

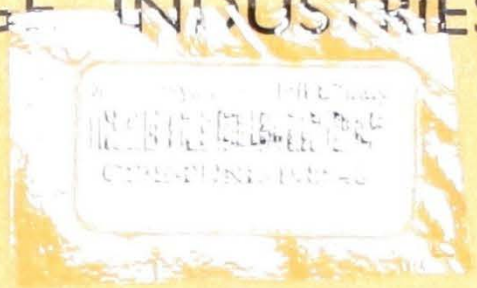
REPORT ON

# VILLAGE AND COTTAGE INDUSTRIES

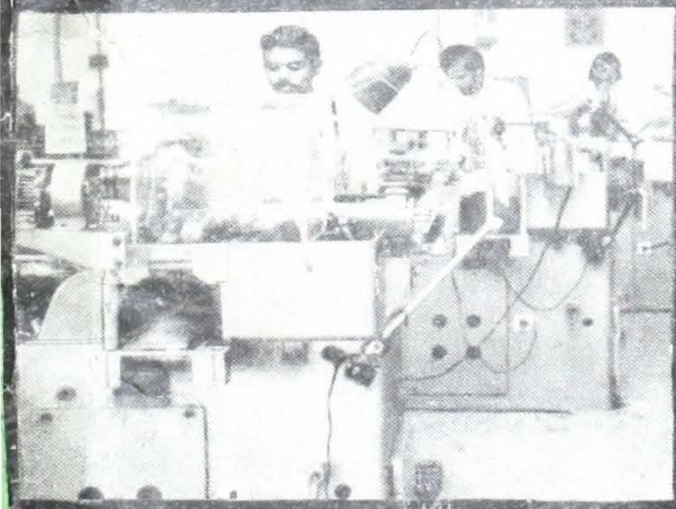


सत्यमेव जयते

NATIONAL COMMITTEE  
ON  
THE DEVELOPMENT OF BACKWARD AREAS



MARCH, 1981



Y:42) 5 48

198048  
SERVANTS OF INDIA SOCIETY'S LIBRARY  
PUNE 411 004  
FOR INTERNAL CIRCULATION  
To be returned on or before the last date stamped below.

11 FEB 1984

14 MAR 1984

9 JUN 1984

19 JAN 1989

24 FEB 1990

ES

ON  
**THE DEVELOPMENT OF BACKWARD AREAS**

**PLANNING COMMISSION  
GOVERNMENT OF INDIA  
NEW DELHI**

**MARCH, 1981**

**PPC. 244**  
**3000-1982. (DSK. II)**

*Price : Inland Rs. 9.50 or Foreign £ 1.11 or \$ 3.42*

PRINTED BY THE MANAGER, GOVERNMENT OF INDIA PRESS, COIMBATORE-641019,  
AND PUBLISHED BY THE CONTROLLER OF PUBLICATIONS, NEW DELHI-110001  
1982

**REPORT ON  
VILLAGE AND COTTAGE INDUSTRIES**

	<b>PAGES</b>
Summary of Conclusions and Recommendations . . . . .	(i) to (xi)
<b>I. Introduction . . . . .</b>	<b>1</b>
<b>2. Present Status and Problems . . . . .</b>	<b>1—10</b>
<b>3. Organisations Operating in the field of Village and Cottage Industries . . . . .</b>	<b>11—16</b>
<b>4. The Strategy of Development of Village and Cottage Industries . . . . .</b>	<b>17—21</b>
<b>5. Raw Material . . . . .</b>	<b>22—25</b>
<b>6. Marketing . . . . .</b>	<b>26—31</b>
<b>7. Technological Development . . . . .</b>	<b>32—34</b>
<b>8. Training . . . . .</b>	<b>35—40</b>
<b>9. Organisational Structures . . . . .</b>	<b>41—49</b>
 <b>Annexures</b>	
<b>I. Composition and Terms of Reference of the Working Group on Rural Development . . . . .</b>	<b>50</b>
<b>II. Number of meetings held by the Working Group on Rural Development . . . . .</b>	<b>51</b>
<b>III. Relevant Extracts from the Report of the Seminar on Role of Decentralised Sector in the Development of Backward Areas held in Coimbatore . . . . .</b>	<b>52</b>
<b>IV. Industrial and Occupational Distribution of male worker as per 1961 and 1971 censuses . . . . .</b>	<b>53</b>
<b>V. Industry-wise distribution of Male Workers in the major house-hold industries and in important States . . . . .</b>	<b>54—59</b>
<b>VI. Employment pattern of Village and Cottage Industries in major States of India . . . . .</b>	<b>60—61</b>
<b>VII. Extracts from Khadi and Village Industries Commission Act of 1956 . . . . .</b>	<b>62</b>
<b>VIII. Distribution of habited Villages by size classification of household industries workers in rural areas of four districts of Bihar—1971 census . . . . .</b>	<b>63</b>
<b>IX. Working of the Raw Material Depot at Nawadha, Bihar . . . . .</b>	<b>64</b>
<b>X. Activities of Khadi and Village Industries Commission in the field of Technological Development . . . . .</b>	<b>65—67</b>
<b>XI. Training Programmes in Rural Industries . . . . .</b>	<b>68</b>
<b>XII. Organisational tie-up for Village and Cottage Industries . . . . .</b>	<b>69</b>

## SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

### 1. INTRODUCTION

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

(Para 1.3)

### 2. PRESENT STATUS AND PROBLEMS

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

(Para 2.4)

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

(Para 2.13)

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

(Para 2.14)

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

(Para 2.15)

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

(Para 2.27)

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

(Para 2.27)

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

(Para 2.27)

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

(Para 2.27)

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

(Para 2.28)

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

(Para 2.38)

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

(Para 2.38)

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

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

(Para 3.1)

(ii)

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

(Para 3.10)

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

(Para 3.36)

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

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

(Para 4.1)

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

(Para 4.2)

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

(Para 4.2)

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

(Para 4.3)

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

(Para 4.4)

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

(Para 4.4)

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

(Para 4.5)

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

(Para 4.5)

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

(Para 4.5)

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

(Para 4.6)

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

(Para 4.7)

(iii)

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

(Para 4.8)

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

(Para 4.8)

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

(Para 4.9)

30. The broad support required is as follows:—

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

(Para 4.12)

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

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

(Para 4.14)

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

(Para 4.15)

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

(Para 4.16)

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

(Para 4.17)

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

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

(Para 4.17)

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

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

(Para 4.18)

(iv)

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

(Para 4.18)

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

(Para 4.18)

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

(Para 4.19)

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

(Para 4.20)

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

(Para 4.20)

## 5. RAW MATERIALS

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

(Para 5.5)

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

(Para 5.15)

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

(Para 5.16)

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

(Para 5.17)

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

(5.17)

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

(Para 5.17)

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

(Para 5.18)

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

(Para 5.18)

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

(Para 5.18)

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

(Para 5.18)

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

(Para 5.19)

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

(Para 5.20)

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

(Para 5.21)



(v)

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

(Para 5.22)

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

(Para 5.23)

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

(Para 5.24)

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

(Para 5.25)

## 6. MARKETING

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

(Para 6.8)

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

(Para 5.10)

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

(Para 6.10)

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

(Para 6.13)

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

(Para 6.14)

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

(Para 6.15)

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

(Para 6.16)

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

(Para 6.20)

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

(Para 6.20)

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

(Para 6.21)

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

(Para 6.21)

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

(Para 6.22)

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

(Para 6.23)

(iv)

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

**(Para 4.18)**

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

**(Para 4.18)**

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

**(Para 4.19)**

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

**(Para 4.20)**

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

**(Para 4.20)**

## **5. RAW MATERIALS**

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

**(Para 5.5)**

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

**(Para 5.15)**

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

**(Para 5.16)**

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

**(Para 5.17)**

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

**(5.17)**

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

**(Para 5.17)**

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

**(Para 5.18)**

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

**(Para 5.18)**

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

**(Para 5.18)**

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

**(Para 5.18)**

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

**(Para 5.19)**

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

**(Para 5.20)**

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

**(Para 5.21)**

(vii)

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

**(Para 7.6)**

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

**(Para 7.12)**

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

**(Para 7.13)**

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

**(Para 7.14)**

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

**(Para 7.15)**

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

**(Para 7.16)**

## **8. TRAINING**

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

**(Para 8.18)**

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

**(Para 8.19)**

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

**(Para 8.20)**

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

**(Para 8.21)**

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

**(Para 8.22)**

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

**(Para 8.23)**

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

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

**(Para 8.25)**

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

**(Para 8.26)**

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

**(Para 8.27)**

(viii)

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

(Para 8.28)

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

(Para 8.39)

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

(Para 8.39)

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

(Para 8.40)

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

(Para 8.41)

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

(Para 8.42)

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

(Para 8.43)

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

(Para 8.44)

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

(Para 8.44)

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

(Para 8.45)

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

(Para 8.45)

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

(Para 8.46)

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

(Para 8.47)

## 9. ORGANISATIONAL STRUCTURE

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

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

(ix)

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

(Para 9.4)

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

(Para 9.5)

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

(Para 9.6)

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

(Para 9.6)

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

(Para 9.6)

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

(Para 9.7, 9.8, 9.11)

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

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

(x)

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

(Para 9.12)

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

(Para 9.14)

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

(Para 9.15)

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

(Para 9.15)

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

(Para 9.15)

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

(Para 9.22)

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

(Para 9.23)

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

(Para 9.37)

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

(Para 9.45)

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

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

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

(xi)

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

(Para 9.46)

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

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

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

(Para 9.47)

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

(Para 9.49)

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

(Para 9.51)

136. The Committee recommends the following Organisational tie-up

#### ORGANISATIONAL TIE—UP FOR VILLAGE AND COTTAGE INDUSTRIES

