acumen, spirit of adventure and entrepreneurial ability have been exploited without mercy by merchants and the middlemen. For the same reasons, they experience difficulties in getting hides and other tanning materials and are not able to dispose of their finished products because the trade offers certain facilities such as credit which, with their existing wherewithal, it is not possible for the tanners to give. The remedy for this situation lies in the establishment of cooperatives of tanners, their proper and timely supervision, the deputation of technical personnel to teach the tanners improved techniques of tanning and other aspects of leather technology and the education of the tanners in the possibilities of their allround development by accepting the principles of cooperative endeavour. We would also suggest that as in the case of the flaying industry, wherever cooperatives of tanners cannot be formed, panchayats and panchayat samitis might make available service facilities such as construction of tanning pits, obtaining supplies of local raw materials from nearby forests and distributing them on a cost basis to the tanners etc. We are of the view that the tanning industry is capable of immense development with the patronage and where necessary aid from the units of local government. (14.7)

235. It is a matter of gratification that in this industry, the efforts of the Commission have been directed towards ensuring that no part of the dead body of the animal is left unexploited. The indirect benefits to the flayer and tanner in the form of additional earnings and the incalculable benefit which these products give to agriculture are among the more important results of the scheme of full utilisation of the carcasses. (14.8)

236. We are of the view that the persons engaged in the footwear industry should come within the fold of the Commission for the purpose of assistance for the pursuit of their profession. We consider that their organisation into cooperatives either of a producers' or of a service type will result in stepping up considerably their production and also in the marketing of finished goods. It has been estimated that only about 10 per cent of the entire population of the country is footwear conscious. From this point of view, the possibilities of the development of the footwear industry and particularly the organisation of the actual artisans are immense. (14.9)

237. It can be concluded that the tempo of activity has particularly increased since 1961-62 consequent on the removal of the difficulties which beset the industry in the initial stages. (14.10)

238. We have emphasised in para 14.7 the need for provision of technical training and assistance to the cooperatives and the institutions of tanners. We, therefore, expect that with the removal of these difficulties it will be possible for the leather industry to render a better account of itself in future. In this connection, we must refer to the role of the Leather Advisory Committee which has been specially appointed by the Commission to look into all aspects of the leather industry programme and to advise the Commission on the implementation of the schemes. The Committee was very much concerned about the slow progress in the organisation of the cooperatives and the time-lag in the setting up of the units of production. The position of the large number of units which have been closed down also engaged the attention of the Committee. At the instance of the Committee, a team of economic investigators went into the figures of production as well as employment and working of the institutions. This study has revealed that during the last 2 or 3 years, there has been a stepping up in the rate of production and in the general progress of the institutions. (14.11)

239. We must, therefore, reiterate what we have said in para 14.6 about the Commission undertaking more direct responsibility for the provision of training facilities on as wide and extensive a scale as possible in order to cover at least a small percentage of the total number of persons who pursue the industries of flaying, tanning and leather working. (14.12)

240. We would invite attention to the suggestions in regard to the difficulties for conducting the flaying and tanning industry vide paras 14.6 and 14.7. We would request the Commission to pay special attention to the removal of the difficulties and the implementation of the suggestions made above. (14.16)

241. The time-lag in the establishment of the units, the indifferent working of nearly 22 per cent of the units set up and the fact that nearly 34 per cent of the units have been closed down compel us to suggest to the Commission that special attention should be paid to the removal of the bottlenecks in the starting of the productive efforts of the units, the revival by providing necessary technical assistance of the units which are stagnant and the consolidation of the present position. (14.16)

242. Though we have not made or arranged to conduct any analysis of the ratio between the installed and the utilised capacity of the units which have been set up in this industry, we have reason to believe that there is considerable under-utilisation of the installed capacity of the various units particularly in the flaying sector. In regard to the tanning industry, the utilisation is reported to be nearly 75 to 80 per cent in the units taken for special development

and in the model tanneries. If however, the entire sector including the units that have not been set up is taken into consideration the under-utilisation is very heavy. While this under-utilisation may be due partially to the difficulties which we have mentioned above, the Commission should undertake case studies of units where the under-utilisation is 50 per cent or more and, determine what if any, are the difficulties which prevent the fuller utilisation of the installed capacity in each case. It is because of this that we have suggested drastic curtailment in the expansion programme. We are of the view that the yield of the finished products would not depend as much on the setting up of additional units as on intensifying activities and the fuller utilisation of the existing units. (14.16)

243. This is one industry where we have observed to our gratification, that there is no sharp difference between the levels of technology in the industry as pursued by the small scale sector and the levels of technology by the village sector and therefore improved hand-tools have been taken to very kindly in the flaying industry and improved equipment has been absorbed with a fair amount of avidity by the traditional artisans. Improved pits, flaying platforms, retanning units have also been popular. All these would tend to the conclusion that in spite of their economic conditions, the capacity of absorption of technological improvements among the artisans is of a high order. We would, therefore, suggest that the Commission should capitalise on this favourable aspect and motivate their programme of development accordingly. We would also like to suggest in this connection the expansion in the content of training as well as in the selection of the artisans so that the artisans who are pursuing this industry become progressively capable of managing not only routine and the semi technical aspects of the industry but also the new and improved techniques which are being developed. The Commission should pay special attention to the training of the artisans in the industry so that they can share in the management and conduct of these industries. (14.16)

244. The assistance for the establishment of marketing depots is given by the Commission to institutions and cooperatives. However, as activities of the marketing depots will necessarily relate not to one institution or cooperative society but cover the transactions of a number of them, it is desirable if marketing depots are allotted to functional federations of the artisans engaged in the leather working industry or to the State Boards in charge of the implementation of the programme of khadi and village industries in the States. (14.16)

HANDMADE PAPER INDUSTRY

245. Except in the case of home and school units, the invest-

ment per unit is Rs. 35,000 and more in this industry. Unlike some other village industries, the handmade paper industry cannot be said to be employment-oriented or capital-saving. The employment it will provide to all types, casual, part-time and full-time, is expected to be about 6,000 at the end of the Third Plan for a total outlay of Rs. 2 crores or roughly Rs. 3,300 per capita. Considering the size of this investment and the fact that it is neither employment-oriented nor capital-saving, the improvement in technology and productivity should be maximised in order that the return for the investment may also be maximised. We do not know in what direction this improvement in technology and productivity can take place and we would, therefore, suggest that this may be the subject of a special study by a group of experts. (15.13)

246. There has been some sort of reluctance among the kagazis to adopt improved methods of production. Sustained efforts are required of the Commission to impress upon the minds of the traditional artisans that unless they take advantage of these improvements and technology, it will be very difficult for the industry itself to survive, in view of the fact that employment offered in this industry is fairly inconsequential. (15.13)

247. The merit of the handmade paper industry is its ability and adaptability for production of different varieties of high grade paper. The Commission is, therefore, right in concentrating on the development of high grade paper during the Fourth Plan. With this expansion of production in high grade paper, it should be possible for the requirements of the country to be met almost entirely by indigenous production. We would in these circumstances, urge upon the Government to ban progressively the import of high grade paper. (15.13)

248. In view of the fact that the traditional craftsmen have been continuing the manufacture of utility and other grades of handmade paper against several odds, we consider that it is the duty of the Commission to come to their rescue by effecting improvements in the production of utility paper, helping the artisans in marketing such handmade paper and in exploring by all means the possibilities for the expansion of production in these grades. (15.13)

MANUFACTURE OF CANEGUR AND KHANDSARI INDUSTRY

249. The Commission's programme covers only about 5 per cent of the gur industry. The leeway to be made by the Commission before it can be said to have any impact on the industry will also be obvious. (16.1)

250. We are of the view that a careful examination of the factors which prevent the units from going into production is necessary so that the delays at any stage such as release of the funds, supply and purchase of equipment, construction of godowns etc. and the actual starting are avoided. (16.7)

251. We have not been able to get the figures of the value of the gur and khandsari. In this connection we must refer to the fact that of the 28,506 units allotted as on 31 March 1964 only 17,333 units have actually been set up. This means that roughly 40 per cent of the total units that have been allotted have not been set up. The effect of this deficiency in the organisation on the production and sale of gur and khandsari is too obvious to need any comment. We would therefore urge upon the Commission and the Government that as the production in this village industry meets an essential requirement of food, all delays and bottlenecks in production should be removed. (16.9)

252. It is reported that all the artisans who have been trained are already engaged in the industry and all the supervisory staff are already employed or have since found employment in the industry. There has therefore been no wastage of training facilities in this industry. (16.10)

253. Considering the large number of persons that are depending on this industry for their means of subsistence, we are of the view that the Commission's efforts for providing a large number of employment opportunities with a comparatively small outlay have been largely successful. (16.11)

254. We believe there is still scope for carrying on research and improvements in the production of sugarcane and technology particularly in regard to development of appropriate cane varieties suitable for different places, development of bullock driven crushers with higher capacity, better methods of storage of gur, processing of molasses for direct consumption as syrup, for preservation of fruits and preparation of jams and jellies. (16.12)

255. We consider that the programme of the Fourth Plan for this industry is modest, and would therefore endorse it. (16.14)

256. The gur and khandsari industry offers employment for about 3 to 6 months in a year to 20 lakh people. Gur accounts for about 60 per cent of the total consumption of sugarcane. It is also proposed to double the employment during the Fourth Plan. In view of these reasons, we would suggest that during the Fourth Plan, the Government should adopt a policy of encouraging this industry which can stand on its own legs, and not depress it in the

interests of the large-scale sugar industry. We would like to press the suggestions made by the Commission about the fixation of a floor price for gur in order to prevent exploitation of cane growers, and remove completely the obstacles such as ban on inter-State movement, operation of Defence of India Rules etc., in order that the industry may work in an unfettered manner. For the very same reasons the supply of the raw materials required for the industry during the Fourth Plan must be ensured. We would, therefore, urge upon the Government that as this is an industry for which a common production programme has been accepted, the programme should be enforced. While regulating the supply of cane to the sugar factories, the requirements of gur manufacturing industry should also be ensured and met. (16.16)

257 Gur and khandsari being food articles quality standards must be adhered to and enforced. For this purpose, we would suggest that the Directorate should have a central testing centre or laboratory at which all important tests and researches in quality control could be carried on. (16.16)

258. We would suggest that in the interests of the larger production and cheapness in cost, power-driven crushers should be introduced in larger numbers in selected centres and under cooperative or community ownership. (16.16)

259. In the gur industry the emphasis is on the manufacture of gur by the artisans. The khandsari industry is an intermediary process and offers scope for the exploitation by middlemen. We are of the view that no positive encouragement in the form of grants and subsidies for the development of this industry should be given. We would also suggest for the consideration of the Government and the Commission that the emphasis during the Fourth Plan should be mostly on the manufacture of gur and only to the extent that artisans are engaged, on the khandsari industry. (16.16)

260. There have been several complaints about the rising prices of gur and the exploitation of the consumer by the manufacturers. We are of the view that some of these complaints are justified. In fact there have been several instances where the price of gur has been substantially higher than the corresponding price of sugar. These price increases are manipulated and are hardly justified. It is not desirable that the units assisted by the Commission should be a party to charging such high prices. We are also of the view that a study into the cost of production in this industry is required whereafter the Commission should fix reasonable prices for gur. Our suggestion is that the assistance given

by the Commission should be available only to the cane growers and the manufacturers of gur or khandsari who are not mere traders or middlemen. If these units do not adhere to the standards regarding prices fixed by the Commission they should be denied all assistance. (16.16)

261. As an ancillary to the above, we would also suggest that along with the enquiry into the prices of sugar which is conducted by the Tariff Commission periodically, an enquiry into the prices of gur may also be conducted simultaneously. (16.16)

262. We consider that not enough importance has been given to the question of utilisation of molasses and rab for the preservation of fruits and preparation of jams and jellies. These industries would make excellent rural industries. We consider that they should be brought within the scope of the Commission and units for the preparation of preserved fruits, jams and jellies should be organised with assistance from the Commission. (16.16)

PALMGUR AND OTHER PALM PRODUCTS INDUSTRY

263. It is noticed that the quantum of assistance whether in the form of loan or grant has been provided in terms of percentages. In the case of a few items such as stipends, T.A., managerial grant for cooperatives, the amount of assistance admissible is given. But in most of the items no details about the amount of assistance have been given. This would result in a considerable amount of arbitrariness and discrimination when scrutinising the demand from various institutions. It might be argued that it will be possible to adopt a flexible attitude in case the amounts of assistance are not indicated in detail. But in the case of an institution like the Commission, which is a public organisation, it would be desirable if certain minimum and maximum amounts are indicated so that there is no ground for any arbitrariness or partiality. (17.3)

264. The percentage of grant in the case of improved equipment was reduced (in the Third Plan) to instil a greater responsibility both in the institutions and in the tappers for the equipments. While we appreciate this argument and indeed have suggested the adoption of a similar principle for supply of equipment during the Fourth Plan, we would suggest that a more liberal percentage of grant be adopted in the assistance for small tapper's tools to the tappers who have limited resources. (17.4)

265. The industry can more easily succeed in a State where the prohibition and excise policy are favourable for tapping and sale of neera and for making of gur. This is not the case in other States where the policy is not so favourable. In these States, the

institutions need to convince the Government to change its policy and also to carry on propaganda for the success of the industry. It would be worth while, we consider, for the Commission to sanction special assistance to the institutions in these States. (17.5)

266. Hardly 25 to 30 per cent of the cooperative societies are working satisfactorily and it is a matter of concern that in spite of the expenditure of Rs. 4.33 crores during the last 12 years on the development of this industry, which is mainly covered by the cooperative sector, the progress is not satisfactory. We would consider that this aspect of the question deserves special study. Such a study is particularly necessary because the Reserve Bank of India in its desire to extend the scope of finance to the small industries sector had undertaken a study of the palmgur cooperatives and had come to the conclusion that the present level of efficiency in the palmgur sector has to be stepped up before institutional finance could be made available. We are, however, gratified to note the development of the industry in the State of Madras where the palmgur cooperatives were doing well even before the establishment of the All India Khadi and Village Industries Board. We consider that it will be possible to commence institutional financing of the palmgur cooperatives in Madras. (17.6)

267. The future of the industry has to be planned on the basis of correct reports and statistics furnished by the cooperative societies. We would, therefore, suggest that where unreliable and inadequate reports are given assistance should be denied to such institutions. (17.7)

268. Reliable data about the number of tappers and others employed in the industry, the total number of days for which they find employment and the nature of employment i.e. whether part-time or full-time are not available. The 3,305 palmgur cooperatives have a total membership of 3.5 lakhs of persons and on the assumption that most of these societies get some work or other, it has been estimated that the total employment provided by this industry as covered by the Commission is 3.5 lakh tappers. We do not consider this a correct conclusion. (17.8)

269. We are happy to note that the artisans have taken to improved equipments. But there are difficulties in the prompt supply of the equipment particularly because there are not many institutions in the country where such equipment is manufactured. We would consider it worthwhile for the Commission to explore the possibilities of having such equipments manufactured at specified centres under proper supervision and according to the correct specifications. A condition of the assistance to the institutions or cooperative societies

should be that the improved equipments should be obtained from the centres recognised by the Commission. (17.9).

270. A recent scheme which has been embarked upon is the manufacture of palm sugar by the vacuum-pan process. These pans range in capacity from 1/3 ton to 1 ton. Nineteen such pans (10 of 1 ton, 2 of 1/2 ton and 7 of 1/3 ton capacities) have been sanctioned. Of these 7 are reported to be under production, 11 under erection and one under fabrication. The Palmgur Adviser has stated that field trials on the production of white sugar from palms are in progress and the results so far obtained are quite encouraging. The trials, however, are yet to be completed. In this respect it is relevant to quote an extract from the study of the palmgur industry made by the Reserve Bank of India.

“Our enquiries at Kannattur marketing society which has installed one 1/2 ton sugar plant and the West Godavari District Marketing Federation showed that there were a great many difficulties in working these plants as economical units. Even a few of the primary societies which were supplied with centrifugals were not able to show successful results in their working. This is an aspect to be examined in detail by the technicians. If palm sugar cannot be economically produced and sold, it will be a drag on the resources of these institutions. The question of giving subsidies to these institutions to the extent of the loss incurred by them in the production and sale of palm sugar will have to be taken up with the Khadi and Village Industries Commission”.

In the light of this pertinent observation we consider that the Commission should further examine the economics of the manufacture of palm sugar before embarking on the installation of further plants. (17.10)

271. We would endorse the recommendations of the committee appointed by the Commission to examine the problems of lack of uniformity in excise rules which we consider very salutary and request the Central Government to move the State Governments for providing proper facilities for the conduct of this industry. In passing, we would like to draw the attention of the Commission to the Report of the Study Team on prohibition presided over by Justice Tek Chand in which a positive recommendation has been made about popularising neera by opening attractive neera bars in industrial areas, undertaking special efforts for preventing fermentation of neera and development of the palmgur industry as a means of ameliorating the economic conditions of the tappers. This Study Team was of the view that “the palmgur industry singly can con-

tribute a lot more to stop toddy drinking than any punitive measures which could be devised". (17.11)

272. We would suggest that the Commission carefully revise its programme (proposed for the Fourth Plan) in order to bring it within reasonable and attainable proportions. In view, however, of the fact that the industry has potentialities for development, we would consider an outlay of about Rs. 6 crores justified. In case this amount, on a review of the programme during the middle of the Fourth Plan is proved inadequate, we are certain that additional funds will be forthcoming from the Government. (17.12)

273. Considering the unreliability of the statistics that we have been able to obtain, the production of palm sugar by the establishment of vacuum sugar pans the economics of which has still not been fully worked out, the unsatisfactory working of the cooperative societies and in the matter of tree rent, the sanction of assistance without details of the maximum and minimum amounts to be given, the possibilities of developing other aspects of palmgur industry as ancillary industries, the heavy administrative expenditure incurred by the Commission in the palmgur organisation—considering all these circumstances—we would suggest that the Government and the Commission appoint a special committee to go into these aspects and submit a comprehensive report. (17.13)

274. Aerial ropeways have improved the productivity of the tapper as well as the methods of tapping. Useful work has also been done in regard to the methods of manufacture of gur and preservation of neera. These efforts should be continued as we believe that there is a scope for further improvement in these directions. (17.13)

275. The medicinal properties and the preservation of neera for longer periods are subjects in respect of which some studies have been made. These should be pursued because not only will they be useful from the public point of view but also result in additional consumption of neera. (17.13)

276. We notice that from certain parts in south India considerable amount of palm fibre is being exported. We are of the view that there are very good potentialities for the development of this export trade. We would suggest a concerted effort in this direction in view of valuable foreign exchange that can be earned. Additional employment to the large number of tappers could also thus be provided. The possibilities of developing the internal market for such palm fibre should also be explored. Similarly, finished products from palm fibre, such as brushes, bags, fancy articles, etc. can also be produced. The tappers, we are confident, are capable of absorbing training in the manufacture of such products. (17.13)

277. We have referred to the need for uniformity in excise rules and to the suggestions of the expert committee appointed by the Commission. We would reiterate that the Government and the Commission should see that these recommendations are accepted. (17.13)

278. While we are glad that the Commission has now been permitted to sanction loans for acquisition of land for palm plantation, we would suggest that as part of the agricultural policy of the Government waste land and land on the side of the railway track could, with profit, not only to the Government but also to the palmgur industry, be cultivated with palm trees. We would suggest an early examination of this question by the Government. (17.13)

279. Those tappers who have been displaced by the prohibition policy have been temporarily rehabilitated by their engagement in the neera and palmgur industry. No permanent steps for their rehabilitation have yet been taken. In view of the progressive enforcement of the prohibition policy, we consider that schemes for the permanent rehabilitation of the tappers should be taken on hand. These schemes should include, among other things, provision of houses and amenities in order to resettle them, provision of loan to wipe off their indebtedness, providing them an insurance against bad times, etc. We consider that expenditure on this subject would be a justifiable charge on the exchequer. We would suggest to the Commission to draw up a comprehensive scheme in this behalf and implement it during the Fourth Plan. (17.13).

BEEKEEPING INDUSTRY

280. Concentrated attention for the development of this industry can be said to have been given only after the constitution of the All India Khadi and Village Industries Board. There has been significant development since this date and the prospects of this village industry becoming a permanent part of the rural economy are very bright. (18.1)

281. It is obvious that the efforts of the Commission in the direction of finding out markets for honey have also been satisfactory and fruitful. This is a most significant feature of this industry and we would therefore urge upon the Government and the Commission to build up on this very favourable factor and provide liberal funds for the expansion programme of this industry during the Fourth Plan period. (18.4)

282. It would be seen that whereas the expenditure has increased by about 12 times, production has increased by 33 times.

This ratio between the expenditure and production in the case of beekeeping industry is, to our mind, a feature to be complimented upon. (18.5)

283. It would be seen that, except loan for share capital and for purchasing and stocking of honey, almost the entire expenditure is on administrative and technical staff. This has resulted in the industry being spoonfed and beekeepers depending heavily for assistance and subsidies from the Commission. The expenditure incurred on the setting up of area offices and the assistance for model apiaries, bee clubs, commercial apiaries etc., does not taper off but continues on the same scale from year to year. Even in the case of the substations, the assistance is given for 3 years and has recently been proposed for 5 years. No attempts appear to have been made by the Commission for inculcating spirit of self-reliance among the beekeepers, whose own efforts in the production and marketing of honey appear to be only of a marginal nature. We are of the view that any direct assistance to the beekeepers and their cooperatives should be on a tapering scale for a period of 5 years. Efforts should be made even at the end of the third year to obtain certain contributions from the beekeepers for the upkeep of these area offices, substations, commercial apiaries etc. in order that by the end of the fifth year it may be possible for the beekeepers and their cooperatives to continue to manage their institutions and keep up the tempo of production without any further need of assistance by the Commission. The Commission's funds would, thereby, be released for the development of this industry in other unexplored areas, of which, we are convinced, there are many in the country. (18.6)

284. It would be seen from the earnings of the beekeepers that beekeeping offers a profitable part-time occupation thus justifying the suggestion we have made earlier of obtaining contributions from them in order to make the industry self-supporting. (18.7)

285. We have no doubt that with the maintenance of the efforts made it will be possible to increase the average yield per bee colony still further. This would, undoubtedly, have a very salutary effect on the price of honey, which in spite of such liberal assistance from the Commission and in spite of the fact that the average price which the beekeeper obtains is only equal to 50 per cent of the sale value, is on the very high side resulting in several complaints about the prices charged for such a nutritious article of food. We are of the view that, the major factor, which is responsible for the high price of honey is the middlemen's margin which can only be avoided by the establishment of cooperatives of beekeepers at least for the purpose of processing the honey, or by the State Boards making arrangements for processing the honey centrally. (18.8)

286. The potentialities of the beekeeping industry as the provider of (a) part-time employment, (b) a valuable article of food, (c) an article of medicinal value for health purposes and (d) source of cross pollination with possibilities of considerable improvement in the yield per acre in agriculture and horticulture justify the expansion and development of this industry during the Fourth Plan. (18.9)

287. We consider that both the physical and monetary targets set out by the Commission for the Fourth Plan need to be revised. We, on our part, would suggest that the realistic estimate would be an annual average of 20 lakh kgs. or a total production of 100 lakh kgs. during the five years of the Fourth Plan. We would like to place the financial estimate at Rs. 1.70 crores only and not Rs. 2.29 crores. (18.10)

288. There have been complaints about the quality of manufacture and performance of bee boxes. One of the main reasons for desertion of bee colonies is the lack of standardisation in the size and defects in the manufacture of bee boxes. Attempts have been made to standardise the bee boxes under I.S.I. standards. We would suggest their manufacture, at certain specified places under proper supervision. We would suggest in this context the close association between the blacksmithy and carpentry industry and the beekeeping industry so far as the aspect of manufacture of bee boxes is concerned. (18.11)

289. We would suggest that other items of equipments such as comb foundation mills, honey extractors, etc., should also be manufactured at specified places according to standard specifications. It should be made a condition for the grant of assistance to societies and registered institutions that they should obtain their equipments from the places recognised by the Commission. (18.11)

290. We would suggest that both for the bee boxes and other items of equipment or machinery which may be required for the beekeeping industry I.S.I. standards should be adopted, if available, or formulated. (18.11)

291. Honey is an article of food. Adulteration should, therefore, by all means, be prevented. We would suggest that Commission in consultation with the Indian Standards Institution and the Agriculture Ministry of the Government of India introduce an "agmark" system so that on the one hand the difficulties of marketing are reduced and on the other the sale of the genuine product is ensured to the consumer. (18.11)

292. We would suggest that beekeeping should be a subject in agricultural schools so that its coordination with and influence on

agriculture is realised by the school students who, in later years, can apply the results during the course of agricultural operations. (18.11)

293. As suggested in para 18.8, processing of honey and its marketing should be done under the aegis of the State Boards or by the cooperatives so that the margin of middlemen is reduced and ultimately the honey is made available at reasonable rates to the consumer of ordinary means. (18.11)

294. By means of propaganda and with the active support of the State Governments, efforts should be made to increase the off-take of honey in all hospitals and dispensaries run by the Government or Government-aided institutions and also propagate its increasing use as an important part of the diet. (18.11)

295. In foreign countries the importance of beekeeping for agriculture and horticulture has already been recognised. This has yet to be done in this country. The Commission and the State Boards should, therefore, in consultation with the Agriculture Departments of the State Governments introduce beekeeping in the first instance in the State-owned farms. We have no doubt that the satisfactory results that will ensue will tempt the agriculturists to take to beekeeping and thereby not only provide them with an article of food but also yield better returns to them from agriculture. (18.11)

296. Vast forest areas with their rich resources of forage and flora deserve to be exploited for the purpose of beekeeping. We would, therefore, urge upon the Commission to persuade the scheduled castes and scheduled tribes and weaker sections, who live in such areas, to take to beekeeping. In such areas the Commission itself may undertake the work in order that the forest tribes may be convinced of the beneficial results by taking to this industry. We have separately recommended a liberalised pattern of assistance to be made applicable to the weaker sections and we therefore hope there will not be any difficulty in persuading them to take up this industry. (18.11)

297. The Commission has only recently taken up the question of research on the rock-bee. Researches on this have been done by the erstwhile Madhya Bharat State Board. We would suggest that the Commission should take advantage of these researches. We would also suggest that the researches be pursued vigorously so that a further potential of honey is explored and the food wealth of the country increased. (18.11)

COTTAGE MATCH INDUSTRY

298. There appears to be some arbitrariness in determining the quantum of loans for working capital at three different stages (in the pattern of assistance). (19.3)

299. The industry today is operating under controlled conditions and under administrative direction from the head-quarters of the Commission. Both these factors obviously cannot continue, at any rate, with the same intensity with the expansion in the number of units and production and, therefore, any comment about its success or failure would necessarily have to be reserved until the scheme has had a trial for another year or so. It must, however, be pointed out that in each unit there is provision for the appointment of two supervisors, the cost of these being borne by the Commission. This assistance is at present for a period of five years. The impact of the withdrawal of these people on the working of the units will have to be carefully examined. (19.5)

300. We consider that there is no justification for the continuation of the promotional subsidy or of the cost on account of supervisory staff in the case of units which produce 25 gross per day and work 300 days in a year. Till a unit reaches this position it may have to be assisted by grant for the preliminary expenses incurred in the establishment of the unit, losses in the initial stages and a cushion for bearing expenditure on supervisory staff after the withdrawal of assistance for this purpose by the Commission. It is likely that for fear of the assistance being withdrawn the units may not step up production to 25 gross per day. In order to prevent this we would suggest that the promotional assistance and the assistance for supervisory staff should be given to a unit only for a maximum of two to three years at the end of which it should be possible for it to attain the production of 25 gross per day. If it does not attain this, the assistance should be stopped. (19.7)

301. Even after a unit attains the production target of 25 gross per day for 300 working days, there may be possibility of loss. This may have an effect on the continuation of the programme. In such cases, we would suggest that *ad hoc* grant to meet the losses, if any, incurred by a unit should be given. The quantum, terms and conditions on which the grant would be payable should be determined by the Commission. We consider that this pattern of assistance will be flexible, liberal and conducive to the units showing initiative in production. (19.8)

302. The several assumptions on which the apparently unrealistic estimates (of the Commission's Fourth Plan) have been based include, firstly, the continuance of the present scale of subsidies, secondly, assistance of rebates from excise duty, thirdly, the continuous availability of soft wood and bamboo at reasonable prices and, fourthly, — above all — the absence of marketing difficulties. In regard to the last assumption, in particular, we would utter a word of caution particularly because the organisation and the

acumen required for marketing about seven times the production today is something which has to be carefully planned and thought of before any large-scale expansion is embarked upon. (19.9)

303. The Commission has given up its insistence on the production of veneers from bamboo. The employment provided in the various units set up by the Commission is not significant. The amount of assistance provided for each unit would no longer entitle the units to be called low capital-cost units. In these circumstances we wonder whether the continuance of the industry in the present form within the fold of the Commission would be in conformity with the original objectives which were set out. (19.10)

304. We consider that the cottage match industry has excellent scope for development as a rural industry. The B and C class factories, we are told, are being run by merchants and middlemen and reported to be exploiting their labourers. We would consider that the organisation of some 'C' class units in the cooperative fold with the workers as members will be an excellent proposition. In that event the Government could justifiably extend the rebate on excise duty to such units. In view of the fact that these units will enjoy the economies of scale and production, only management grant for the staff of these societies and loans for equipment and working capital would be required. No other types of assistance would be called for (19.10)

305. The main raw material required for the match industry is bamboo and soft wood. We would recommend that the Government should see that in the interest of this industry these raw materials are made available in adequate quantities at reasonable rates and at the proper time. These raw materials should not be sold by public auction to the units in the large-scale sector and thus place the small units in a disadvantageous position. (19.10)

306. We believe that sizeable quantities of soft wood for the cottage match industry will be available in the States like Assam, Madhya Pradesh and in Himachal Pradesh, Manipur etc. We would suggest that arrangements should be made by the Commission for the manufacture of veneers out of soft wood and distribute them to the units which require them. (19.10)

307. There are other raw materials such as potassium chlorate, red phosphorous and sulphur which are also required. These are in scarce supply. Indigenous production is not enough and imports have to be made. We suggest that, if necessary, special import licences should be given to the match factories in the rural industries sector. (19.10)

308. We understand that field trials on a hand-operated veneer-making machine are being undertaken by the Commission. If these trials are successful, we would suggest that the Commission should undertake the manufacture of such equipment and distribute them to the cottage match units. (19.10)

309. There are possibilities for the expansion of the match industry in the direction of special varieties of products required for pyrotechnical displays, etc. We would suggest an examination into the possibilities of diversification of the match industry to manufacture such items. (19.10)

310. In the interests of providing employment to weaker sections of the population, we would suggest the establishment of splint making centres in the areas where bamboo is available in plenty. This would also enable considerable saving in the cost of transport. (19.10)

COTTAGE POTTERY INDUSTRY

311. It would be seen from the disbursement of funds that apart from the conspicuous example of Uttar Pradesh, where the disbursements have been extraordinarily high on account of the very large number of brick bhattas set up in that State with the assistance of the Commission, the pottery industry has been developed in a fairly uniform manner throughout the country. This is a significant feature of this industry and we would express the wish that the development in future also should follow more or less the same pattern. (20.3)

312. A remarkable feature of this industry is that 89 per cent of the units which have been set up are working satisfactorily. We find from an analysis of the State-wise position that broadly speaking the southern States showed a larger percentage of successful working units. By and large the units producing tiles, bricks and whitewares are running successfully. (20.6)

313. We agree with the suggestion made by the Director in-charge that either the Commission or the State Boards should assess periodically the requirements of the improved equipment by the potters' institutions and arrange to manufacture and supply it. In view of the fact that the assistance is given to the potters' institutions for the purchase of such equipments, it should not be difficult for the Commission or the State Boards to insist on the institutions that the improved equipments must be taken from the centres recognised by the Commission or the State Boards. (20.7)

314. There are certain peculiar difficulties being faced by this industry, which have been mainly responsible for the progress not having been so substantial as it could have been considering the large

number of artisans engaged in the industry, the amount of assistance provided by the Commission and the prospects for manufacture of finished articles. The first difficulty is with regard to obtaining lands with workable clay deposits in order to provide the basic raw material for the pottery industry. The Commission has made several representations to all the State Governments since this is an industry dispersed almost throughout the country to reserve certain lands for the potters and their cooperative societies so that the clay deposits in these lands could be utilised for the purpose of obtaining the raw material required for the industry. This suggestion was made, because the abject financial conditions of the potters would not enable them to obtain lands from private persons on a negotiated basis. It, therefore, becomes the responsibility of the Governments to help the potters in obtaining the clay deposits from waste lands, tank beds, river banks, etc., belonging to Governments and local bodies on nominal payment. We regret that though many of the State Governments have promised to look into this matter, by and large, the position continues to be unsatisfactory. Unless therefore some telling effort is made by the Centre and the State Governments to arrange for this, the pottery industry cannot succeed. (20.9)

315. Another main difficulty which is more or less similar to the one mentioned above is the supply of coal ash for the brick makers cooperatives. In this case coal ash in ample quantities is available from the Railway yards, but the system of disposal adopted by the Railways does not enable the potters cooperative societies to obtain them at fair prices, because these materials are auctioned to contractors, who are middlemen and exploit the potters cooperatives by charging fantastic profits. Here too, the Commission has taken up the matter with the different Railways, the Railway Board and the Railway Ministry, and the response has been somewhat encouraging. (20.10)

316. But our main suggestion in respect of the raw material position would be that since the requirements of potters cooperatives are paramount as well as modest, the Central and the State Governments as well as the departments concerned should consider it their duty to provide the requisite quantities of the raw materials at reasonable prices and at the proper time. Otherwise the industry cannot succeed and the prospects of providing employment to such a large number of the artisan population will disappear. (20.11)

317. During the Fourth Plan the Commission proposes to adopt an intensive as well as an extensive approach. The intensive approach will mean direct effort to supply the basic materials, organisation of the various centres through service cooperatives and to cover about 10 per cent of the total number of workers in the in-

dustry. The extensive approach will mean an indirect effort for providing general facilities and other conveniences available for production and sales through primary cooperative societies. Both these approaches would be directed to increasing the production target, which is now Rs. 60 to Rs. 100 p.m. per potter's family. It will incidentally provide employment for 10 months in a year instead of 8 months as at present. The plan assumes that there will be no large-scale variation in the potter population or their migration from the industry. By the intensive and extensive approaches, it is proposed to cover 4.3 lakhs of potters. (20.12)

318. The brick making industry is one in which the margins of profit are very high and the turnovers are also very quick. Consequently, there is sufficient temptation for the middlemen to enter this industry in league with building contractors and exploit the artisans. We, therefore, are of the view that the Commission should not grant assistance in such cases. However, there are some areas where potters themselves have established cooperative societies for the manufacture of bricks. There are also registered institutions which without a profit motive have taken to this industry for the purpose of providing employment to the potters. In such cases we would suggest the continuance of assistance by the Commission but in the form of a loan. We would also suggest that the Commission should use its good offices for dovetailing the requirements of constructional activities undertaken by the Government or Government-sponsored organisations in order that institutions or cooperative societies may have no difficulties of marketing. There has been an unconscionable rise in the price of bricks on account of the entry of middlemen and the increased tempo of building activities. We would suggest that all the institutions and cooperative societies to whom assistance is given for the manufacture of bricks by the Commission should conform to any regulation regarding price which may be imposed by the Government, the Commission or the State Boards in order that there is no profiteering in this essential requirement of the building industry. (20.13)

319. A recommendation has been made in the past about the diversification of the products of this industry. It has been suggested that the potters should be enabled to produce stoneware, whiteware, stoneware pipes etc. We do not consider that the Commission has either the organisation or the technical acumen for guiding the potters in this direction. We would suggest, therefore, that the Commission should set up this organisation and acquire the technical acumen before steps are taken to translate the recommendation into practice. (20.13)

320. With the phenomenal increase in building activity and the vastly increased consumption of tiles, we would suggest that more intensive efforts be made for the production by the potters cooperatives of Raniganj tiles, Mangalore tiles and other country roofing tiles. We do not believe that the impact of the Commission's efforts in this direction has been felt upto now. (20.13)

321. By the establishment of common sheds it has been proved that the production in the pottery industry has increased and the coverage has been more, mainly on account of the grant of assistance for the setting up of production units in common worksheds. During the Fourth Plan we would like the Commission to give emphasis to this scheme. These common sheds may even be run as service centres where potters may be provided facilities for mixing of clay, firing in community kilns, glazing and for marketing. (20.13)

NON-EDIBLE OILS AND SOAP INDUSTRY

322. Before the Commission assumed responsibility for developing the non-edible oil industry, little or no work in this field had been done. The entry of the Commission into this field has served as an indirect stimulus to other organisations to take interest in exploring the possibilities of growing and collection of non-edible oilseeds and in the exploitation of the non-edible oilseed wealth for the purpose of manufacturing oils for industrial, medicinal and pharmaceutical uses. (21.3)

323. The tempo of disbursement was stepped up considerably during the Second Plan. The disbursements in the first three years of the Third Plan are about a quarter more than the total disbursements in the five years of the Second Plan. It would be obvious from this that the initial difficulties in the establishment of the various units and in the organisation of seed collection are now in the process of being overcome. The fact that the slant in the disbursement has shown a tendency towards increased loans would indicate that the activities are inclined to be more of a commercial character, the developmental aspect having been taken care of in the earlier years. (21.5)

324. A satisfactory feature to our mind, is that the bulk of the disbursements i.e. over 92 per cent was for the establishment of production units (including seed collection, soap making, oil pressing). The tertiary and administrative overheads in this industry, we are happy to know, do not constitute any sizeable percentage of this expenditure. (21.6)

325. As a result of the activities undertaken by the units for manufacture of soap out of non-edible oil, there has been an in-

creasing use of soap in the rural areas and consequently an improvement in hygienic conditions. (21.7)

326. We are of the view that as in the case of khadi and other village industries products, a concerted effort should be made by the Commission with the active help of the State and Central Governments for increasing the off-take of soap manufactured at these units for the requirements of Defence Department, Canteen Stores, hospitals, jails, public institutions and institutions run by semi-Government bodies or government aided institutions. (21.7)

327. The wide fluctuations in the cost of production and selling prices of soap point to only two conclusions, namely, that the figures relating to the economics of production and cost and sale prices are not worked out in a scientific manner and secondly that the process relating to the collection of raw material as well as the manufacture of the finished product are not standardised which may be due to defective equipment and inadequate training and supervision. A possible reason for this variation could also be, the higher percentage of edible oil used in the manufacture of soap. All these factors point to the need of the Commission standardising the procedure and method for the collection of raw materials, the processes for the manufacture of the finished product, including the mixture of edible and non-edible oils and the standardisation of the processes in the sale of finished products. We hope it will be possible for the Commission to concentrate on these matters during the Fourth Plan. (21.8)

328. As we have pointed out elsewhere the several steps taken by the Commission are likely to remedy the difficulties of time-lags to set up units of the industry. At the same time we are very much concerned about the fairly wide gap between promise and performance. This would indicate the need of the Commission paying concentrated attention towards consolidation of the work already started. It will be obvious that once this consolidation takes place, there will be considerable improvement in the ratio between the investment in this industry and the output. (21.9)

329. There is no wastage of training facilities so far as this industry is concerned. Considering the vast potentialities of this industry, we would impress the imperative need for the Commission to expand its training facilities particularly in the seed collection programme. (21.10)

330. With the assistance of the Commission's Central Research Institute, the National Chemical Laboratory, and the National Botanical Gardens considerable work appears to have been done

with regard to the development of improved equipment. A notable feature of this industry is the prescription of quality standards for oil as well as soap produced by field units. For this purpose the Commission has a Central Testing Laboratory as well as several Regional Testing Laboratories. We compliment the Commission in adopting these progressive steps for putting the industry on a sound footing. (21.12)

331. In spite of deficiencies in certain aspects of this programme and the need to consolidate and activise the units which have not yet started, the industry offers excellent potentialities for development in the Fourth Plan. During the Fourth Plan, the organisational base is intended to be continued on the same lines though it is intended to concentrate work in suitably defined areas so as to cover fully the available resources in terms of not only seed but also manpower and the agencies engaged at present. It is intended to take up intensive work on selected project basis. (21.13)

332. The main raw material for this industry is oilseeds. We do not know the percentage of the seed wealth actually exploited, but we have been informed by good authority that only a small fraction of the total seed wealth of non-edible seeds has uptill now been exploited. A vigorous and ambitious programme for the intensified collection of non-edible oilseeds is, therefore, called for not only from the raw material point of view but also because of the tremendous possibilities such an activity will open up for providing employment opportunities at least of a seasonal character to a very large number of people particularly in the areas in the vicinity of forests and other interior areas. (21.14)

333. The technique of seed collection should, we suggest, be improved so that the maximum amount of oilseeds is collected with the minimum amount of effort and cost. Already some improvements have been made by training seed collectors in improved methods of collecting. We would suggest to the Commission to step up such training facilities so as to cover a wider area and a larger number of people. (21.14)

334. Many of these exploitable oilseeds abound in forests, in waste lands and in lands which are uncultivable. Many of these, particularly the forests, are in the possession of the Government. In view of the Government's obligation to provide employment to the citizens and also in view of possibilities of exploitation of the forest wealth, we would suggest that contracts for collection of oilseeds in these areas at favourable rates may be given to co-operative societies of forest labourers or other inhabitants belonging to the weaker sections of the community so that the middlemen

in these areas are eliminated. Such a concession on the part of the Government would be very much akin to the practice followed by certain State Governments of letting out forest coupes to forest labourers' cooperative societies at low prices which will guarantee not only to the Government but also to the forest labourers' co-operatives, a fair return. (21.14)

335. We believe that the activity of collection of oilseeds and extraction of oil can be combined and dovetailed. We would suggest that the forest labourers' cooperative societies to which contracts for the collection of non-edible oilseeds are given should take on themselves the responsibility of crushing the oilseeds because this will offer their members additional employment after the period of seasonal employment in collection of seeds is over. This also accords with the idea of local processing of raw materials which is one of the basic features of an agro-industrial economy. (21.14)

336. We would suggest that there should be a coordination between the location of the seed collection centres, oil-pressing units and the soap manufacturing units. All these centres must be established within convenient distances of one another so that the cost on transport of the raw material is reduced to as large an extent as possible. (21.14)

337. We would suggest for the earnest and immediate consideration of the Government that in view of the increasing possibility of utilising non-edible oils for the manufacture of soap, the Government should periodically review the question of the use of edible oils in the soap making industry and reduce it to the barest minimum progressively. This will have the advantage of conserving valuable edible oils for food purposes. (21.14)

338. We would also suggest diversification of this industry to include the manufacture of products of industrial and medicinal use or in the pharmaceutical industries. Some of these industries are capable of being developed on a small scale basis and we would, therefore suggest that the Commission itself should take up the development of these industries under its umbrella. This will extend the scope of employment to a large number of technical people also. (21.14)

339. A major difficulty in the marketing of soap manufactured out of oil pressed from non-edible oilseeds is the retention of the odour of the oils. Some work has already been done in the extraction of the bitters in some of the oilseeds such as neem. We would suggest to the Commission to pursue research in this field in order that the odour remaining in the oils may be removed and

that these oils could be used for the manufacture of soaps required also for toilet purposes. (21.14)

340. We have no accurate data about the economics of production particularly of the soap units, but we have referred to the wide variations in the cost of production and therefore, the sale prices of such soaps (21.8). A partial explanation for this is that the soap units are small in size and, therefore, the relation of the overheads to the production is higher. Partly in order to standardize the product and also because the soap making units are not employment-oriented, we would suggest a rationalisation of the units in the soap-manufacturing part of the programme so that the smaller and uneconomic units may be given up and comparatively bigger units established which will be justified both from the point of view of economics and possibilities of employment. We do not consider that the acceptance of this suggestion will have any adverse consequences on the employment aspects. (21.14)

FIBRE INDUSTRY

341. The equipments required for the industry should be manufactured at specified places according to standard specifications. It would be desirable in this connection to plan the manufacture of machines for fibre industry in consultation with the carpentry and blacksmithy industry of the Commission. (22.9)

342. With the expansion in agriculture and in view of the practically limitless use to which the production of the fibre industry can be put to, we would urge upon the Commission to get into touch with the Agriculture Departments of the States in order to embark on a campaign to grow sisal and other fibre plants on the hill and waste lands where there are excellent potentialities for the development of the fibre industry by engaging the local population who will thus obtain a source of gainful employment. Similarly, the possibilities of growing fibre plants as a rotational crop with agriculture may also be explored. (22.9)

343. We would suggest the exploration of the use of fibre for other purposes and the production of ropes and strings out of other wild grasses. (22.9)

344. No work has been done in regard to the manufacture and utilisation of bye-products of fibre industry such as fibre tow, wax, starch etc. We would suggest that the Commission should bestow special attention to this matter. (22.9)

345. While some work has been done in introducing improved technology and in increasing the productivity in the industry, the Commission may explore the possibilities of further improvement

in this regard and the use of power-based machines wherever possible and, of course, without detrimental effects on the employment aspect. We feel that it will be possible by these means to increase the production of fibre and thus help the attainment of self-sufficiency in villages or groups of villages. (22.9)

346. The industry offers excellent scope for cooperative organisation in view of the fact that most of the persons pursuing it belong to the artisan class. At the same time as at present organised and as we can see its immediate development, the actual work of production of ropes, strings, etc., of fibre is done by artisans in their own places and not under one roof or at a central place in a workshop. We would, therefore, suggest that the industry should be developed mainly by the formation of service co-operatives which will help the artisans in the procurement of raw materials, purchase, supply and transport of machines, the processing of raw materials whenever necessary and the marketing of the finished products. There is no need for construction of workshops or other places and make the artisans work there. The present method of working could continue with advantage. (22.9)

347. We are of the opinion that the good offices of the panchayat samitis and the zilla parishads could, with advantage, be used for distribution of the raw materials, help in marketing of the finished products and making other service facilities available to the artisans of the industry in those cases where service co-operatives cannot be established. (22.9)

BLACKSMITHY AND CARPENTRY

348. We are unable to understand the logic or the need for circumscribing the scope of this industry to implements and equipment connected with industries under the purview of the Commission. The important points so far as the industry is concerned are training of artisans, technical and financial assistance and the employment of artisans. We do not consider that the manufactured product of an industry should be used in khadi and village industries in order to qualify for its inclusion in the schedule. If this standard of judgement were to be adopted for other village industries, many of them included in the schedule would have to be removed, because the manufactured products of these industries are not always used in the khadi and village industries programme. We therefore consider that there is an imperative need for enlarging the scope of the blacksmithy and carpentry industry by removing the restriction under which the programme for this industry is to be undertaken by the Commission. (23.1)

349. The tools which the traditional carpenter and blacksmith uses are in many cases antiquated. Considerable development in the evolution of simple hand-tools and those operated by mechanical and electrical power has taken place and we would urge the Commission to embark upon a programme of introducing such improved and more productive equipment in the black-smithy and carpentry industry. (23.5)

350. The training programme in this industry should be more of a peripatetic nature. Attempts should be made by the Commission to depute instructors to the various villages to demonstrate the use of improved equipment and, as part of the extension programme, introduce this equipment themselves. (23.5)

351. Though the industry is widely dispersed and is practically found in every village, sufficient number of blacksmiths and carpenters may not always be available for the formation and running of cooperative societies. We would therefore suggest that assistance to blacksmiths and carpenters may be given through the multi-purpose cooperative societies. (23.5)

352. This industry offers excellent scope for utilising the good offices and services of the units of local self-Government in the villages i.e. panchayats and panchayat samitis. Wherever co-operatives cannot be formed we would suggest that help should be given by the panchayats and panchayat samitis. They should also see that all the public works within their jurisdiction which requires assistance of carpenters and blacksmiths is given only to them. We would also suggest that as part of their activity, they should introduce service facilities such as providing of lathes, shaping machines, other improved equipments which are too costly to be purchased by individuals, in order that the blacksmiths and carpenters within their area of operation can take advantage of them. (23.5)

353. We would suggest that at the block level a model workshop may be established where machines to be utilised by the carpenters and blacksmiths may be installed. The panchayat samitis and the institutions who may be willing to run these workshops should be given assistance by the Commission. (23.5)

354. We would also suggest to the Commission to consider the coordination and if necessary, the integration of the sections dealing with carpentry, blacksmithy and saranjam so that duplication is avoided and efficiency is introduced. (23.5)

355. Similarly, we consider that instead of having workshops under different village industries, the Commission should integrate this activity and see that all workshops required for servicing or

repairing the equipments of village industries are established under the blacksmithy and carpentry scheme. (23.5)

MANUFACTURE AND USE OF MANURE AND METHANE GAS

356. We appreciate the basic principle of this industry and are convinced about its public utility. As a means of providing cheap fuel and manure practically out of waste it is unequalled. It also represents a very effective step in the generation of power on a decentralised basis. The utility of this industry from the sanitation, manurial, agricultural, public amenities and public health points of view is so great that it is ideally suited for being undertaken by organisations of representatives of the people rather than by artisans or their cooperatives or registered institutions. We regret, however, that local bodies such as panchayats, panchayat samitis and zilla parishads have not yet taken sufficient advantage of this scheme. We are of the view that the Commission should persuade these local bodies to play an effective role in the implementation of this scheme. (24.3)

357. This industry has succeeded very well in Gujarat and we are told that this is 'because of the tremendous interest taken by individuals in implementing the programme. It has, therefore, been urged that individuals also should be given assistance including subsidy for the erection of gas plants. We, however, do not support this proposal. The industry is not employment-oriented, does not provide occupation for artisans and is not a low capital-cost industry. In spite of this, we would, however, advocate the continuance of this industry because of the fact that it ensures the production of wealth out of waste and is very suitable for implementation by local bodies. But the Commission has only recently started giving attention to this industry. However, in view of its importance from the public health point of view, we would suggest that the Commission should explore the possibilities of obtaining assistance from the State departments of public health for the installation of gas plants. We would suggest that this scheme be continued for the time being. However, constant efforts are required to see that the State departments, panchayat samitis and other district organisations are brought more and more into the picture so far as this industry is concerned. (24.4).

LIME MANUFACTURING INDUSTRY

358. Researches carried out under the guidance of the Technical Advisory Committee have revealed the potentialities of the industry for improvement in production and for developing it intensively and extensively. For example, applying scientific principles an experimental lime kiln was devised. This has been successfully

worked and it was seen that economy in use of fuel for burning limestone and higher output, uniform quality of lime and consequent rise in the income of the artisans were the results. The improved kiln has been commended as efficient by the Central Building Research Institute, Roorkee. The economics of this kiln on a pilot scale have been worked out. While we do not anticipate the result of the examination of the field trial on the economics of the kiln, we would express the hope that the development of this kiln would result in providing the traditional lime burners with an improved apparatus and would, at the same time, increase their earnings. (25.3)

359. With lime as the basic raw material the Commission proposes to expand the scope of the industry to include manufacture of distempers, limecoir boards, sandlime bricks, hydraulic lime and cottage cement. It is also proposed to explore the possibilities of manufacturing chemical lime which is in great demand in the sugar, paper, leather, textile, rubber, paint, and other industries. During the Fourth Plan period it is proposed to invest Rs. 78.08 lakhs in this industry resulting in a production worth Rs. 567.5 lakhs and gainful employment to 8,200 artisans. Some of these proposals are of an experimental but promising nature and we would request the Commission to explore the possibilities of success and thereafter embark on them. (25.4)

360. The association of this industry with the Directorate of Non-edible Oils and Soap of the Commission is the product of coincidence. We would suggest the separation of this industry from the non-edible oils and soap directorate. (25.5)

361. The manufacture of lime is closely akin and related to the provision of building materials. We would therefore suggest that the industry of building materials such as bricks and the manufacture of lime should be grouped under one directorate in the Commission for organisational purposes. (25.5)

362. Unlike some of the other industries the lime manufacturing industry could be organised on a producers cooperative basis. If this industry is combined with that of the manufacture of building materials like bricks, we see very good possibilities for the formation of cooperatives in this industry. We would suggest that thereafter the Commission should explore the possibilities of obtaining contracts for these societies of manufacturing of bricks and lime from Government building enterprises or construction activities of house-building by cooperative housing societies or other societies which are sponsored or assisted by the Government. An integrated development on this pattern would result in the expansion of employment opportunities to the large number of lime burners and artisans engaged in the manufacture of bricks. This will not only give a tempo

to the house-building activities in the rural areas but will incidentally stop the exploitation of the brick manufacturing industry by the intrusion of middlemen which, we regret to note, is a common feature in the brick bhatta industry as at present conducted. (25.5)

363. Fuel is an important factor that determines the quality, production and cost of lime. The use of coal cinders by traditional artisans is not satisfactory. It is necessary that coal and coke, the utility of which is well-established for lime burning should be made available to the industry at reasonable rates, in adequate quantities and as and when required. (25.5)

WEAKER SECTIONS AND BORDER AREAS

364. We are of the view that the programme for the weaker sections needs to be considerably intensified before even a fringe of the problem could be said to have been tackled. The Commission should draw a comprehensive programme for khadi and village industries among the weaker sections during the Fourth Plan and issue a special directive to its directors of industries and programmes that to elevate the economic level of these people and bring them on par with the general populace special attention should be paid to the programmes for the weaker sections. (26.3)

365. There are some special industries in the scheduled areas and areas occupied by the scheduled tribes and weaker sections which can be developed. These industries do not at present come within the schedule of the Commission. The Commission has submitted a comprehensive proposal for the inclusion of some of these industries within its schedule. We consider that no impact can be made on the economy of the weaker sections until these industries can be taken up whether by the Commission or the Rural Industrialisation Commission if and when it is established. We would suggest for the earnest consideration of the Government that an expeditious decision should be taken in regard to the expansion of the scope of the Commission to include the above industries so that gainful employment can be provided to a large number of the weaker sections. (26.4)

366. Though the work in the border areas has commenced only recently it is of great consequence and will have repercussions on the political fabric. We therefore suggest that the Commission keep a constant watch and assess from time to time not only the quantum of work undertaken in these areas but the reactions of the local population. We would also suggest that the assessment of the work in these areas in quantitative terms and according to the standards of assessment for normal work would not be correct because of the difficult conditions in which the work has to be done, the political

climate in which the Commission has to operate and the considerable spade work required before any tangible result can be achieved. We would also suggest that the work in these areas being of a very delicate nature, specially selected people should be put in charge who should have a combination of tact, capacity for leadership, uprightness in social and moral behaviour and a genuine affection for the people with whom they have to work. We would consider that in order to attract such people, they should be given special scales of pay and also special facilities for the conduct of their work. (26.7)

PERSPECTIVE PLANNING

367. Our proposals for the Fourth Plan are based on the assumption that the policies and objectives which have enabled khadi and village industries to function in the wake of independence will continue to activate government policies during the Fourth Plan. We have referred to the hesitations and embarrassments in which the small industries sectors are being pushed into as a result of certain confusions and contradictions in State policy which may have been the result of an anxiety on the part of the State to create conditions in which all sectors of the industrial economy can function effectively. The danger of allowing free scope to all the different sectors is that the more powerful and vocal are likely to over-shadow both in influence as well as in results, the weak and the comparatively less vocal section. In this context a certain amount of regulation among the sectors and even *inter se* among sections in these sectors becomes inevitable. Some such regulation appears to have been considered as essential by the planners since the commencement of the First Plan. The tardiness and the hesitation with which this regulation has been conceived and enforced, has probably been responsible for the present state of affairs. For a perspective plan it becomes imperative to delineate certain essential lines of policy of development which subject to circumstances over which the State has no control such as international situation, scientific developments, calamities, etc. will be enforced or will govern State action over the period of the perspective. (27.1)

368. The Village and Small-Scale Industries (Second Five Year Plan) Committee suggested certain lines of policy which we have endorsed. It is a matter of regret that in spite of the lapse of nearly a decade since the Committee was appointed and its recommendations were broadly accepted by the Government, the implementation of the recommendations has been faltering almost to the point of causing desperation. It is time to cry halt to this policy of drift. Once again the approach as well as the objectives must be re-enunciated and redefined. These objectives are basic and national in character and we would, therefore, advocate that the policy should be prepared on

the basis of a consensus of agreement between the party in power, the leaders of the constructive movement, eminent economists, administrators and social workers and eminent representatives of the other parties. In the same manner as the constitution of a country governs its political structure and continuity, the basic policies formulated in accordance with the suggestions mentioned above should govern and regulate economic structure. (27.2)

369. It is the primary responsibility of the State to secure work for all citizens and also to secure conditions of work ensuring a decent standard of life. Employment in the rural areas and in the urban areas present different problems requiring different solutions. In the urban areas employment is linked with the fluctuations in business, transport and industry cycles. But any reduction of urban employment or any fall in such employment, causes considerable commotion. In rural areas both unemployment and underemployment exist side by side. The problem of rural unemployment or underemployment does not attract so much attention or exercise the energies of the State so much as a similar phenomenon in the urban areas. If, however, Government represents the conscience of the entire community it becomes its duty to provide employment opportunities to the rural unemployed also. (27.3)

370. The Third Plan estimated the back-log of unemployment at the end of the Second Plan at 9 million. During the Third Plan the addition to the labour force was estimated at 17 million. Opportunities for work during the Third Plan would therefore be required to be provided for 26 million (17+9). The Third Plan provides only for a total employment of 14 million, 10.5 million outside agriculture and 3.5 million in agriculture. It will be seen that at the end of the Third Plan, in the absence of drastic calamities like war, pestilence or famine or in the absence of family planning in an aggressive form, there will be a backlog of at least 12 million. It is estimated that increase in the labour force during the next fifteen years i.e. till 1981 may be of the order of 70 million. The problem of problems to be tackled on a priority basis, to the exclusion of other problems is employment. We are afraid that if this problem is not solved the future of the Government and indeed of the country is at stake. The role of agencies which are capable of providing employment opportunities to large parts of the population and of the necessity of State policy being regulated entirely in favour of giving such agencies the necessary encouragement and support would be obvious (27.4, 27.5). We would again and again underscore the imperative of the balance between technology and employment. We do not consider that in the ultimate analysis there is any sharp conflict between technology and employment, because no technology the effect of which is to increase un-

employment or reduce employment can be encouraged by a State whose duty it is to provide employment to its citizens. There are advocates who, however, believe that the advancement in technology and the economic consequences that would follow, namely, improved instruments of production, improved processes of manufacture, reduction in the cost of production and easier marketability, consumer demand for commodities will expand and more employment opportunities in ancillary industries would be created. But, there is no certainty that the creation of further employment opportunities would invariably follow in the wake of technological advance. Even in the organised industry rationalisation and introduction of time saving or labour saving processes are not accepted if there is a reduction in the present level of employment. If these are the considerations which weigh in the case of the large-scale industries and the total labour force employed in which is hardly 40 lakhs, is an emphasis on employment not very much more justified in the sphere of small industries? (27.6)

371. It is argued by some that in the inter-dependent world in which we live, the waves of technological change will, swallow up the inefficient, unprogressive and uneconomic sectors of production. But we would consider that as part of the Government's duty towards the citizens, regulation of the progress of such technological change would not only be desirable but necessary. Should however such technological advance become absolutely necessary and does not have any effect on total employment, the best method for effecting such change would be through State, community or collective ownership of the instruments of such advanced production. (27.7)

372. We believe it will be possible for the Government, to realise the situation in which the country is placed today, to give serious consideration to these vital factors of perspective planning and formulate its plans and policies for the next fifteen to twenty years on this basis. (27.8)
