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REPORT OF THE COMMITTEE FOR THE PROMOTION OF VILLAGE INDUSTRIES.

CHAPTER I.

PRELIMINARY.

The Government Resolution, appointing the Committee, runs as follows :—

Cottage Industries :

Revival and promotion of —

Appointment of Committee to report on, and restrictions on movement of raw materials.

GOVERNMENT OF BOMBAY.

REVENUE DEPARTMENT.

Resolution No. 2367/45.

Bombay Castle, 17th October 1946.

RESOLUTION OF GOVERNMENT.

Revival and promotion of cottage industries are essential for bringing about a state of balanced economy in the countryside and for saving the enormous waste of raw materials, transport facilities and human energy inherent in locating factories at certain centres to which raw materials and labour have to be brought from the countryside and from which the finished product has again to be sent to rural consuming centres. It is also desirable to make villages self-sufficient in respect of their essential requirements as far as possible and Government is, therefore, pleased to appoint a Committee consisting of the following gentlemen to consider and report within a period of three months, on the measures necessary for the promotion of rural handicrafts and industries, including different forms of state aid, and also to consider what restrictions, if any, should be placed on the movement of raw materials for industries in rural areas from the point of view of utilising local resources for local consumption, processing or manufactures :—

Chairman.

Mr. Manu Subedar, M.L.A. (Central).

Members.

1. Mr. C. P. Parikh, M.L.A., Ahmedabad,
2. Mr. R. S. Dhotre, Gandhi Seva Sangh, Wardha,
3. Mr. V. V. Patil, M.L.A., Dharwar,
4. Mr. J. H. Shamsuddin, M.L.A., North Kanara,
5. Mr. Laxmidas Purshottamdas Asher, Sabarmati.

Secretary.

Mr. L. M. Nadkarni, I.C.S., Deputy Secretary, Revenue Department.

2. The Committee held its meetings on 19th and 21st October 1946, from 2nd December to 7th December and from 27th December till 3rd January 1947.

3. The Committee requested the institutions, gentlemen and officials mentioned in Appendix I to send their views and opinions.

The Committee had the benefit of the replies from all of them except those marked with asterisks (*vide* Appendix I).

Apart from these, members of the public who were interested in the subject were invited through a Press Note to send their views and comments.

The Committee is grateful to the institutions and the people who have sent in their views and take this opportunity of putting on record their appreciation of the work done in connection with the Committee's activities by Mr. L. M. Nadkarni as Secretary of the Committee.

CHAPTER II.

THE PROBLEM OF RURAL INDUSTRIES.

4. We realise that the roots of the problem entrusted to us reach far in the past, but we have no desire to go into the economic history of India. The broad facts are known to all well informed persons in India, but it is necessary to emphasise that there was a time when the largest bulk of the requirements of the people was produced by hand and in cottage industries, and the production was spread over the whole country. The concentration of large industries at certain centres and principally at the ports was a later development. The entire bias of British rule was towards the encouragement of trade in imported articles and later towards the establishment of industry of the factory type. This was regardless of the effect which such development had on the lives of millions of people in the countryside.

5. Much sympathy with the deterioration in the life of the rural masses was always expressed. Many committees and commissions sat and reported, and many measures were undertaken to help the agriculturists generally and more specifically the artisans in the countryside, but the decay of handicrafts could not be checked. The process is still continuing in spite of measures hitherto taken. It is not our intention to deal with these measures in detail* or with the causes which have led to their failure. But we have taken, as will be seen in the body of the report, the warning that any measures, which we suggest, should be fool-proof, and capable of producing results and should affect beneficially the lives of a very large number of men and women in the countryside. In other words, the lack of balance in the economy in the past has to be corrected. State organization, State credit and State resources have to be diverted in the direction, which will help and support a large number, who have been the victims of the unbalanced economy of the past. We want to tilt the scale in favour of the masses, who constitute the largest bulk of the Indian population and more specifically those of them, who are, through no fault of their own, unable to make the maximum and beneficial use of their leisure and their labour.

6. We are impressed by the fact that there is a vast movement of raw materials towards the producing centres with industry of the factory type and there is a counter-movement for the distribution of the finished goods. Our first task would be to accept the position as it is now and at the same time to make suggestions for preventing any further growth of the same phenomenon. We wish to point out that the present development is the result of a capitalist economy, in which each person is left free to run any enterprise he likes. We do not wish to go into any detailed discussion as to the relative merit of this economy with other forms of organisation. We recognise that free private enterprise leads to rapid development, so long as businessmen see profit in the activities, which they choose. But we also feel that the natural corrective of such activities from over-production and liquidation of weaker concerns may be too costly for a poor country. For this reason, it is now accepted throughout the country that the State should be well-informed on the nature of the activities carried on and should have an intelligent organization for regulation and control of such activities. We would urge that restrictions on such activities should not be normally placed, but we would also emphasise the need for such restrictions, where the enterprise of one man might result in economic distress to any considerable group of persons. In other words, where the restrictions and limitations are necessary in the interests of society as a whole, such restrictions and limitations should be placed without hesitation.

*See Appendix II for a brief summary.

7. We do not believe that the task before us is to replace factory production by hand production throughout the country. We do not advise Government to accept this as their objective. We conceive it to be the function of Government at the present moment rather to demarcate and to apportion spheres between machine production and hand production, putting down what Government think proper as the limits of machine production under the existing circumstances in India. In other words, Indian capital and labour, which are engaged in factory production, are as much an object of concern for Government as the class of people for the welfare of whom we make recommendations in this report. We say this in order to clear the atmosphere so far as the Committee is concerned, because in some quarters there appears to be a theoretical and emphatic demand not only for checking the growth of machine-made goods, but for eliminating existing factory enterprises. This we disapprove as being against the interests of India.

8. On the other hand, we would with equal emphasis condemn the efforts made in various directions by people engaged in factory industry to pooh-pooch and to belittle and otherwise to discredit hand enterprise, as it is now being carried on in the country, as well as all schemes devised for the improvement of production by hand. The danger of competition is from the products of mills and factories, if the price factor only were taken into account. It is not the other way around and it, therefore, does seem extremely odd and inapposite that any section connected with large industries should go out of their way to interfere with or otherwise to discourage cottage industries of artisans. Vested interests in large industries are vocal and powerful. When they were in difficulties, they did not hesitate to invoke the assistance of the State or to put the burden on the consumer by protective duties, bounties, subsidies and other measures. Several of these industries generally and the mill industry in particular, could not have survived but for the help given to them by the Legislature through protective measures (in some cases as much as 75 per cent.) when Japanese competition was assailing them. It does not, therefore, lie in their mouth now to turn round and try and prove how uneconomic hand production would be. If Government, after careful consideration of *all* issues involved, come to the conclusion that it is necessary to take certain measures and to help even from general revenues certain activities affecting a large number of the population, this should be permitted to be done without interested clamour from powerful business magnates.

9. We are conscious that the fear of private enterprise being checked or eliminated is at the root of such action on the part of the big business. We have, therefore, indicated it as our considered view that there will remain room for private enterprise in India and the factory type of industries, so far it has been established, need not be normally interfered with except as provided for in paragraphs 124-127. But it must be realised that a people's Government must do what is essential for sustaining the life of the people as a whole. The bulk of the people of India are in the rural areas, whose welfare is a primary responsibility of the State. The fact, that these classes have been victims of wrong policies of interested parties and of exploitation in the past and that they have been generally neglected, establishes a primary claim by them on Government's attention which cannot be gainsaid. It is of great importance to this country that the standard of life of the mass of the people should be improved. It is also necessary that their living and working conditions and their health should receive prompt care from Government by measures, which may cost the general tax-payer immediately, but which in the long run, will add to the prosperity of the country as a whole.

10. In other words, we wish to indicate that considerations of planned economy involve necessarily the regulation of private enterprise. No man should be

permitted to gain at the expense of the community as a whole. The reward to the labour of any person should be full and unfettered, subject only to the sovereign consideration that the country as a whole must prosper. In planned economy, it is also essential that such skill as exists now should not be permitted to die out, even if such a course checked the addition of a few factories which would put money in the pockets of those, who promote such factories. The determination as to how much and in which direction it should be checked, must be a matter of a well-considered policy. An individual businessman is not concerned with the consequences to those, whose activities his enterprise destroys, but the State is concerned. Not only the right of the State to take measures, but their absolute obligation cannot be, therefore, disputed, if such measures would bring hope and cheer and health to a large number of people.

11. We deprecate the talk of wholesale 'nationalisation', which is commonly indulged in by people, who have given imperfect thought to this subject and who are impatient and discontented with the present order of things. In our opinion, the State has limited resources. We do not wish that these resources should be diverted to the acquisition of factories which are at present running. We would rather wish that priority was given to measures set out in the report, which will also engage Government funds on a large scale. The organization and administrative machinery of Government is another limiting factor and we do not desire that business organizations should be taken over by the State involving rapid expansion of administrative machinery for the purpose of management, altogether apart from our general view that the State may not in all cases be able to manage them as well and as economically as private enterprise does.

12. We must stress the need for using men and money at the disposal of Government in the directions, which we have indicated in the report, in view of the help which will reach a very large number of those who are otherwise unable to help themselves. The primary claim to the State's attention as well as resources is of the rural community, the cottage industries and the artisans.

13. The claim that factory produced goods could always be cheaper, has been made with success in the past, but it is not necessarily correct. Conditions of production, availability of raw materials, skilled labour, finance, equipment, tools research, transport and correlation of different branches of industry have not been the same for the factory type as well as for the cottage industries. The lack of bargaining power of the small man *vis-a-vis* the merchant, which is not the same in the case of factory and cottage industry, both for the purchase of raw material and for the finished products, has also to be taken into account. If and when these conditions are equalised, a comparison would be justified and in our report, it is our effort to give like conditions to rural production, and to express the hope that the final cost to the consumer will still remain in many cases at or near the figure of the final cost to the retail consumer of factory made products.

14. The harm done to the countryside by the farm products moving out of the place unprocessed is considerable. Not only is the scope for employment in the processing industry lost but the cost of transport is increased. Where the countryside consumes the finished goods or their substitutes (as in the case of lighting oil) the loss is manifold. The return to the soil of the elements taken out is another important consideration. In planned agricultural economy, effort must be made to process, as far as possible, the farm products in the place where they are produced. The disadvantage of the hand-industry in such process-

has been exaggerated, because transport has been cheap. Part of this cheap transport is at the hands of the agriculturists themselves, when the stuff moves from the farm to the Mandi and the despatching station. Is it necessary to subsidise the factories by a continuation of this process of cheap transport which pays less to country carts or rural parties and less to Railways in a State enterprise? Is it not better to save movement, as far as possible, both of the raw material in the direction of the factory and of the factory-made goods in the direction of the consumers in the rural areas?

15. It is not merely the movement, but the commercial operations involved in the intervention of the middlemen at both ends. It is notorious that purchases of agricultural products take place under conditions, which do not fully reflect competition of the buyers. Where competition is, therefore, non-existing or is momentarily suppressed, the farmer parts with his produce very cheap. Apart from the profits, which the middlemen thus pocket on the purchase of raw materials, are the profits, which are made by factory producers, wholesale merchants in the district, the distributors and finally the retail sellers. The problem which we have before us, is whether it is not possible in some cases at least to eliminate this profit or the bulk of it, and to secure the resulting advantage to the village artisan and hand industries in the countryside.

16. The objective of making villages self-sufficient in their essential requirements as far as possible, has been kept before us, but we disapprove of the loose use of the word 'self-sufficient'. There are people in the villages, who are not able to use articles, which are common necessities to the urban population, because of the slenderness of their means. There are others, who can afford these articles, which reach them through the ordinary trade channels. Our aim is rather to give increased purchasing power to large masses of people so that they can afford to buy things, which hitherto they were not in a position to acquire. The problem is, therefore, not one of merely increasing the production in the countryside, but also of bringing within the reach of large numbers, things, which they could not get, because of the slenderness of their means. As we view the problem in this manner, we have not attempted to make every village produce all the things, which the people of the village need. We do not think it either necessary or possible that this should be done. We think it would be an extremely costly process even if it were attempted. There is nothing inherently wrong in people of one locality buying goods produced in another locality. The objective should be rather that things of common use are produced in sufficient mass inside a district, in which they would be distributed along economic routes to consumers inside the district. In other words, a certain amount of distribution would still be inevitable, but the range of transport is definitely reduced. A certain amount of exchange of goods between localities would be taking place, but it would be in a large measure between places in the countryside. There are several limiting factors dealt with in the report later on, by which certain articles considered to be essential and of common use, can be made more economically in those parts of the country where raw material is immediately available. This may be not only outside the district but even outside the province and an interchange of production must not, therefore, be ruled out. While we do not aim at a complete reversal of the present trend of transport, we do envisage considerable modifications in them. We would favour the increase of local transport along roads, rather than by rail because the transport activity itself is expected in our opinion to absorb a considerable number of men in full time and to engage others in part-time activity. The principal object should be to add to the income of those, who are wholly or partly unemployed. From the point of view of

such parties, it does not matter at all by what activity their income is added to. We would not rule out, therefore, from the scope of the village industrial centres, articles which are used largely in urban areas, or even those which become the subject matter of export. For example, one village centre can make electric switches, which would not be used there until electric supply reaches the interior. In Switzerland, as well as in Japan, cottage industries were engaged in making articles, which were largely exported and which enabled those countries to acquire exchange to buy raw materials as well as other articles, which were needed. Subject to this, there is no harm in aiming at the production in the rural areas of articles, which the rural people themselves will largely use. As persons will add to their income and purchasing power, they will demand goods, which they were not hitherto buying. In other words, a substantial part of the new supply will be in the countryside itself available to those, who were not hitherto in the market for these things to some extent. The choice of the location of the crafts for village centres would be made by the Provincial Board as indicated in paragraphs 39-40.

17. On the basis of these ideas we have framed our recommendations. We have not indulged in any flashy and imposing suggestions; we have approached the problem cautiously, but with firmness. The harm done in a hundred and fifty years cannot be undone in one day. Indeed it is an uphill task to restore economic and moral strength to the countryside, from where it has been gradually squeezed out. Government would have to prepare the ground psychologically to restore the self-confidence of the countryside and to check the city man's cocksure patronising. Government will have to adopt this scheme as part of a larger plan not merely for increased production, but for greater health and greater human happiness. The key-note of our report is that it is a moral problem and not an economic problem, because, we are invoking State-aid in diverse forms for a plan, that would set up on their own legs the rural community generally and those engaged in rural industries particularly.

CHAPTER III.

HELP TO EXISTING HANDICRAFTS.

18. With the broad objective, as explained in Chapter II, we set before ourselves the task of studying the problem from the point of view of rural humanity. The division, in which we wish to examine the question, is as follows :—

- (i) Artisans engaged in hand-work,
- (ii) Men and women, who are unemployed for the whole year, or for part of the year,
- (iii) Men and women, who have got a small amount of leisure from their other work every day.

These groups have to be studied with reference to—

- (i) existing crafts and industries in the rural areas,
- (ii) village industry centres (Chapters IV and V).
- (iii) cloth production (Chapter VI).

19. The condition of artisans engaged in rural production at present is far from satisfactory. They are concerned sometimes with the processing of raw materials, but more often with the production of things of local requirement. There is for example the production of earthen pots, the collection of bones, the collection of skins and sometimes the tanning and turning of skins into useful waterbags. Survivals of old handicrafts exist in certain places. Oil-pressing, 'Gul' making and various other activities are known. Also dairying and manufacture of milk products, and supplying cartage is being done.

20. Many measures are already on foot for helping the industries as well as for helping the individual artisans. We do not wish to disturb the continuance of these measures. On the contrary it is our recommendation that, instead of being meagre and isolated, such measures should be all correlated. The point to emphasise is not the amount of money which the State spends ; this is very small (for particulars see Appendix II), but the number of men, who are getting the help and the basis should not be the volume of the help rendered by the State, but rather that, no one, deserving of the assistance and guidance, has been left out. Government officials, fond of writing brilliant reports, have hitherto not approached the problem from this point of view and we, therefore, urge that, in future the district organization, which is established for other purposes, should have a specific duty levied on it of bringing all intelligent artisans and their activities to the notice of the Provincial Board with suggestions for their amelioration, wherever existing measures do not prove adequate.

21. A statement of important recommendations of previous committees on this subject and of the measures actually being taken by Government is given in Appendix II.

22. In most of those cases, where expensive raw material is involved, or, where capital is engaged, the work has passed into the hands of non-agriculturist financiers, who engage the artisan more or less on the wages system. In some of these cases, the supply of funds through the co-operative movement temporarily helps the artisans, but the unequal task of purchase and sale, to which the artisans are put, has had the effect over a long stretch of time of weakening and wiping out handicrafts. In other words, the private enterprise of the artisan himself has run very low. Private enterprise of groups, or of private persons, is seen in some cases, and though

in some places, it produces good results, it would be no exaggeration to say that, on the whole, village craft is perishing. It survives where distance and the cost of transport saves it. It also survives where luxury articles are produced, which are sold in large cities. It survives locally where requirements of large cities, such as brooms and baskets, are met. The survival, however, is fitful and in different pockets here and there. There is no robust existence on a competitive basis of the village craft, in spite of the measures hitherto spoken of and in some cases adopted.

23. We recommend the adoption of the following measures for supporting existing handicrafts :—

- (i) Supply of models, samples from abroad for being copied.
- (ii) Supply of better raw materials and colouring material and other ingredients,
- (iii) The holding of periodical exhibitions and the granting of prizes for superior quality,
- (iv) Outright purchase at remunerative price for disposal in Government Sales Depots, and
- (v) Technical advice as to material and method of production through itinerant skilled Government staff. This must cover expert opinion from experts, whose services may be requisitioned for a week or two, on the improvement of the formula used or on the treatment of the material with equipment different from that which is currently in use.

With regard to recommendations (ii) and (iv), it is not suggested that all materials should be supplied to all people. Nor is it suggested that all output should be purchased. Difficulties felt by existing rural industries in the direction of acquiring the proper material at proper prices and in the direction of the disposal of their products at reasonable prices must be carefully looked into. Representations on these difficulties must be promptly examined and, wherever the need is established, Government must assist temporarily.

24. Some of the members of our Committee desired it to be specifically noted that those handloom weavers; who wish to function independently and freely and not to come under the scheme set out in Chapter VI, should be permitted to so function and the existing facilities under existing measures for them to acquire raw material, credit and any other form of encouragement should not be curtailed.

25. The position of the oil Ghany was discussed by us from every aspect. The Committee feels that the establishment of large oil mills and more particularly of vegetable oil plants is working to the prejudice of the little man, who was maintaining the village Ghany. Not only did he get sustenance for himself, but the village was able to get pure oil and the cake provided cattle feed and in some cases manure. The export of the cake is a permanent injury to the soil, to which the elements taken out are not returned.

26. This is a complicated problem, to which we do not see a simple solution. We cannot recommend restrictions on the movements of oil and oil seeds for fear that the farmer-producers would then cease to get a fair value. The problem cannot be solved merely by creating credit facilities for the Ghanywallahs, because there is high speculation in oil seeds as well as in oils and cake. We think that this issue should be carefully examined for each district. And having regard to the good the oil Ghany does to the people, as a whole, Government ought to subsidise oil Ghanies to an extent, the necessity for which such district-wise examination discloses.

27. Voluntary storage of oil-seed by the village for the use of the village is very desirable, if it can be done without Government intervention. We are not in a position to say whether in relation to the total production of oil-seeds, the number of oil mills and factories is excessive or not. But if Government desire the survival of the village oil Ghany, which is necessary on economic grounds mentioned above, some drastic steps in our opinion will be necessary though we are unable at the present moment to make specific suggestions.

The issue of the production of Gur also offers like problems and deserves close investigation.

28. Having dealt with a diminishing number of persons already engaged in handicrafts, it seems to us that the major problem still remains. The crux of it is those men and women, who cannot get employment all the year round and who either sell their labour extremely cheap in any existing activity, or lose it altogether, and fail to derive any material or substantial advantage as the reward of their labour, which is lost. For such persons we suggest the scheme for the creation of village centres, where they will be received and taught a skilful operation and paid from the first day they attend, and they will continue to be paid for all times, while they are able to help in the production of useful articles.

CHAPTER IV.

VILLAGE INDUSTRY CENTRES.

29. In selected villages, in the first instance, and later in a larger number, the village industry centres should be established. At each such centre, arrangements should be made for production in one single selected article. At least three skilled artisans, who are adept in the making of such an article, should be imported from cities where necessary and established at such a centre on the guarantee of a full wage such as they are now realising *plus* free residence. A storekeeper-*cum*-accountant should also be imported on a suitable monthly salary with free residence, which should be provided. A building, where this work can be carried on, would have to adjoin. There is nothing to prevent Government or the Provincial Board from establishing a few centres with existing accommodation, but our recommendation is that suitable accommodation with clean cement concrete residences for the staff mentioned above and with a clean work-room should be especially built and should provide models.

30. All necessary raw materials and tools, equipment, moulds and models will be supplied by Government to such centres.

31. All the adult men and women, who could give their full time, would be free to come and join this activity. From the first day of their attendance, they would receive not less than four annas a day, but, when their skill is reported upon, the scale should rise gradually from four annas to eight annas, which should be the maximum.

RELATION TO VILLAGE EDUCATION.

32. Without making it an essential part of the scheme, we recommend the examination of the problem, whether children could not join in with advantage to themselves for half a day. Should this be done, the wages to them would be one anna per day of attendance rising to a maximum of four annas. Their education for the other half of the day could be assisted, if possible, by the storekeeper-*cum*-accountant in the above scheme and his wife. Their education would have to be assisted by other devices, such as gramophone records, radios, etc., but these are details, in which we do not propose to enter. After the scheme has worked for a period of three years, older boys would be able to teach the younger boys on the monitor scheme. We mention this scheme here mainly on financial grounds in so far as a centre, which has been established for an industrial process, would provide training of the eye, the touch, the sense of measurement, the sense of weight and other useful faculties. It would induce them to attend because of the attraction of the payment, and if the two schemes are worked in together, the cost of education may be at these centres correspondingly reduced. But this has nothing to do with the main scheme. Any criticism of this part of our programme ought not to militate against the main scheme, which is for adults.

ACTIVITIES OF THE VILLAGE CENTRE.

33. It will be for the Provincial Board to decide—

- (a) what industry to select,
- (b) what village to select,
- (c) to provide for minimum units of production,
- (d) to take the nucleus of trained labour away after six or nine months when men are fully trained.

34. The object is not industry as such, but industry, that can supply the needs of the very poor by producing in a range of price within their reach. The object is industry, which will give them some employment.

35. The extreme poor in the rural districts would be (i) young persons, (ii) old persons, (iii) women, and (iv) able-bodied men.

The common characteristics of most of these are :—

- (i) no particular skill ;
- (ii) no knowledge as to what to produce and how to produce it ;
- (iii) no resources to buy raw materials or tools ;
- (iv) irregular attendance on account of social or agricultural occupation ;
- (v) no skill to buy or sell in contact with merchants.

36. It is not, therefore, whether any particular industry could be revived, because the population in question is not addicted to or familiar with the process of any particular industry. Where they are so familiar, assistance may be rendered as for tanners, weavers and others.

37. It is, therefore, a question of introducing some industrial process, which—

- (i) does not involve any high physical exertion (in order that persons of different ages and calibre could join) ;
- (ii) does not involve any particular skill (This could be done by standardising one single size and one single article produced) ;
- (iii) secures for them the advantages of mass production (This could be done by instituting one industry for each village or group of villages).

38. All transport, maintenance of stores and accounts, provision of skilled labour as a nucleus, engaging of funds in the purchase of raw materials, and arranging for the distribution and sale of the finished products must be undertaken by the State.

SELECTING A CRAFT.

39. In selecting the crafts, which may be established in any particular village, several factors would have to be taken into account. The most important is that, where there is any existing skill in a traditional craft, it should be used as a nucleus and facilities arising from the supply of raw materials, stores, sales and unskilled but cheap labour supply as well as higher technical guidance, if required from outside, would build up relatively quickly in that place a sizable unit of production.

40. The other consideration should be the availability of raw materials. Out of a long list of crafts, the materials are bound to be available in the district concerned for many things. Wherever the material is heavy and comes from rail transport, it is desirable to select villages not too far from railway stations for the handicraft concerned in using it. Care should generally be taken to establish those crafts first, in which the work is physically light, because, as provided in paragraph 32, the children's education through craft is also to be done and children cannot deal with heavy material or dangerous material. Transport considerations would weigh heavily, but it should not be difficult for the organizers to make a distinction and create certain centres to start with and then to expand intelligently.

ORGANIZATION.

41. The simplicity of the task, as outlined above, so far as the village is concerned, would give no idea of the intricate and complicated organisation, which

would have to be created for a smooth running of the scheme as a whole. The principal tasks involved would be :—

- (1) Acquiring the raw material.
- (2) Supplying the tools, hand machines and other equipment of production.
- (3) Transporting the raw material to villages.
- (4) Supplying the stores required.
- (5) Picking up the finished products from villages and distributing them to other villages.
- (6) Dealing with surpluses, if any.
- (7) Dealing with trade wastes created in the operation.
- (8) Dealing with technical or trade problems as they arise.
- (9) Preparing and producing hand tools, hand machinery and other equipments required in various operations and trades.
- (10) Picking out highly skilled men and planting them in the villages.
- (11) Providing suitable residences for the skilled men, for the accountant and the storekeeper-cum-teacher.
- (12) Providing work room for the craft selected and storage space for the raw material and the finished product.
- (13) Maintaining a transport of lorries and bullock-carts or arranging private transport on scheduled terms.
- (14) Supplying packing material, such as bagging material and boxing.

KEY PLAN.

42. All these purposes will be mapped out in the key plan to be set up by the Provincial Board, who will also have to create a code for every type of State employee concerned. Any new questions will be dealt with by the District Board (an *ad hoc* special body created for putting into effect this scheme and not a District Board for local affairs as it is called now). A regular corps of non-official workers will have to be created, who would collect ideas, suggestions and grievances, who would do a certain amount of propaganda and a certain amount of inspection or visiting.

43. Where the material produced in a village centre should be supplied to a factory for being assembled, or *vice versa*, where an intermediate product of a factory is turned into a finished product by the village centre, the location is dictated by proximity to such factories.

HOURS OF WORK.

44. The hours of attendance and work should not be less than eight for adults and less than three for children; whether these should be arranged continuously or with a mid-day break, is something, which the Provincial Board will settle in consultation with people who know. Light operations to suit seasons or conditions of any particular village, should be permitted. If the people coming to the work-centre do not have to come from far, a mid-day break for food and rest is indicated. The whole plan is one of trial and error. It is an attempt to create factory conditions of work without the disadvantages of life, which those, who work in factories in the cities, have to undergo.

45. We expect that the efficiency of a person, who lives in the surroundings in which he is born, and who is given an opportunity after acquiring the initial

skill to work at a trade, cannot possibly be less than that of a neurotic person living in crowded slums in the City. The simple, but healthy food, and the simple but healthy surroundings, must give a much greater resistance to fatigue than for the city operative. Against these advantages is the factor of the traditional slowness of the rustic mind and the traditional indiscipline. For the first few years this factor will have to be reckoned with, but in due course this must disappear. Examples exist in the world in many countries where a rural community, who have skill in a craft, produce magnificent results.

FUNDS.

46. Government funds will be engaged in this scheme for the following purposes :—

- (1) Raw materials.
- (2) The payment of wages.
- (3) Capital outlay for residential and work-room buildings.
- (4) Capital outlay for lorries and carts and bullocks.
- (5) Capital outlay in turning jails into workshops for the production of tools and hand machinery.
- (6) Current outlay for the payment of storekeeper and accountant-cum-teacher and of skilled workmen at each village centre.
- (7) Current transport charges.
- (8) Wages of transport men.
- (9) Capital engaged in carry-over of finished goods until they are sold.

The cost of a typical centre is worked out below.

A village centre for the production of coat-buttons of a certain type.

			Rs.	a.	p.
<i>Capital—</i>					
Initial equipment, tools and machinery	...	...	2,000	0	0
Cost of work-room, cottages, etc.	...	...	8,000	0	0
			<hr/>		
			10,000	0	0
<hr/>					
<i>Recurring Costs (Monthly)—</i>					
			Rs.	a.	p.
Three skilled men at Rs. 4 a day	...	...	360	0	0
Accountant-storekeeper-cum teacher	...	...	100	0	0
40 Children at 2 annas a day for 25 days	...	...	125	0	0
40 Women at 6 annas a day for 25 days	...	...	375	0	0
40 Men at 6 annas a day for 25 days	...	...	375	0	0
Stores	...	...	60	0	0
Materials	...	...	600	0	0
Miscellaneous	...	...	105	0	0
			<hr/>		
			2,100	0	0
			<hr/>		
			Total	...	...

TRANSPORT.

47. In the scheme, which has been put forward, Government will have to do transport work. The whole idea is that Government should do such transport, partly by lorries and partly by bullock-carts, as the case may be and in such a way that adequate transport is made available and as many people absorbed in the activities of the transport as necessary. But some people, who bring raw material at the door of the village, would pick up the surplus finished products for distribution further, and deliver it on their way to such places as may be given to them. In other words, an entire circuit plan will have to be made, so that, as far as possible, the lorries or the bullock-carts do not move empty. Any particular village would receive not only the raw materials, but in measured quantities, the articles made elsewhere. It should be possible to work out the itinerary in the most economical manner.

SINGLE TASK.

48. The decision as to whether the mass production scheme should be used for cotton cloth or for other articles required by the village folk for common use, may be taken partly on economic grounds affecting the community, but the basis should be that the class of men described in paragraph 35 should get the work and the sustenance through the wages paid.

49. Man is by nature condemned to get through the same personal routine in life every day and with regard to work, most men do what opportunity or chance has made available to them. It is one of the drawing-room illusions of amateurs that one can have a choice and one should do what one pleases. The higher art of life, according to the genius of India and the traditional philosophy, is to do whatever is necessary and yet to take pleasure in it; in other words, to do it cheerfully, diligently and efficiently.

50. The plan involved in the schemes which are put forward in this report is based on an allotment of a simple individual task put on each village. The risk of the failure of this task is on the State. The men, women and children, who will associate with this task, come to the work voluntarily for a reward, which starts immediately even if they are unskilled and which rises with increased skill in them upto a stipulated limit and no more. The limitation of the work to a single task increases the scope for acquiring skill in the shortest period, for minimising mistakes and waste, and is the foundation of mass production of simple articles under rural conditions at a cost which will probably be lower than the factory cost of similar articles.

SOCIAL INSURANCE.

51. The argument, that the simple process is monotonous, that the original conception of a village was mixed crafts of all kinds, and that men must have variety to choose from, ought not to be advanced and ought to be definitely refuted. Even if a man was working at one craft, the monotony would arise, because he would be doing the same thing every day. The fact, that many are working at a craft, does not add to the monotony. While inspiration may be drawn from the past, the idea of an exact revival is impracticable. What existed in a village many hundred years ago cannot possibly be brought back, but India can build up strong, sturdy, self-respecting and self-sufficient village communities on a new basis, where the voluntary labour of men, women and children produces something, which they can use for

themselves. The resources raised by their labour will enable them to buy simpler products of the labour of other village communities. The suggestion, that men must have variety to choose from, arises out of the notion of a man having some definite rights against society as a whole. Have the class of people, for whom concern is being shown in this report, any such rights at present? Are they not neglected and permitted to grow up anyhow and without any skill as inert human mass? Are they not drifting at present with circumscribed opportunities for such work as they can find, and are they not losing their entire labour, because they do not know what to do and how to do it? At present they have no social insurance and nobody helps them, if they go down economically, as indeed in every emergency, trade depression, fall of prices, famine or any other situation, they do go down. From this, through the social plan set out in this report, they are given a definite assurance of a minimum earning, without being torn away from the place of their birth and from their familiar surroundings without any risk of any kind on their head and without the discontinuity of employment. Social schemes must be judged with reference to the conditions, which they replace, and not absolutely. The Utopian Heaven when a man can do what he pleases, as he pleases, is an entirely irrelevant idea with reference to the plan suggested herein.

52. The excellence of the plan lies in the fact that, apart from being a social insurance scheme, i.e., preventing persons (who are healthy and capable of working) from falling below a certain minimum standard, it is an experiment in socialism and communism. There is nothing to prevent the State from continuing to give additional benefit to these units arising out of better price for the sale of their products, disposed off either in large cities or abroad. There is nothing to prevent the work centre at the end of the work from being used as a social centre for entertainment, for Bhajans and Katha. There is nothing to prevent collective and co-operative buying by the centre of things required by its members through the Government agency at factory price and at cost. There is nothing to prevent the machinery being used for the collection of surplus grain and for products of the village without the intervention of middlemen. All the loose parts of the scheme can be worked into a highly organised socialistic state, and yet the speed of the progress towards any such objective is self-regulated and therefore, free from the element of coercion.

INITIAL STAGES.

53. Mistakes will occur through human weakness, through defective directions and through the inertia of ages. But a strong will at the top, which controls the scheme, will have to smoothen out difficulties. Much patience will be wanted and a certain amount of training period will definitely be a period of low production and heavy cost. The scheme will not be in full gear for a period of twelve months. On the other hand, during these twelve months, it will not be planted at too many centres. The initial selection of industries to be taken up will be those, in which mistakes are less likely, raw material is more handy, and the skill required is relatively small. While much can be fore-shadowed and forecast, there would be new factors and elements of surprise, which will arise. The confidence of the men at the top and their skill will be put to a very severe test. So far as the villagers, for whose benefit the scheme is conceived, are concerned, their conservatism would have to be met but the direct money inducement, regardless of their skill, is expected to get their initial adherence to the scheme without difficulty. Whether they will remain in disciplined or orderly activity and acquire skill as rapidly as we hope, however, remains to be seen.

PRIMARY OBJECT.

54. We have not been troubled with the anti-thesis, which it is usual to put forward between village industries, which cater for the wants of the villagers themselves, and those which produce goods useful to the urban population. There is a class of manufacture, which could be used exclusively by the urban population and which could still be manufactured in the villages, such as, for example, switches. The same class of goods would also be available for being exported out of the country. The primary objective is to raise the standard of life of the people concerned and, therefore, to produce articles, which they will make on the mass production model, one in each village. Arrangements would have to be made for the distribution. When a distinct surplus is found of these articles, they could be sent to the urban areas and sold there at a slightly higher rate. They could be also sent abroad and sold there for whatever they can fetch. The differences in price, or credits arising out of such sale, would go to the central funds of Government for the administration of the scheme. In other words, so far as the quantity of production is concerned, the sky is the limit, and the entire surplus after the use of the district, which produces it, could be absorbed in surrounding parts of the country itself, or in urban areas, or in export.

55. As the concentration of mass production in the village would be for articles, which are small in bulk and which do not require great physical exertion, since children are to be associated, wherever possible, the final list, as it will actually emanate, will not only cover many articles which are useful locally, but many others, which could be only used outside, either in Indian cities or in some foreign markets.

56. There should be no confusion in the mind of the top administrators as to what they are doing. The primary objective is to give remunerative work to a certain class of people, whose labour is otherwise lost and who get no return for such labour, as they are unable to put it to any direct use in the absence of facilities to do so.

57. There are good many light articles and small ware of daily use amongst the urban classes. If they could be produced cheaper, they could be brought into the daily use of the villagers. These must be picked out in the first instance. Productive estimates could not be made now, as it is not certain how much of the labour pool left over from other and more attractive jobs will be available for the scheme outlined here. A temporary over-production of any particular item will not cause any worry, because it could be carried over to the next year, and people could be induced to switch over to something else, which in manufacturing operation is the nearest equivalent.

SCALE OF WAGES.

58. We have based these rates sufficiently low to keep down the cost of the scheme as a whole and yet to attract men and women, who cannot earn what is offered. The reward is not so small as it may appear, because we had in mind family budgets. It may be noted that we have deliberately taken the pre-war basis. There is no objection to these rates being revised upwards for any valid considerations except that care must be taken not to take away able-bodied men from essential agricultural operations. There is no danger for some time that the village centres will prove more attractive even with increased wages than higher earnings possible in railways, public works, in domestic service in large cities and in factories in large cities.

QUALITY.

59. The question whether the quality of the goods produced under the conditions of the village centre will be very high was raised. During the first year and while men and women working at the job are new, the finish of some of the articles may not be up to the mark. On the other hand, it must be remembered that many articles will be produced for the use of the countryside and will be available at a very low price for those, who are engaged in these enterprises.

60. Apart from teething troubles and initial difficulties, the anticipation is that the quality will be uniformly good. This is justified by the fact that the best kind of raw material will be procured by the State at its source. The moral danger of the material being inferior or adulterated, need not exist, as people will be dealing with the State and will be incurring penalties for wrongful dealing if the quality of the material is lower than what is specified in the contract. With excellent material and ingredients collected by requisition, the next problem to consider is that the formula is correct, the moulds, the frames, the gauges and other tools and equipment are correct. Here also the highest technical skill in the land would be brought to the job by requisition of their services for a week or two to settle the formula and the general process. Lastly, we would ask Government to set up an organised research to help both in the mechanics and the chemistry of every kind of manufacture undertaken. These research men will not only provide correctives to any mistakes, which may be occurring, but will provide tools and implements and formulas that will lighten the labour, increase production and improve the quality.

QUANTITY.

61. A question has been raised as to whether the quantities produced under these conditions will not be excessive. This question is premature until in many provinces very many village centres have been set up. It is true that most provinces will go for easier and simpler things and at some stage it may be found that the supply of certain small items is excessive. The remedy lies in three directions. One is a change-over to another article of like nature produced with like material. The other is to prevent the importation of this particular article altogether, and the third is to prevent factories engaged in the production of similar articles to call off the production of certain lines. In other words, the period when there will be a plethora is still very far off. India is a very large country, in which existing demand is also considerable and is attracting the trade of the whole world. When to this demand is added new demand, which we are creating by paying out enormous money month after month by way of wages, the absorbing capacity of the countryside for numerous things of the type, which will be selected, may be considered for the present sufficiently exhaustive and need cause no worry whatsoever.

We give hereunder an illustrative (but not exhaustive) list of industries and crafts which could, with advantage be introduced under the village centres scheme.

Group "A" is selected on the basis of involving minimum skill and also involving relatively light-weight material.

Group "B" industries and crafts are more complicated and require bigger skill as well as bigger equipment.

The illustrations under Group "C" are still more complicated, but could, with advantage, be introduced in due time after the necessary preparations have been made.

Group "A"

- | | |
|-------------------------------------------|-----------------------------------------------|
| Wire Products. | Buttons (Cotton, Wood, Horn, Plastic). |
| Match boxes. | Boxcard and containers, Files. |
| Penholders. | Pencils, Crayons. |
| Combs. | Envelopes, Paper bags. |
| Litho label printing. | |
| Grass and basket making. | Tooth brush and fibre products. |
| Caps. | Coir and rope, Brushware. |
| Masala, Papad, Pickles, Condiments. | |
| Paper festoons, Kites. | Toys (of all materials). |
| Drafting and drawing materials. | Sports goods, Balls, Rackets, Bats. |
| Spectacle cases. | |
| Light leather products. | Tobacco curing and products. |
| Leather purses, diaries. | |
| Tooth paste. | Belts. |
| Ink. | Wrist straps. |
| Lac and Lacquer. | Boot polish. |
| Cane and Pambooware Furniture. | Pharmaceutical products. |
| Strings, cord, tape. | Small wooden articles. |
| Garters suspenders, braces. | Candles. |
| Knitting and Hosiery. | Bobbins. |
| Mirrors (Small). | Kumkum, powder, pomade, cosmetics, lipsticks. |
| | |
| Toilet materials. | |
| Nail files, Tooth picks. | Tokens of all kinds, size and materials. |
| Rubber stamps. | Stencils. |
| Dolls of wood, marble, ivory, horn, rags. | Plastics, Bakelite. |
| Celluloid articles. | Hold-alls. |
| Canvas-bags. | |

Group " B "

Cots and Furniture.	Containers (tin or card board).
Pottery.	Umbrellas.
Electric goods	Broomsticks.
Glassware, bangles.	Book binding.
Ruling for books.	Account books.
Wire nails.	Hair-oil.
Phenyle.	Chappals.
Cane furniture.	Matting and carpets.
Musical instruments.	Fountain pens.
Hand-made paper.	Photo-frames.
Soap.	Lether suit cases.
Tapes and Foot-rules.	Scales.
Hand-battery and torches.	Ready-made clothes.
Lamps.	Sticks.
Blinds.	Canvas shoes, Slippers.
Fans.	Rubber shoes.
Tatties.	Tobacco pipes, Smokers' requisites.
Corks.	Life-saving devices.
Lacquer work.	Haberdashery.

Group " C "

Agricultural implements.	Saddlery.
Canned fruits.	Utensils of daily use.
Scissors.	Pen-knives, table-knives.
Bicycles and parts.	Furniture (standard).
Rubber goods.	Parts of clocks.
Locks.	Spectacle frames.
Handloom accessories.	Shuttles.
Safety razors.	Tiles.

CHAPTER V.

POLICY BEHIND THE PROPOSAL.

62 The question is frequently posed as to whether an individual is a free individual and should be left to himself by the State. Notions of theoretical freedom are constantly brought in against organization by the state for interference involving checks and controls on production, movement of goods or sales. Many people have got a confused idea that the freedom of the citizens is jeopardised, if the state arranges the direction of production, movement of goods and sale.

MINIMUM STANDARD.

63 Against this and modifying it, is the principle that it is the duty of a democratic state to see that no individual falls below a certain level and a certain limit of economic livelihood and physical well-being. The state in this case is the majority of the population and those who are relatively well off, compared to those who are on the margin. Freedom in the hands of those, who are under the margin, merely means freedom to die of malnutrition. It is freedom to go down further and to be involved in the first instance in physical degradation due to less nourishment, no medical treatment and no skill of any kind.

64 From such physical degradation, moral degradation is only a step further down. This notion of freedom is wrong for any people or state to entertain. It is a negation of the ordinary obligation of the state. A foreign Government deliberately introduced the idea of let alone, involving thereby a progressive deterioration of the life of the people. A national state must reverse the process and take into consideration every class or group of people, who, through their own fault or without such fault due to events occurring outside, are brought to a condition, which renders them helpless.

FULL EMPLOYMENT.

65 Every employable person must be employed. Every person, who, by physical defect, old age, childhood or any other reason, is unable to work fully, should be provided with opportunities to work partially. Every other person, who cannot even work partially and who is disabled either permanently or temporarily must be supported by the state.

66 Real freedom arises from human happiness devised on this basis, from the discharging of obligations, which devolve naturally on those who are in respect of resources, skill, intelligence or power, better placed than others.

PROFIT ELIMINATED.

67 It is not claimed that the scheme put forward in this report is complete and incapable of variation in the light of experience. We consider it economically sound. It is the least costly, having regard to the big purposes, which it accomplishes. It has elasticity. It will serve the immediate but limited needs. It can be started in a small number of places or in a very large number of places. In so far as it offers social insurance, it will bear fruit from the first day. While the factor of profit has been eliminated, labour cost will be relatively low and even though the state will be bearing interest, transport and other charges, the cost of production even in the initial years must be high. But it is bound to diminish each successive year, as persons who have accustomed themselves to this type of work, will produce more and better articles in a given time.

INDIAN GENIUS.

68. There is no parallel to the kind of the scheme, which is devised, because the conditions are seldom the same in other countries. Industrial production takes place in Japan in rural areas. It also takes place in Denmark, Switzerland, China, and other countries. The Soviet system in Russia is reported to make unemployment practically extinct, but all details are not available to us. Our scheme is the product of the Indian mind applied to present day Indian conditions. We have prepared

the scheme on the basis of the Indian data and on the principle that the maximum chance to work must reach the class, that is wholly or partially (with reference to time) unemployed. We have, therefore, deliberately recommended that the class of industries to be picked out should, in the first instance, be those, concerned with small ware which involve relatively light physical work. By confining the activities of one village centre to one article,—even one size—we have increased the simplicity of the physical tasks and eliminated the prospect of lack of skill except in the first few weeks, if not days. Since the unskilled can also help, the scheme will succeed as soon as it is under way and as soon as the first nucleus of workers (smarter than their colleagues) have picked up the necessary skill.

ELIMINATION OF POVERTY AND HELPLESSNESS.

69. It is true that this argument appears to lead to a plea for leaving people alone after they have been brought up to a minimum standard of life. The purpose is, however, not to prove that theme. The purpose is to prove the inevitability of efforts on the part of popular Governments to bring every body up to the minimum standard of life, to give opportunities for work for those, who are capable of doing work, and generally to instil skill into folk, who are at present being merely brought up anywhere and anyhow and are tossed about helplessly in the midst of modern, grasping and selfish economy. Whether regulation and interference should go far, or should not go far amongst those, who are able to help themselves, is entirely a different thing and is not relevant to this report. The excellence and reputation of any administration is not to be judged by its public buildings and roads and street lights, nor again in the profusion and extravagance and the existence of rich folk. This is to be seen in the elimination of extreme poverty, extreme want, and extreme helplessness against physical or other dangers involved in the homes of the poor. Vice, crime and disease, which are the evils, from which any conglomeration of society suffers, have their root in conditions, which it should be the intention of the state to wipe out. It is the deadening of the moral feeling amongst those, who are left to shift for themselves without any hope or help from anybody in their extreme need, which must be checked. The sight of others suffering and going down destroys the feeling of common existence which is postulated in the words "citizenship", "patriotism" and "humanity" and creates in an individual the idea that life is based on pure opportunism. So far as disease is concerned, the origin is obvious in the reduced resistance on the part of those who are not provided with elementary necessities. It has been possible in the past and it should be possible in the future in India particularly to foster a spirit that every man is responsible for all the unhappiness, that is seen around him and that he must fully exert himself in order to eliminate such unhappiness. Will not some kind of disability survive after all the vast effort has been put in? Such a question is purely theoretical. Even if it did survive, the mutual feeling that full efforts have been made on the part of those, who are making such effort and on the part of others, for whose benefit such efforts have been made would be the foundation of good citizenship. It would create an overwhelming force to check vice and crime, as those, who cannot help others directly, must help society and the state, by acting as the unofficial agents to root out things which destroy all that is best in human existence.

COMPLEX PROBLEM.

70. The solution of the village industries problem should fit in with the general economic condition of the country. All suggestions, which treat this problem, as if it could be considered by itself, would be found defective and as a matter of fact have miscarried involving much expense on many measures taken by Provincial Governments. The great economic fact, which must be kept constantly in mind is that the villages cannot provide for their increased population.

They cannot separate that section of its population, which is, through mistake or misfortune, deprived of its land. There is a constant stream of persons leaving villages in order to earn money in urban areas. All these emigrants from villages into urban areas keep a link with the village for a short time and in the second generation settle in the cities. It is almost in every field of activity that such emigrations take place. Illustrative mention may be made of domestic service, labour on railways and public works, labour in factories, and to a small but not considerable extent clerical and other work arising out of migration for purposes of education.

MOVEMENT TOWARDS THE CITIES.

71. The point to decide is, can this movement be stopped? Is it desirable that it should be stopped? In the opinion of the Committee, this movement should not be interfered with, except to the extent, to which the creation of equally remunerative alternative employment and the progressive improvement of conditions of living and health would automatically check it. There are factors, which would encourage this migration by the improvement of conditions of life and work in the city for those who move there.

72. The movement towards the cities is sometimes selective. Labour contractors and others are recruiting men of a certain type, but it is unregulated. Many move down to populated centres in the hope of finding work, but do not find it. They depress the standard of life and constitute the fringe of the population, partly living by beggary and partly by accepting very low wages, or intermittent work and ultimately constituting that floating borderline of humanity, often used by criminally minded persons for unlawful purposes.

PARENTAL RESPONSIBILITIES.

73. The position of women and children in such migration is even more difficult and creates many problems, which are besides our purpose in the present context. Means for arresting increased population have to be thought out. Since there is a limit to the number, which can be employed at a high level of full wage, the very question of a minimum wage has not yet been fully and finally debated in India, except for the organised industries. In the scheme, which this Committee is putting forward, a minimum standard of existence is provided for the un-organised. But it should not mean a reckless encouragement of the growth of population and we consider it very important for the success of the measures put forward, that, conception of parental responsibility with realisation of the measures, by which those, who cannot bring up and support their children properly, should put a restraint on breeding, must be emphasised in every possible manner. The condition of work and the wage level can be constantly pushed down through a wanton increase of population, if it is not checked. If the checks are applied by persons of means and are non-existent in the bottom strata, the quality of the increasing population tends to come down. We advocate preventive checks in the form of restraint and such other measures as Government think proper rather than leaving it to positive checks imposed by nature through infant mortality, chronic malnutrition, disease and exposure to famine and epidemics.

LESS CONCENTRATED INDUSTRIES REQUIRED.

74. We are not showing a method of replacing the entire economy of the country. Such idealistic plans have been put forward and, while occasionally they give rise to measures, which create a fundamental change, in the context of rural industry, we feel that the approach should be different and more practical. We do not consider it necessary to emphasise that this does not in any sense mean less regard either for humanitarian or for spiritual objectives, or less sympathy with the rural population. We are not concerned with the general theme as to whether

it is desirable to have the urban population in India increased, though there is a considerable opinion, which thinks that the mass of rural population is too heavy in certain provinces. We are not opposed to the suggestion that further concentration in large cities of industries should be stopped, and that more factories should be located inland, rather than at the ports, and they should be located where the labour engaged in those factories will live in conditions not very different from the rural areas, from which they come. We also endorse the general principle that, instead of men being called up from the interior towards the industry, as far as possible, industry should be moved down into the interior. This is a sound rule, as the multiplication of thickly populated cities creates problems of administration, finance and health, which are costly.

75. Recognizing that the villages must continue to send a stream of persons for work outside, we would urge that such stream should be of men, who can earn the full scale of wages. Such stream should not be of the men for bringing down wages in city areas, where the cost of living is heavy.

SUBSISTENCE EARNING.

76. We desire, therefore, to intercept one of the causes of such stream, viz. that, for those, who cannot earn a subsistence in villages, we provide work of a reasonably light character and a process, by which they would acquire a certain amount of skill and earn a minimum livelihood and retain their self-respect.

EXCESSIVE ATTENTION TO ORGANISED LABOUR.

77. We are also providing that the items produced by such activity should be of general and common use and should be produced at a cost, which would be so low as to enable these persons (and others in the villages) to improve their standard of life by the use of these articles brought within their purchasing power. We do not oppose measures, which are being taken to extend to organised labour, insurance against various contingencies, but we cannot help feeling that, in imitation of western countries and through the influence of organised labour, excessive attention is paid in this direction, contrasting with colossal and complete neglect of another strata of human beings, who are no less deserving and whose claims to the attention and support of the state generally are even stronger.

WILL LABOUR BE AVAILABLE ?

78. We anticipate some of the criticisms of the scheme, which we have put forward. It is possible that in some districts it may be pointed out that there is a dearth of hired labour in connection with agricultural operations and there is no such pool of surplus labour, whose existence constitutes the foundation of the scheme, which we have put forward in chapter IV. Against this, we must point out that whether on account of the immediate dearth of cattle, that have been slaughtered recklessly during the war period, or on account of other economic reasons, the use of tractors is widely advocated. Government themselves are assisting in the importation of a large number of these tractors. There is a move for consolidation of holdings. Both these are factors, which will release men, or reduce the number required for the same amount of cultivation.

79. We have further to consider methods of intensive cultivation, which are discussed widely. Not only is a large amount of fertilisers imported by Government, but Government themselves are setting up a large-scale factory for the production of chemical fertilisers. Large irrigation programmes are also in hand and with larger areas under cultivation and with more intensive cultivation not only will more food be produced, but more raw material will be obtained. The increased raw material will offer work for an increased number of men in the course of processing, if not of final manufacture.

80. It will be seen, therefore, that it is difficult at this stage to dogmatise as to whether there will be a surplus of unemployed or under-employed labour in the rural districts, and whether such surplus will be a large one or a small one, but the method devised by us of village industrial centres is sufficiently elastic. It will absorb those, that are available and produce in the large bulk articles, which would be useful for increasing the standard of life of the rural community themselves. Whether the increased purchasing power to the rural community comes from more production, better prices, lower costs of production, or from wages earned by the methods recommended by our Committee, this would create an effective demand for various classes of goods in common use, and an attempt must be made to meet this demand by the production of these articles in rural surroundings on lines laid down by us.

ELECTRICITY AND MACHINES.

81. Forty-seven hydro-electric schemes have been considered and sanctioned throughout India. It is one of the dreams of every administrator that electricity will be supplied to villages. When and how this dream will be realised, it is not for us to consider, but we do envisage the supply of electricity from these numerous schemes for *some* rural areas. Under these circumstances we wish it to be clearly understood that we are not opposed to the use of small motors and small machines attached thereto for doing repetition jobs or other type of work of production in rural surroundings at the village centres. It is enough for us that the surplus labour will be absorbed and they will receive with full self-respect a certain amount of money for labour, which would otherwise have been lost, and that useful articles will be produced. In other words, we are not opposed to the use of machines either run by electricity or otherwise in the village industrial centres. Hand machines have already been advocated by us, but, for certain purposes, power machines could also be used. In our scheme such machines would be not displacing labour so much as helping the surplus labour of India to be employed. We do not advocate the establishment of factories as such in rural areas, but, in emphasising the use of rural labour, we have it in our mind that the use of power and of machinery should not be ruled out on theoretical grounds. The decision as to whether machines should be employed and, if so, of what type and to what extent, must necessarily be taken by the Provincial Board, who would employ such machines when they assist human beings and not when they replace human beings recklessly to the disadvantage of the latter. We would, however, recommend that, wherever motors and machines are used, as a rule, Government should take care that the motors and the machines, which are used, are made in this country and are not imported motors and machines.

CHAPTER VI.

PRODUCTION OF CLOTH.

82. We are giving a special chapter to cloth for many reasons. Next to food, it is the next most important essential article of use. There was a time when the entire quantity of cloth of the community was produced in the country by means of hand-spinning and hand-weaving. There was enough also for export. No one questions that in the economy of those pre-machine days, cloth was spun by hand and woven by hand at reasonable prices. Its quality was very good. It was durable. It was artistic.

83. Since those days, a century has elapsed, in which a revolution has occurred in India. While in the West, the industrial revolution spelt great prosperity for the lives of millions of people, in India, it has brought continued deterioration of the lives of millions of people. It is not for us to estimate in detail the good or the evil of this change. That must be left to historians. But the entry of machine-made goods and, later, of the machine itself, created an alternative supply. The economy of machine production backed by political power brought the supply cheaper to the consumer. Vigorous vested interests with aggressive salesmanship penetrated everywhere. They copied all the patterns, which were produced by hand. While this debacle of the hand industry was proceeding, no one took any trouble to check the extensive damage.

84. There was also a parallel revolution in agricultural organisation. Land became sub-divided in small holdings. Soil was lost owing to erosion. Productivity suffered. A large number of persons, who held land, lost it either through misfortune and bad seasons, or through the severity of land revenue collection; or through heavy interest charges on debts incurred. The number of landless labourers increased. The exodus towards cities in search of work started, but not all could avail themselves of the opportunities. The result was that, agricultural wages fell and the standard of life in the rural areas kept going down.

85. Under these circumstances cloth production by hand, both as to spinning and as to weaving declined, particularly when imported mill-cloth and local mill-cloth supplied the demands of the urban centres and even invaded the interior deliberately, and everything was done to undermine the handloom producer. In this process a very discreditable part appears to have been played by the middlemen merchants. Mill-yarn was found to be more attractive, because it gave larger production on the hand-loom. Mill-yarn was brought to the weavers by the middlemen and the middlemen purchased the cloth produced. In some cases the handloom weaver, being constantly on the margin of existence, was in debt, having secured advances from merchants.

86. Two undesirable results arose out of this situation. The greed of the middlemen sent down the standard of life of the handloom worker so low that, those, who could, chose to escape from rural surroundings, went to cities for domestic service, service in railways and public works, and service in factories. In other cases, the quality of the handloom production deteriorated, as the merchants constantly asked for less reed and pick and more sizing. In other words, the contact of modern trade, backed by machine produced goods, resulted in calamitous conditions for millions of people all over the country.

GREAT TRAGEDY.

87. In 1946, we are confronted with the last remnant of a once prosperous hand-industry. If not properly assisted, it is doomed to be killed out with the exception

of those handlooms, which are engaged on high quality and luxury production (including working of gold thread), which is required by the rich.

88. In this very brief statement of the problem, many events and many tragedies have been summarised in a few sentences. Throughout the last fifty years the welfare of the handloom worker has been the theme of public pronouncement by officials and non-officials, and numerous remedies have been suggested and tried. The process of deterioration has, however, not been arrested. The loss to India is not so much in production as in the unhappiness and misery of the class, which was skilled and which has had to abrogate that skill and turn to unskilled or new occupations. Thousands of handlooms all over the country have been abandoned and many have been scrapped.

FOOL-PROOF REMEDY REQUIRED.

89. We, therefore, feel constrained to make recommendations, which will be fool-proof and which cannot but yield results. No popular Government in any part of India can afford to permit the skill, which exists in the handloom weavers, to be lost and to subject this class, which has suffered much in the past, to further deterioration. Our responsibility in this matter is very great, but we feel that, if the popular Government cannot put this matter right, in the next five years, the process, which has destroyed so much that was good in the past, would be completed, and handloom weaving (with the exception of a small number engaged on highly artistic and luxury goods) will be a thing of the past.

ELIMINATE MIDDLEMEN.

90. We, therefore, suggest the elimination of the middlemen so far as handloom workers are concerned. We approve of the present programme in the Bombay Province, by which handlooms will carry a licence and will be registered. But we go further and say that every registered handloom should be supplied with yarn by Government. Government should acquire this yarn on a closely examined cost basis from the mills. Government should incur the freight necessary for the distribution of this yarn to the various centres where handlooms are located. Government should encourage this class to be fully employed and not to be put off for lack of yarn as in the past.

91. We also feel that the contact of weavers with merchants for the sale of cloth has in the past worked to a serious disadvantage of the former. This again ought to be eliminated. After all, a weaver, who purchases his yarn, and sells his cloth, and the difference left to him is the basis of his livelihood. That this difference has been driven down by ruthless economic exploitation in the past, indicates the nature of the measures, so that such should not be the case for the future. Therefore, the State ought to supply the yarn (which will remain Government property), and the State should take over the resulting cloth (on standard calculations). The weaver should be entitled to a full living wage as the reward for his labour and should receive from Government his full living wage with such periodicity as may be fixed.

RURAL LIVING WAGE CALCULATION REQUIRED.

92. While living wage calculations have been made with very great effort for the cities and factory labour, they have not hitherto been made for rural districts, which also differ in many respects. We recommend that Government should undertake a survey of living wages for the rural population. Such survey should be kept up to date from time to time and revised every three years, according to the trend of prices. The results of such a survey would be useful to Government not merely for the purpose of ascertaining the reward to the handloom worker, but for other purposes.

93. A large community, which is rendering good and useful work and which is highly skilled, should not only be saved from extinction, but should be encouraged to increase their activity by the absolute guarantee of a living wage.

94. It was pointed out to us that Government would be taking several risks. But, after due consideration, we feel that such risks should be taken by Government. Government would lock up funds in the process. They would have a large amount of cloth resulting from the operation of about 86,000 handlooms reported to exist in the Bombay Presidency. This cloth may or may not be cheaper than mill cloth. The administration of the scheme will involve a large organisation.

GOVERNMENT UNDERTAKING.

95. We feel that Government ought to undertake the hazards of the project indicated above. We do not wish to dogmatise or initiate a controversy, as to whether the cloth produced under these conditions will be cheaper or not. But we may point out that profits, interest, transport, overhead costs like management and various other charges entering into the price of mill cloth are eliminated. In certain kinds of cloth, we feel that the production will be actually cheaper than that of the mills. But even if we assume that it will be slightly dearer than mill cloth, it is for Government to devise ways and means either for acquiring the yarn cheaper, or for selling the cloth resulting out of this dearer or devise other measures which will safeguard their interests and secure the continuance of the scheme of handloom production. We will not anticipate the issue until it arises in due course. The principal objective of this Committee being rehabilitation of cottage industries, we feel obliged to make this recommendation to put the handloom industry of the country on a basis, which cannot be destroyed, and which will be, therefore, permanent. If, in carrying out this objective, any class of people, who are producing cloth, or the consumers of cloth, or the general tax-payer suffer some inconvenience, it would not be suffered in vain. Between these three, where the burden should be levied, is something, which we do not feel this is the proper moment to determine.

TECHNOLOGICAL RESEARCH.

96. Much has been said about inventions and better looms during the last fifty years, but either the inventions have been ineffective or the new looms have been too costly for the hand-loom worker to secure. There are many looms of very old type, which may have to be scrapped in due course. We, therefore, recommend that Government should set up a research organisation devoted specially to this task and many capable minds should devote their full time to the improvement of the handloom and allied operation with a view to securing better cloth, more speed, more production or less exertion for the worker. The cumulative effect of these would be felt perhaps a few years, later, and if there are any handicaps, it is our deliberate suggestion that these handicaps should be borne by the State and the community in order to secure the permanent welfare of a large number of skilled men in the country.

HAND SPINNING.

97. We believe that it is the duty of Government to see that cloth is supplied to all parts of the country. In this duty and obligation, Government have, in spite of great efforts, not altogether succeeded. For every Government in the country it is our recommendation that it must either undertake the supply of adequate mill cloth to the villagers at controlled rates (not at black market rates). If Government find that it is difficult or impossible, then whether they believe in hand-spinning and Charkha as such or not, it is their duty to adopt

this scheme set out in paragraphs 101-109 for the next three years at least. For others, who would like to see a revival of the Charkha, which was at one time universal in India, the present opportunity is one, which should not be missed. Not only will it serve a useful purpose, but the impetus given in this manner is likely to persist and there may be a revival of the hand industry. Incidentally, of course, Government would have taken a measure which, in our opinion, will hold the field as the best means of making a very small meagre addition to the income of a very large section of indigent rural population.

98. Just as in the handloom, so in the Charkha, it is our belief that, where capable men begin to make research on this subject, many defects, many problems, which have arisen and baffled those, who have worked in the field hitherto, may be overcome, and the yarn might be more uniform, better and generally more workable on the handloom than hitherto.

99. At present the small merchant, who is engaged in the distribution of cloth for the villages, is unable to get cloth at all and if he gets it, he finds that he can make more money by selling it in the black market in centres of larger population. In any case, the reward for taking cloth to villages is so low that it will not tempt these merchants for the next year or two at least, and our fear is that the village population during the next two years will not have adequate cloth. Their capacity to be able to purchase cloth at black-market rates is very limited and will still further shrink as the prices of agricultural produce take a downward turn.

100. It was pointed out to us that there would be a large number of men and women, who would have in their own homes leisure of from one to three or four hours every day. Owing to their slender resources and low income, it was shown to us as very necessary that this leisure should be turned to advantage by this section in order to add a little to their meagre means. Numerous small things could be done if and when a properly organised Provincial Board indicates the method and supplies the material, which can be turned to advantage in useful products. But until a definite alternative is put forward authoritatively and is put into execution, we feel that a chance should be given on a very large scale throughout the Province to the method of hand-spinning. It is not possible to lay down the amount of money incomes, which people in all conditions and in all places would add to their existing resources. But it may be indicated that spinning on an average for two hours a day for three hundred days in the year, the production would be 10 lbs., and at the rate of Rs. 1-14-0* per lb., the income derived throughout the year (of 300 days only) would not exceed Rs. 18-12-0. This works out at about one anna per day per party engaged in this work. As the scheme is perfectly voluntary, not all, who are prosperous, would turn to it, but those, to whom even this meagre addition is an attraction, ought not to be denied the chance.

101. It is for this reason, purely humanitarian, that we have made a suggestion as under. Incidentally, this would be the beginning of a common economic life with common capital and common labour. Once the organisation functions for some purpose, it can be made useful for another purpose. The second side of the shield, viz., the procurement of cotton, could also be done by the State, so that between the producer of cotton and the consumer of cloth there may be no intermediary whatsoever except the State. Each village (as many as Government, after proper enquiry find convenient and useful) should have a bale of cotton given to

*16 hanks = 1 lb. The rate has been established by the All-India Spinners' Association.

it by Government. The transport charges and the charges for the organisation of the scheme should be borne by Government as a subsidy.

GOVERNMENT SUPPLY COTTON.

102. When the scheme progresses, Government may in future acquire the cotton from the field and give the cotton cultivator the full economic price. They may give this cotton unginmed to villages and ask them to retain the seed for cattle feed. The whole idea is that in this scheme there should be no middlemen's profit at all from the stage of cotton to the stage when the cloth will be in the hands of the consumer.

103. In each village there should be a Panch, *i.e.*, three or four prominent persons for this purpose. They will take care of the cotton. The cotton will continue to remain Government property. The ideal measure would be then for the village to offer spinning labour in a common pool, but it was pointed out that human nature being what it is, this may be difficult at least for some years to come. If this is so, the village Panch may, according to the demand, distribute ten lbs. of cotton to various families. To the credit of each family, which bring the yarn, the equivalent spinning wage to which it will be entitled will be assigned provided the yarn is of a reasonable quality.

104. If there is a weaver in the village, he will be asked to weave this yarn under the Government Scheme set out in paragraph 91. If there is no weaver in the particular village, it would go to the nearest weaving centres under the Government scheme, where it will be turned into cloth, with the addition of the mill yarn, which is supplied. Out of this cloth produced in this manner, Government will send to the village, cloth represented by the value of credits for spinning labour involved for supply to the parties concerned. The rest of the cloth, according to their needs, could also be given to these parties at a specially low rate and be made payable either in money or in grain. In all such cases the equivalent values fixed should be generous with the balance tilting in favour of the rural community.

105. Wherever there is a weaver in a village, the village may choose not only to have the yarn spun locally, but to have it woven with or without the mixture of mill yarn and the weaver may be paid either in kind or in money. The Panch will then have the cloth on their hand for distribution to the families concerned. If the wages have been paid in money, the Panch will have to collect from the buyers the cost of cotton plus the weaving charges. If the wages of the weaver are paid in kind the remaining cloth would be against the cost of the bale of cotton only, and will be charged to the parties accordingly.

106. The Panch will collect the value of the cotton bale, which they will have to pay whenever they ask for the second bale. Government funds shall be engaged in this scheme and no interest will be charged. The scheme is elastic in so far as in some villages the bale of cotton may be used in two months; in others it might take six months or more.

DISTRIBUTION OF CHARKHAS.

107. The price of the Charkha in the market is from Rs. 7 to Rs. 12 and unduly high. We do not see any reason why it should remain so high. As the cost of the basic material is low, when such material is acquired by Government at the source, we recommend that a mass production of Charkhas should be undertaken in jails, where, to some extent, free labour could be devoted to this useful public object. Under this scheme it is our belief that the cost of a Charkha can be brought down very heavily.

108. We further recommend that up to fifty charkhas may be given free for use in any village where this scheme is introduced. They will remain Government property for a period of three years and will be permitted to be used by only those who are actually using them. After the fourth year, the absolute ownership will pass to the party. In the distribution of these charkhas, it is our opinion that absolute priority should be given to the families of those, who belong to the depressed classes, or those who have no lands of their own, and to families which are in a state of economic distress.

109. The yarn produced might not be uniform. It might not be in all cases, at least in the beginning, workable both as warp and weft and generally several problems are likely to arise. Our suggestion is that the yarn produced should be given to the handloom workers to be used as weft. As the quantity of hand-spun yarn increases, it will be absorbed in the handlooms working on the weft. The reduced output of the handloom on account of the use of handspun yarn ought not to prejudice the living wage guaranteed to the handloom workers.

110. We do not advocate this scheme for the sentimental or spiritual value of hand spinning though, undoubtedly, there is some charm in the traditional restoration of the charkha in every home as it existed for centuries, but because of the stark economic necessity of cloth to the rural people who would otherwise go without this elementary requirement of life. If cotton is put at their door, with the hands, which God has given them, with the skill, which could be acquired in less than a week, they ought to be able to help themselves and save their womenfolk from a distressing situation. Not only will the cloth produced under the above scheme be much cheaper than in the black-market, but it may be much cheaper than the mill cloth for the reason that many items, which enter in the price of the mill cloth to the consumer, would be eliminated. Amongst these are profits of the mills and of the middlemen, distributor of cloth, the cost of transport of cloth and cotton both ways, the cost of supervision and management, interest charges and depreciation. Since the labour up to the stage of the yarn would be contributed and yarn absorbed in the Government handloom scheme (*see* paragraph 91) even in normal peace-time, the cloth produced under these conditions would be cheaper than the retail price of factory cloth. There is no need for arguments, if there are people who think it will not be so cheap. We would still suggest the adoption of this scheme for a poor country. What is required in India is not labour-saving devices, but capital-saving and profit-saving devices, such as are set forth in this scheme.

REHABILITATION OF RURAL MASSES.

111. We would invite the leaders of thought in India to note that in the above scheme not only is there co-operation under the guidance of the village Panch and complete self-government, free from any interference of anybody outside, but there is the seed of the kind of economic revolution, which we seek in this country. Millions of men and women, as good as any of us, are not able to get full work for the full year. Their standard of life has been progressively pressed down by forces which they do not understand. Charity can possibly alleviate their lot, but is bound to pauperise them and take away their self-respect. It is the scheme put forward here, which would enable them to feel that they are getting something for themselves with their own labour. They would not feel hurt about it. The amount of State assistance involved in the proposal is miserably small per head and is actually lower than the cost incurred by the State for many other purposes for the benefit of other groups and grades of the Indian population. The further advantage in this scheme is that it would be automatic in so far as in some villages it would take root quickly and they may want another bale inside a month. In other villages it might take them three or four months. Some of the villagers will probably supply all their

requirements by this method in the next few months and may have something to spare, and indeed we would not consider it wrong if the cloth produced under these circumstances after it was found to be in excess of the requirement of the village, which has produced it, was made available in the large cities for sale to the general public. We would, however, sound a warning that the scheme would break down if individual exploitation is permitted. The surplus should not be dealt with except through the village collectively and should not be brought to the city except through Government agency, which lands the bale at the door of the village. Nor should it be sold in the cities except at the Government retail shop. In other words, the middleman should never be able to lay his hands on this or he will destroy what the energy and the co-operation of the villagers has produced, as he has destroyed so many handicrafts and so much that was good in India in the past.

112. Cynics and scoffers might question the advisability of adopting this scheme. In that case, those who feel for the rural community and are anxious to save womenfolk from embarrassing situations must ask the Government of India and the Provincial Government to undertake to give one bale of mill cloth at mill prices, free of all transport and other charges, to every village for a per head distribution. If cloth can be provided to seven hundred thousand villages on this basis and at the ex-factory price, the pressing need for the programme put forward could be avoided. But those who know the scale of production and the hopeless system of distribution in the Provinces, will be convinced that from mill cloth whose production has been seriously interfered with by reduction of hours, strikes, and riots, the village folk cannot be reached. But there is a surplus of cotton in this country, from which they would be helped in the manner indicated before. Let one or the other course of action be adopted and let every popular representative ask the Government of his Province which one they have chosen and fulfilled.

HAND-SPUN AND HAND-WOVEN CLOTH.

113. In the scheme put forward above, we have proceeded on the basis not merely of maximum results from the point of view of production, but of maximum economic help to skilled handloom workers and to the entire rural community, amongst whom may be men and women with leisure extending from one hour to three hours every day. We have not considered the problem of (1) those who desire to use handspun and handwoven cloth, and (2) those who in their family and surroundings produce enough yarn for their clothing, but have to be helped not only as above with cotton, charkhas, etc. but also with the facility for having the yarn woven into cloth.

114. With regard to the class, who will not spin themselves, but desire to use hand-spun and hand-woven cloth, subsidy or assistance by the State beyond the extent, to which we have given it in the above scheme, is not justified. An increase of price in comparison with cloth produced from handspun as well as mill yarn is inevitable. The cost of transport and distribution and of retail sale to them (even at a Government depot) must also be added to the production cost. Much is being done by the All-India Spinners' Association and Government's handicrafts centres and sales depots and we do not propose to go into the detail of any further expansion or improvement in these organisations.

115. With regard to the people, who have got their yarn, but who would like the cloth to be made from it exclusively, Government should provide in their scheme of helping handloom weavers set out in paragraph 91 above, some weavers with guaranteed wage, who would be supplied with such yarn for being turned into cloth.

116. Under these circumstances, it is obvious that those, who want this cloth, would have to pay not only for the cotton that was supplied originally, but also for the actual cost of handloom weaving. The credit in respect of spinning labour would be replaced in such cases by the debit in respect of cotton and weaving charges. The details of such a scheme have to be worked out separately for each community, according to conditions.

117. It was suggested to us that a register may be maintained of persons, who are not only willing to spin, but who desire to have facilities for cloth from the yarn spun by them. It may be noted that such enthusiasts would have to provide yarn of a workable quality. This is a problem, which does not require any large issue of policy to be indicated by us, and we must, therefore, leave the details of this to be worked out by the Provincial and the District Boards.

118. The improvements and inventions, which, we trust, will arise in the methods of spinning so as to give better quality and more strength, will help this scheme. It is very desirable that an increasing number should have the inclination not to have the mill yarn at all used for their clothing. The very adverse price factor, which handspun and handwoven cloth has to meet at present, may be gradually modified and until then, some element of sacrifice is definitely involved in the attempt to adhere to cloth in which the entire yarn is handspun.

119. In our scheme this elasticity is definitely provided. If and when handspun yarn increases not merely in quantity but in quality, more and more of it would go to the handlooms. When it exceeds the amount required for weft purposes, it would be necessarily used as warp. It would thus automatically displace the mill yarn at present required. In the interval, methods of giving more twist, giving better sizing or strengthening the yarn and other processes might have advanced, but, as this result is not going to be reached for some years, we have not thought it necessary for our Committee to lay down rules or even broad lines to deal with the situation.

CHAPTER VII.

RESTRICTIONS.

120. It was brought to our notice that the process of establishing mills, factories or mechanical devices for dealing with agricultural produce was still going on to the disadvantage of hand-operated activity and production. It has been suggested that this 'invasion' of the machine must be arrested in public interests and that the people of the countryside ought to be protected against this type of enterprise, which displaces a large number of hand-workers and which also results in the exploitation of the agriculturist producer.

121. We feel that restrictions have to be placed at many points, because it is desirable that the processing of agricultural products must take place in the district itself, instead of such products moving down large distances as at present. It should take place in a manner, which will accommodate the largest number of men at work, and lastly in such a way as to enrich the producer and the district where the produce is raised. In our opinion, whether a cotton mill or an oil factory, or a sugar manufacturing plant is located at some distance from where the produce is taken away, or near where the produce is raised, does not economically make any difference if the produce is moved down into the factory in the raw stage. The evil, therefore, does not arise when the intention to locate the factory in the rural countryside is expressed. It is there already in the movement of non-processed agricultural produce.

REVERSE THE BIAS.

122. The harm has been done over long decades and the trend of thought in the cities amongst the business community and even amongst Government officials is in favour of large-scale machine industry, which will absorb more and more of the raw produce. Behind the demand for increased industrialisation for increasing the prosperity of India is a bias in favour of the machine, which it will take any Government many years to change. In all such schemes the attempt is made to save labour and generally to get the labour-saving machinery imported. In India what is wanted is not the saving of labour, which we have in plenty, but the saving of capital and the elimination of private profits at the expense of the primary producers. We recommend, therefore, that the State should keep this objective before them and particularly tilt the balance, where possible in favour of a type of activity that will absorb the largest number of men.

123. It is wrong to speak of labour being one of the elements of the cost of production. In competitive industry, it is usual to show the cost of the finished article, ascribing a certain percentage to the labour involved, but there is the other and human aspect, viz., how many men are displaced by the machine activity and what happens to them. The State must also keep in mind not only the terms and conditions on which the people who are working in the factory, are employed, but also the living conditions and surroundings, in which they have to spend the rest of their time.

LICENSES FOR MACHINE INDUSTRY.

124. This major change of policy cannot be achieved by one stroke or in a hurry without serious harm. Existing machine industry, as far as it has gone, should be maintained, in so far as Indian capital is sunk in it and Indian labour is operating it. Government should immediately establish a system of licensing for all new

plants and equipments, which may be proposed to be installed. They should, in the first instance, register all existing factories and normally give them the necessary licence. Government will thus have full information of what is going on and they will consider the new proposals in the light of defined objective, which have to be achieved.

125. It would be for the Provincial Board to decide the policy governing the issue of more licences. In this policy the effect on existing hand-industry engaged in processing agricultural produce will be taken into account and wherever production by machine would displace a very large number of men, it should be checked by the refusal of licences.

CONTROL AND REGULATION.

126. We are making this recommendation on the basis that Government must come in for a large amount of control and regulation in the first instance, and they should set up the necessary organization for being able to administer such control in an intelligent manner and for a specified public object, and not arbitrarily or through local pressure or influence of businessmen.

127. The licence in all cases must be renewable with such periodicity as the Provincial Board may decide, but two or three years seems to be a reasonable period. The rules and conditions, which the licensee would have to carry out, may also have to be formulated by the Provincial Board in order to guard against any abuse of the privilege involved. We do not propose to deal in any great detail with this question, because the conditions will vary from district to district and from industry to industry. But we feel that the anarchic and unregulated march of machine industry, regardless of its consequences on human lives, which has been the characteristic of British rule in the past, must be definitely checked and an intelligent and discriminating outlook gradually developed, so that the State not only knows all that is being done, but it provides that these activities are correlated with and not destructive to the nascent and established activity and lastly, that no existing mass work by the hand is recklessly substituted by the corresponding machine work involving a much smaller number of workers and concentration of profits in fewer pockets.

PRIVATE GAIN VERSUS PUBLIC DISADVANTAGE.

128. We do not recommend any abrupt or panicky measures. We do not think that Government should aim at changing the whole economy of the country. It cannot be done without great cost and loss and dislocation. What we do desire to be done is that existing handwork should be continued by checking existing machine production where necessary, and the replacement of one or the other should be done later, when Government are in full possession of all the facts. It is difficult to forecast the state of affairs in India in the next ten years. Will there be a plethora of labour and considerable unemployment, or will there be a dearth of labour and a check to progress through lack of labour? If one man can do the work of a hundred with the help of the machine and the ninety-nine are definitely required elsewhere and could be absorbed and the period of transition could be eased for them, it may be necessary even in the interests of India to have a machine, which will displace the hundred by one. If, on the other hand, the position is reversed, the State must step in and safeguard the interests of the hundred workers. It must check the avarice of the capitalist, who is anxious to use the machine for his own advantage, because there is a public disadvantage involved in the activity.

USE STATE RESOURCES FOR RURAL INDUSTRY.

129. One of the measures, which has been frequently talked about in this country, is nationalisation. The word is used in different contexts in different ways. The mere replacement of private capital by State capital does not, in our opinion, achieve any immediate new or big result so far as production is concerned. The other suggestion is of corporate ownership by the local people of a machine, to which they can bring their produce, and the results of which they can share among themselves. This experiment has not succeeded in all cases either in India or abroad, but, where conditions are satisfactory, there is no reason why the bias of the licensing authority and the Provincial Board should not be in favour of such an enterprise.

130. We have, in our report, introduced nationalisation of private enterprise at exactly those points where it is most necessary and where it will do the greatest good to the greatest number. We would rather that funds available in the state should be engaged in this manner than in acquiring running concerns of the machine type. Our bias is in favour, so far as private enterprise of the machine type is concerned, of control and regulation and of preventing any harm being done by their activity to any large class of persons. As to the question of profits made by such concerns, the system of taxation or requisition at cost is in our opinion an adequate means of preventing any unduly large profits going into private pockets.

METHOD OF PRICE EQUALISATION.

131. We do not recommend restriction as to the prices of factory made goods when they compete with goods produced by cottage industries. Apart from detailed administrative machinery required, an attempt to induce people to charge higher prices by law must fail, as rebates could be given to merchants and middlemen indirectly. Where a price equalisation is sought in the interests of well established cottage industry, it would have to take the form of an excise tax on production, or a sales tax on sale of the output of the factory. This would bring some money. It would be capable of adjustment to a higher or lower level and generally it would be a more satisfactory way of doing things than fixing prices, below which factory made goods may not be sold.

132. For the same reasons, as those stated in the previous paragraph, the check to the movement of finished goods emanating from factories either in this country or abroad, is not recommended. Price equalisation by the method indicated above would be more effective than restriction on movement. Price equalisation can raise not only taxes, (which raise the price of factory made goods) but can be effected by means of subsidies, which are given to the cottage industry product.

ADJUST TRANSPORT CHARGES.

133. Regarding the movement of raw materials from centres where they are produced towards the factories, which are using them it has been suggested that there should be a restriction on such movement. Having regard to the multiplicity of sorts and the variety of commercial crops produced, we think this scheme is neither feasible nor desirable. We also fear that the effect would be reduction in the prices of raw materials, which would hit the producer. In other words, while trying to do some good to some cottage industries concerned, a much larger number engaged in agriculture may be hit. Thus price reduction might lead to a reduction of supply in the following years as well as other reactions in

unexpected quarters. Therefore, we would, say that, generally speaking, it is not desirable to restrict the movement of raw materials produced. When the organisation of cottage industries districtwise has advanced considerably, it may be necessary to safeguard such cottage industries by reserving the quantity required by them. As and when that situation arises a system of licences by the district authority for the export of commercial raw products from the district may be instituted, but we do not see any scope for any such system at the present moment. We have already pointed out that transport charges on State railways for commercial products are unduly low and the benefit thereof is reaching either factories in India or foreigners who are taking the goods. The protection involved to a local cottage industry is also to that extent low because of low transport charges. Some immediate purpose will, therefore, be served if the transport charges on unprocessed commercial crops and foodcrops are increased. This will automatically tilt the balance in favour of processing taking place in the interior, and also of giving a certain amount of increased protection to cottage industry.

134. Another method of restricting aggressive salesmanship of factory items, wherever they are competing with a cottage industry, is the more direct one of prohibiting the manufacture of such articles by factories altogether. The factories with their equipment can adapt themselves to numerous other articles, if it was considered desirable to restrict their production in certain lines, but such restrictions should not be made lightly and without forethought. It should not be attempted until hand production has made considerable advance.

135. Still another method is the issue of selling licences and distributing licences, so that the import of factory made goods in the markets of any particular district is strictly regulated and kept down, so as to give increasing scope for the absorption of the product of the cottage industry.

ABSOLUTE PRIORITY FOR HAND-INDUSTRY REQUIREMENTS.

136. There is still another field of restriction, which has been discussed and which we consider legitimate for use by the Provincial Board as and when the occasion arises. This is in the direction of reserving with certain prescribed percentage all intermediate products or semi-finished goods of factories, which are required for cottage industries. For example, if yarn is required for the handloom scheme set out in paragraph 91 we would go to the extent of saying that a certain percentage of all mill yarn of the desired count should be reserved for the purposes of the handlooms, and the mills could deal with the rest of the yarn in any manner they thought proper. This principle has been unaffected by the recommendations of the Handloom Board, that 25 per cent. of the *new* spindles should not be covered by looms and the yarn available to the handloom weaver should be increased. We feel Government should have no hesitation in giving absolute priority for requirements of the schemes for the development of cottage industries which affect millions of people. The total amount of cottage industry requirements is by no means so considerable that the factories in general or cotton mills in particular, will be seriously inconvenienced. But it is desirable that the element of uncertainty as to the supply of raw materials or semi-finished articles, should be completely eliminated so far as the artisans engaged in cottage industry are concerned.

CHAPTER VIII

ORGANIZATION AND FINANCE

137. The success of the measures recommended in this report would depend on wise and efficient direction. In order to secure this, it will be necessary to have a Provincial Board. Such a Board must consist of at least three permanent whole-time officials, and it should be assisted with the advice of at least three non-officials, two of whom should possess business experience and should help without any personal interest of their own. The presence on this Board of at least one official or non-official with experience and knowledge of village conditions would be very helpful. Whether the activities would be of sufficient importance to justify the appointment of a special Minister in charge of this Department, is a matter, which we will leave for the Ministry to decide in future. But, should it be considered necessary, the Minister would automatically become the Chairman of such a Board.

138. Under the Provincial Board, there would have to be a number of officials concerned with the procurement of raw materials, with the transport activities involved and with the disposal of the goods. The Secretary of the Provincial Board will be a key position man from the senior cadre of Government servants, if necessary, a member of the I.C.S.

139. There should be a Board in each district, again selected more or less on the same principles, viz., two or three officials and two or three non-officials. One or two of the officials would be full-time officials concerned with the extensive activities, which are projected.

140. Under the District Boards there will also have to be a body of Inspectors and accountants. The Secretary of the District Board will be a key position man responsible for the activities in the district and for correlation with the Provincial Board.

141. We need not emphasize that officers, who do not share the objective set out in the schemes recommended and who have not a vivid mental picture of the conditions which exist and the new conditions which are to be brought into existence, will not be able to execute the measures set out. Without taking the public into confidence and creating public opinion in favour of these measures, even competent officials would not succeed in their task. These points deserve very close attention of Government when they pass orders on our recommendations.

FINANCE.

142. The general expectation, that every committee which puts forward a scheme, should give a financial indication for the guidance of Government, is known to us. We have refrained from working out detailed estimates for the reason that the schemes put forward by us are very elastic. If and when the Provincial Board is convinced that these projects should be taken in hand and put into operation at a large number of centres, the organization and finance required would be considerable. If, on the other hand, they go unduly cautiously and more timidly and establish these organizations only at a few centres, the finance required would be rather small.

143. Taking the village centres' scheme, the initial capital cost for providing a place of work, for providing storage, for providing a place of residence for the two or three skilled men transported from the cities, for providing a place of residence for the key position accountant-storekeeper attached to the centre, and for providing necessary conveniences, it is estimated that at least Rs. 10,000 would be required for each centre. These houses and accommodation could be worked in by means of a key plan, in which a part could be executed and the second part could be executed if and when required. The structures would be of cement concrete, neat, and would provide protection against rain and sun. They would also provide models for the villages. These structures should have septic tanks to provide for the conveniences, which are available in cities and which should be also made available in the villages for those who have to be attracted for work in the village in the initial period.

144. For the scheme of the village centres, the entire organizational expenditure is to be borne by Government. Similarly for the scheme of the handloom and hand-spinning, the organizational expenditure has to come out of general revenues, and the expenditure for the supply of charkhas and for the transport of cotton is also to be borne by general revenues. We estimate this burden at anything between 15 to 20 lakhs of rupees a year.

145. A large amount of Government money will be engaged in these operations, but it will be circulating.

146. Our concrete suggestion is that a sum of one crore of rupees should be budgeted for this purpose and earmarked for the work emanating from this Committee's recommendation. It should be used initially both for capital and for current purposes and should be treated as a non-recurring grant.

147. The recurring expenditure every year, mainly for the organization of the Provincial Board and the District Board and of the village centres and the handlooms scheme, would be of the order of about twenty lakhs of rupees. A recurring grant of thirty lakhs a year would leave provision for expanding and consolidating the schemes recommended by us.

148. The amount of circulating finance, which would be required, would depend on the number of centres and the volume of activity, and it is impossible to estimate it well in advance now. But when the scheme has expanded, it is not unlikely that current finance to the extent of two crores of rupees more may be engaged in this work.

149. Having regard to grandiose plans running into many hundred crores of rupees that have been put forward officially and unofficially in the centre and in the provinces, we can claim that our recommendations involve finance that is modest and reasonable. Our recommendations involve finance that is modest and reasonable. Our recommendations provide a corrective to the existing bias for spending Government resources in cities and will lay the foundation for sound and permanent rehabilitation of rural life. We, therefore, trust that on financial grounds there will be no hesitation on the part of Government to accept and adopt them.

CHAPTER IX.

CONCLUSION AND SUMMARY.

150. Those, who are looking for a very detailed organizational description of the scheme set out in our report, will not find it there. We have deliberately put in basic economic thought on the subject, giving the main structure of what is required. We have left matters sufficiently elastic for Government to adjust and for the Provincial Board to fix the rules and the details thereof. Our main anxiety has been that the usual manner of attacking some small detail in order to discredit the whole scheme, may not be employed on this occasion. There are several individual committees and bodies throughout India, who are pursuing the same objective and discussing the same problem. We desire that the basic notions put in here should be useful not merely for Bombay, but for other provinces. We have, therefore, eschewed all unnecessary details at the present stage. That does not mean that many details have not been considered by us, but we have transcribed in our report what would be directly helpful for Government to consider the problem and take a decision.

151. We recommend that Government should immediately set up the necessary organization of the Provincial and District Boards. We further recommend that, instead of prolonged theoretical discussions, one of the districts of the Bombay Province should be selected and in it all the recommendations of this Committee may be given a full trial. The experience of a few months during the period of the trial would enable Government to decide how far and in what direction further work should be undertaken and the modifications in small details, if any, which the actual experience discloses as necessary.

152. The following is the summary of the main recommendations of our Committee :—

There was a time when the largest bulk of the requirements of the people were produced by hand in cottage industries.

In spite of measures taken by Government, cottage industry has deteriorated.

The State must possess full information of the productive activities in the country and should have an intelligent organization for the regulation and control of such activity.

The welfare of the rural community is the primary responsibility of the State.

Manufacturing activities of the factory type should be controlled where necessary.

Priority in the use of State resources should be given to measures set out in this Committee's report for helping industry in rural areas.

It is wrong to say that factory made goods could always be cheaper. Like conditions must be compared with like.

The idea of village self-sufficiency must not be emphasised. Villages cannot be self-sufficient.

Responsibility for the welfare of the rural population makes the problem a moral problem.

Self-confidence of the rural community has to be restored.

Measures already taken for helping existing industries may be continued. We also recommend

- (i) Supply of models, samples from abroad for being copied.
- (ii) Supply of better raw materials and colouring material and other ingredients.
- (iii) The holding of periodical exhibitions and the granting of prizes for superior quality.
- (iv) Outright purchase at remunerative price for disposal in Government Sales Depots, and
- (v) Technical advice as to material and method of production through itinerant skilled Government staff. This must cover expert opinion from experts, whose services may be requisitioned for a week or two on the improvement of the formula used or on the treatment of the material with equipment different from that which is currently in use.

The problem of oil Ghani and Gur deserves close investigation.

Unregulated aggressive private factory enterprise needs to be regulated. Government should register and license all existing factories. No new factories should be started without getting a licence from the Provincial Board. Licences should not be refused by the Board without judicious consideration. Licences should be renewed periodically. Definite rules concerning the policy regarding granting new licences should be framed by the Provincial Board.

Price equalisation for products of factories and cottage industries should take the form of an excise tax (by the Centre) or sale tax on machine production. The taxes thus received could be used for subsidising village industries, where necessary.

Farm products should be processed, as far as possible, locally in the areas where they are produced. Transport charges for transport of unprocessed commercial crops and products coming to urban areas should be increased and the element of subsidy in the present railway rates should be eliminated.

Selling licences and distributing licences for the sale and distribution of factory products entering rural areas may be instituted.

To guarantee priority of supply to cottage industries, particular percentages of intermediate products and semi-finished goods of factories needed by cottage industries should be reserved by Government as and when required on the advice of the Provincial Board. Requisite supply of mill yarn for the use of handlooms will have to be found in this manner.

The labour pool in rural areas to be helped consists of (1) young persons, (2) old persons, (3) women, and (4) able-bodied unemployed and partially employed men. They possess little or no skill. To guarantee employment and social insurance to them, State-managed village industry centres should be established in as many villages as possible. There should be one centre for mass production of one type and one size of article to be produced in one village. The necessary raw materials, tools, equipment, moulds and models should be supplied by Government. By selecting small ware and light articles, it will be possible to prevent high physical exertion at such centres. The services of at least three skilled artisans may be requisitioned at the wage they are now drawing plus free residence to conduct these centres. The store-keeper-cum-accountant should be imported from urban-areas, where necessary. If, with the consent of Education authorities,

Government so desire, children could also join for about three hours daily and have their faculties of touch, size, shape and colour developed. They should get one anna daily for attendance improving to four annas daily when they acquire skill.

Adults should get a starting wage of four annas rising to eight annas a day after they acquire skill.

Hours of work should be normally 8 hours per day, but mid-day break and seasonal variations should be worked out by the Provincial Board, where necessary.

All transport, maintenance of stores and accounts, provision of skilled labour as a nucleus, engagement of funds in purchase of raw materials, arranging distribution and sale of finished goods must be undertaken by the State.

Location of centres should follow availability of raw materials, transport, railway stations, proximity to concerns producing intermediate goods and should be determined by the Provincial Board.

Articles of general use, preferably those which will be used in rural areas, should be produced at these centres. Crafts involving minimum skill and light labour are indicated in Group "A", those involving complicated processes, larger skill, larger use of equipment, but capable of being established under this scheme are indicated in Groups "B" and "C."

Special facilities should be provided for actual workers and their families to acquire the articles produced as near to the direct cost as possible. Higher prices should necessarily be charged for urban areas and export.

The Provincial Board will have to map out a key plan for running these centres, for devising minimum units of production, selection of centres and villages, employing the nucleus of trained labour, etc.

Transport of raw materials and finished goods at these centres should be economically arranged, so that there are no empty trips in the whole circuit.

In other directions important to Government and society, use could be made of the village centres.

In the supply of yarn to village handlooms and sale of cloth produced by them, middlemen should be completely eliminated.

All handlooms should continue to be registered and licensed.

Government should acquire the yarn from the mills on a closely examined cost basis. Handlooms should be provided with yarn by Government and Government should take over the cloth guaranteeing to the handloom weaver (and his assistants) full living wage according to rural conditions.

Investigation should be undertaken for ascertaining periodically levels of full living wage for rural conditions generally and for handloom workers particularly.

Cloth produced under these conditions may not always be dearer than mill cloth having regard to the elimination of profits of manufacture and of wholesale distribution and interest. Arrangements for the disposal of Government cloth at Government Sales Depots will have to be made grading the price up when sold in urban areas.

Government should set up a research organisation for the improvement of handlooms to secure better skill, more speed, more production and less exertion to the worker.

During the next three years, the likelihood of all villages receiving mill cloth except at black-market rates is small. As an alternative, it is important that, each village should be supplied one bale of cotton by Government. A Village Panch should

distribute this cotton for hand-spinning, for which wages on the All-India Spinners' Association scale would be paid except where the individual families or the Panch prefer to deal with this yarn themselves in which case the price of the cotton would be taken by Government when a request for a second bale is made. Steps should be taken to bring down the price of Charkhas by manufacturing them in jails, if possible. Villages may be supplied up to 50 Charkhas by Government free for use to families of depressed classes or landless people or families in depressed circumstances. Charkhas so supplied should remain Government property for three years. After the fourth year, the parties actually using them should get the absolute ownership. The yarn so produced could be used in the initial stages as weft on the handlooms.

For wise and efficient direction to guide the village centres and the cloth production scheme, a Provincial Board of three officials and three non-officials should be constituted. The Provincial Board should be assisted by an *ad hoc* District Board similarly established in each district.

Government should give a non-recurring grant of one crore of rupees for the purposes set out in this report.

Government should make provision for a recurring grant of 30 lakhs of rupees annually for administering and carrying out the schemes set out in this report.

The schemes being elastic, the amount spent would depend on the number of village centres set up.

The basic economic thought on the subject is provided and the Committee has avoided giving elaborate details. Decisions on this must be taken by the Provincial Board and on major points of policy as they arise in the progress of the schemes by Government.

Immediate effect should be given to all these schemes in a selected district, while the Provincial Board is examining the position all over the Province.

(Signed) MANU SUBEDAR,
Chairman.

*C. P. PARIKH,

R. S. DHOTRE,

V. V. PATIL,

J. H. SHAMSUDDIN,

L. M. NADKARNI,
Secretary.

L. P. ASHER,
Members.

Minute of Dissent by Mr. Chandulal P. Parikh.

I submit this Minute of Dissent because (1) I feel that the Committee's recommendation regarding the scale of wages are not definite and need clarification. (2) I am in favour of a more active State help than is recommended in paragraph 23 to the existing village industries. (3) I am totally opposed to putting cloth production in a separate category entitled to more privileges than are recommended under the two main schemes. (4) I am totally opposed to the Committee's recommendation contained in the chapter dealing with "Restrictions".

As regards the scale of wages to be paid in the village centre scheme, I am unable to read a definite recommendation of the Committee. In paragraphs 58, 73, 76 the terms used are wage taken on prewar basis, minimum standard of existence, and minimum livelihood respectively. When the State is asked to carry on the activity of producing articles by paying daily wages to workers, a definite and unambiguous recommendation about the scale of wages is necessary. I have no difference with the Committee if it is their intention to pay a fair subsistence wage. I, however, humbly beg to differ from the Committee, if they mean to pay something like Rs. 1-8-0 per day as wages, the present equivalent of pre-war annas eight as recommended by them in paragraph 58. The Committee have divided their recommendation into two parts. Part one is contained in Chapter III where the State confines itself to giving certain specified forms of assistance to workers in the existing handicrafts and I call this scheme "supply and sales" scheme. The other contained in Chapters IV and V is almost a state undertaking and it is called the "Village Centre Scheme" and the purpose of this scheme is to provide employment to any one who needs it. Under such a scheme, I submit the state would be justified in paying only a fair subsistence wage. For those who would not like to be content with that much, the first or the Supply and Sales Scheme would always be available.

My reasons for not supporting the Village Centre Scheme at any scale higher than a fair subsistence wage are:—

(a) The scheme otherwise will be financially burdensome. The State's duty is to supply a fair subsistence wage for every individual who is willing to work and is unemployed or underemployed or is in distress.

(b) If anyone considers the wage low, he can join "the Supply and Sales Scheme" where he has full opportunity to earn what he really deserves. An unnecessary burden on the finance and administration of the village centre scheme is thus transferred with advantage by starting the "Supply and sales Scheme" mentioned below under separate head.

(c) A higher than a fair subsistence wage will attract such huge numbers that the Government will have to maintain a large permanent organisation. Besides such a wage will disturb employment in the agricultural and other industrial occupations. Even the Committee does not want this to happen.

(d) If the scheme is recommended on a fair subsistence wage level, the State will not find an excuse to shelve it as has often been done with other schemes on financial and administrative grounds.

(e) This is the most opportune time to start the Scheme because there is less likelihood of unemployment during the next five years owing to the post-

war schemes of irrigation, roads, buildings, electricity, etc. The number may not be large also because the cultivators are likely to attend to improvement of the soil, animals, poultry, etc., owing to measures of relief to be instituted by the Department of Agriculture in soil improvement, dairy farming, poultry farming, bee-hiving, sheep breeding, etc. As I am very keen that the recommendation should be implemented and not merely held up as an ideal, I have tried to make it as moderate and capable of easy administration as possible.

I estimate at the end of five years about 1,50,000 persons will, at the maximum, be found to take advantage of this "Village Centre Scheme". A beginning may therefore be made by employing about 30,000 persons in the first year by opening two or three village centres in each of the 175 talukas, with a plan to cover all the villages in the Province within a period of five years. If Government is able to sponsor any better scheme it is well and good, but it is no use sitting with folded hands and watching the rural decay.

PURCHASE AND SALES SCHEME.

The recommendations of the Committee in paragraph 23 do not go far enough. I am strongly of opinion that raw material and equipment for rural handicrafts should be provided at the cost price by the State. They should build or acquire 500 godowns for this purpose in rural areas. Raw materials and finished goods may be stored here. I do not see the necessity of buying outright any finished goods, as suggested in paragraph 23, but strongly recommend that Government should make provision for selling rural handicrafts, on producers' account at maximum price, by opening sale depots in rural and urban areas. Large profits made by middlemen and money-lenders will thus be eliminated and a prosperous rural life will be built up. To develop and strengthen this "Purchase and sales Scheme", Government should bear all charges on account of—(1) storage of raw materials, as well as finished goods; (2) transport; (3) interest on floating capital; (4) technical training and guidance; (5) administration charges in running the godowns and the sales depots.

I estimate that at the maximum 3 lacs persons will take advantage of this "Purchase and Sales Scheme" and a start may be made in the first year by establishing 100 godowns for raw materials and hundred sales depots to meet the wants of 60,000 people. All villages should be covered in a period of five years.

Technical training and guidance.—The State should make facilities for imparting training and technical assistance in matters of material and methods of production to all the people on a nominal fee either in the Industrial Schools or a similar Government institution.

Finance.—I estimate that at the end of five years at the maximum Rs. 1½ crores will be employed for giving credit for raw materials to each individual working, under the Scheme at the rate of Rs. 50 per head. One crore of rupees will also be employed at the end of five years for creating or owning 500 godowns and 500 sales depots. All the rest is floating finance which is very easy to secure and need not worry anyone, much less the State, or the Co-operative Societies, assisted by the State because there will be banks, commission agents and middlemen willing to supply at a reasonable rate of interest any floating capital.

Administration.—To administer this scheme for 60,000 persons in the first year, one or two centres in each taluka may be considered sufficient and with the benefit of past experience, additional small sub-centres in each taluka will be capable of administering the whole scheme.

CO-OPERATIVE SOCIETIES.

Although I am very much against the State taking over or undertaking anything which a private individual can manage, I strongly recommend that "the Purchase and Sale Scheme" should be financed and administered by the State in the initial stages. I realise that multipurpose and consumers' societies have made slow progress in the Province, but I am sure that once the State has taken the initiative by showing the various methods of administering the scheme, the Societies will be able to take over the management. The State should always be anxious to transfer its obligations financial and administrative to the Societies at any stage or time, if the latter can run and manage them with efficiency. The State while transferring this obligation should continue to bear the expenses of management by the Societies and should relieve them of their financial burden as much as possible. One thousand Societies will be easily able to manage in a period of five years 3 lakh members. The Committee in their report have made little mention of the Co-operative Societies, but I am sure they will approve the idea of entrusting "The Purchase and Sales Scheme" with them at the end of five years. A beginning however has to be made during this period by some one and the State is the only proper authority to make the wheels run on the proper track.

BOTH SCHEMES COMPLEMENTARY.

I have made "The Purchase and Sales Scheme" more attractive in order that the Village Centre Scheme which has to be managed permanently by the State may not have to bear the burden of the entire surplus population. Many rural handicrafts of the Groups B and C of paragraph 61 will thrive only under the "Purchase and Sales Scheme" because while in the Village Centre Scheme the worker gets only a fair subsistence wage, in the other scheme his remuneration will vary with his skill and the best talents will be attracted to it.

I have roughly put down the number as 1,50,000 persons for the first scheme and 3,00,000 persons under the second scheme. The number in the first scheme will increase or decrease according to the success of the second scheme.

CLOTH PRODUCTION SCHEME.

As regards hand-weaving the Committee has recommended in paragraphs 91 and 93, that sufficient mill yarn should be supplied to hand weavers and they should also be guaranteed a full living wage. The Committee has admitted in paragraph 93 that hand-spun yarn being not uniform presents difficulties in weaving and the mill yarn is therefore preferred by the weavers. The Committee has recommended the use of handspun yarn as weft in cloth thereby making the good warp less durable. I may point out here the production on power loom is above 56 yards against 8 yards on handloom per one individual working for 8 hours. I may also mention that handspinning of one lb. of yarn of 16 counts cost about Rs. 2 at fair subsistence wage, while in Mills the yarn of the same count, costs only 2 annas per lb., thus making a difference of 16 to 1 for machines and hand labour

of the same individual. It is also necessary to point out that hand-spinning has not developed in these days of acute shortage of cloth in spite of the fact of Rs. 1-14-0 per lb. given by the All-India Spinners' Association.

I therefore see no reason for separate recommendation for cloth production. I would like to point out here that in paragraph 26, the Committee have advocated protection to oil ghany and gur-making against factory competition, but they were wise in admitting in the same paragraph that such control was a complicated problem, not easy of simple solution and required close investigation. They also saw that if factory production was stopped, demand for raw materials will be practically curtailed that there will be a slump in agricultural prices. I may casually mention here that the production of groundnut or sugarcane would not have increased but for the greater demand and higher price owing to the factory production. When the State desires to protect any craft from factory competition all economics of demand, supply and production should be closely studied, and no hasty step should be taken without close deliberations and investigations by a Committee of Experts employed in the production of that article.

I therefore consider that the recommendations of the Committee about hand-spinning and hand-weaving are more sentimental than sound. The idea of guaranteeing a full living wage is unexceptionable, but one fails to see why the hand-weaver should be the only chosen class. I therefore differ from the recommendations of the Committee in so far as they want to make a special case for cloth production and give privileges denied to others. It has to fit in the two schemes proposed by me and the assistance given thereunder should substantially encourage hand-spinning and hand-weaving.

RESTRICTIONS.

In the two schemes enumerated above, transport, storage, interest and supervisory charges are to be borne by the State. It is necessary to assess the financial liability involved in giving effect to both the schemes. I have given in the last paragraph below the particulars regarding the amount that will be roughly necessary to aid or subsidize these schemes at current prices. The total cost of the Schemes will be Rs. 135 lakhs which will mean a subsidy of Rs. 30 per man, per year. As though this were not enough, the Committee have recommended in addition, penalising of factory production by Sales tax and excise duties. The resulting increase in prices will act as a most regressive tax on the consumer. Let not our zeal get the better of our judgment. Even in the interests of full employment there must be a limit to subsidizing inefficiency. The Committee have recommended restrictions indicated in Chapter VII, viz. licensing, excise, sales tax, price equalisation irrespective of consequences. All these sound well. But one has to consider whether the economic and financial fabric of the State, the importance of the Province in India and outside, will not be rudely shaken by imposing burdens on the very resources from which current revenues are forthcoming. It is all well and good to say that factory production should not compete with rural handicrafts, it is all well and good to say also that business interests being vested interests and vocal should be ignored, but when one sits down for formulating a practical economic policy for governing the finances and the economics of the Province, hard facts have to be taken into consideration. I therefore strongly object to the general remark about restrictions meant to be imposed and other recommendations of the committee in reference thereto except those that fit in with the two schemes outlined above. It will be a further subsidy than Rs. 135 lakhs per year for reviving handicrafts and for supporting 4,50,000 persons.

The Committee have proudly recommended "restrictions" due to the fear that the cottage goods will not be able to compete with factory goods. But this is a despondent attitude. If Japan, Switzerland, Denmark, Finland have been able to develop cottage industries why cannot we do so? Have their Governments imposed restrictions on factory production? Have their Governments given aid as recommended in the two Schemes? Technical staff with wide vision and broad outlook will be able to find out crafts for 4,50,000 persons to work at fair remuneration in spite of factory production. We must further remember our province is not a secluded province with no inter-provincial or international touch. It must be remembered that in pre-war days our province was importing goods worth Rs. 32 crores at pre-war value and was an exporter of raw material. We cannot grow cottage industries in a glass house. Many of the recommendations of the Committee have arisen due to present excessive unemployment in agriculture. But the steps contemplated by the Department of Agriculture must now keep the agriculturist better employed. In Switzerland 68 per cent. of the income of the farmer is derived from cattle farming. In Germany 60 per cent. of the farmers were in pre-war days small holders, and had asserted their superiority by taking to livestock industry. We must therefore simultaneously make every effort to give work to agriculturist as agriculturist. Intensive cultivation, mixed farming, co-operative farming, dairy farming, poultry farming will take us a long way in this direction. I have mentioned this because Cottage Industries Department should not be made to bear the burden of omission of other Departments. Our aim and object should be to make 20 per cent. of our population dependent on industries on whatever scales they were carried on profitably. I therefore do not see the necessity of restrictions suggested in Chapter VII. Cottage industries as against factory industries have the inherent advantage of locating themselves in areas where corresponding raw materials are available and with the transport cost borne by the State and other assistance, they will be in a very favourable position. The Committee has said at many places that rural handicrafts can produce cheaper than factory production and if the Committee really believe so, excise duty and sales tax on factory production or licensing and price equalisation should not be necessary. We have many industries to build up either by the State or by individuals and the less we put backward our industrial clock the better. To control industrial profits is one thing and penalising factory industries old and new is another. Who will dare to start an industry if its license is to be reviewed every three years as recommended in paragraph 127?

GENERAL.

I am, however, sure that with the assistance in the two schemes that I have advocated these 4,50,000 will find adequate profitable employment and many new and old handicrafts will develop and revive. The aim and object of the State should be maximum production per each individual by bringing out his best. If the two schemes advocated above do not support these 4,50,000 people, there is something fundamentally wrong in working them efficiently and the Provincial Boards should pay close attention to it. I am sure also that employment of these 4,50,000 people will greatly relieve the pressure of population on agriculture. With rural prosperity developing with better methods of agriculture and cottage industries, there will be more demand for goods and large-scale and small-scale industries will be simultaneously required to produce more and more goods processed or semi-processed thus further relieving the burden on agriculture. I have made no mention of key industries, defence industries and new large-scale industries which

cannot be carried on, on a small-scale or cottage-scale. These new industries will also relieve the pressure of population on land and if we adopt the two schemes on lines mentioned above, we may not be far off from the coveted target figure of having 20 per cent. population depending on industries.

ESTIMATED COST AND LIABILITIES.

4,50,000 persons under the two schemes will produce goods worth 4,725 lakhs on the basis of Rs. 3-8-0 worth production per day of 8 hours for 300 days.

	Rs.	
Transport charges at 1 per cent. of the value	47.25	lakhs
Interest charges at 3 per cent. for the period of four months on floating capital	47.25	„
Rent of 1,000 godowns and sales depots at 6 per cent. being interest and depreciation of the value considering cost of each to be Rs. 10,000	6.00	„
Supervisory staff of godowns and sales depots at Rs. 3,600 per annum for each of 1,000 godowns	36.00	„
	136.50	„
Help per each individual	Rs. 30.1	

CONCLUSION.

If in spite of the above figures the State wishes to give any more support to any craft or crafts, it is up to the State to do so, but when such additional subsidy is thought fit, it should be given in a direct form so that the State knows how much it costs to equalise factory price of the said craft or crafts. The State will then have seen the object of knowing what it does; but if the method of restriction advocated by the Committee is adopted to stop factory output, the State will be working in dark owing to the absence of all economic calculations. I would again point out the exemption that is given to hand-made articles in the present sales tax and it is for the State to see how far to go in financial aid.

Note on Mr. Parikh's dissenting minute.

Our colleague, Mr. Chandulal, Parikh, was not able to give his co-operation to the Committee, when it met from 27th December 1946 till 3rd January 1947. Some of the points which he is raising now would not have arisen, had he been able to attend on those days.

His disagreement on cloth production by hand-loom and on the scheme of hand spinning as well as on suggestions about licensing and restrictions on factory production at certain times in certain lines is not unexpected, because while millowners are asking for a continuation of protection to themselves, they have been critical about all schemes of State assistance to hand-produced cloth.

No useful purpose would be served by traversing the ground covered by Mr. Parikh. I am glad to see Mr. Parikh's substantial agreement with the Committee's other recommendations.

MANU SUBEDAR,
Chairman,
Committee for the Promotion of Village Industries.

APPENDIX I.

NAMES OF NON-OFFICIALS, INSTITUTIONS AND OFFICERS TO WHOM THE QUESTIONNAIRE WAS SENT.

Non-Officials	Place.
1. Rao Bahadur Ishwarlal N. Desai, B.A., LL.B.	Broach.
2. Mr. Yeshwantraji Rajaram Joshi, B.Ag. ...	Sajod.
3. Mr. Sorabji Dorabji Motafaram ...	Mandiva Buzrag.
4. Mr. Bhagwatlal Trambaklal Dave ...	Sheth Falia, Broach.
*5. Mr. C. D. Barfivala, B.A., LL.B. ...	President, District Local Board, Bombay Suburban District.
6. Mr. Jabir A. Ali, B.Sc. ...	Devnar (Chembur).
7. Mr. J. S. Pereira ...	Bandra.
*8. Mr. S. K. Nanjappa, B.A., LL.B. ...	Honavar.
9. Mr. S. Silva, B.A., LL.B. ...	Pleader, Karwar.
*10. Mr. V. P. Powar, B.A., LL.B., M.L.A. ...	Karad.
*11. Mr. R. M. Nalavade, M.L.A. ...	Waduj.
*12. Mr. L. B. Bhingardeva, M.L.A. ...	Vite (Khanapur).
13. Miss Lilien Picken ...	Satara.
*14. Khan Saheb D. P. Sataravala ...	Satara.
*15. Rao Bahadur V. S. Savant, B.A., LL.B. ...	Pleader, Jalgaon.
*16. Mr. B. D. Deshmukh, B.A., LL.B., M.L.A. ...	Jalgaon.
*17. Dr. N. G. Sane, M.L.A. ...	Shendurni.
*18. Mr. H. I. Kalyani, M.L.A. ...	Jalgaon.
*19. Mr. S. M. H. Bukhari, M.L.A. ...	Jalgaon.
*20. Mr. S. S. Choudhari, B.A., LL.B. ...	Pleader, Yawal.
*21. Mr. J. S. Patil, B.A., LL.B. ...	Pleader, Chalisgaon.
*22. Mr. R. B. Patil ...	Shendurni.
*23. Mr. R. G. G. Deshmukh, Bar-at-Law ...	Savda.
24. Mr. Keshav Ichharam Dakhale ...	Faizpur.
*25. Mr. Trimbak Dodhu Patil ...	Shindad.
*26. Mr. R. S. Hukkerikar, M.A., M.L.A. ...	Dharwar.
*27. Mr. N. S. Desai, M.L.C. ...	Kallapur.
*28. Mr. F. D. Ghodke, M.L.C. ...	Hubli.
29. Mr. Kariappa Yarisimi ...	Sangur.
*30. Mr. G. V. Hallikeri ...	Hosritti.
*31. Mr. V. V. Dandekar, B.A., LL.B., M.L.C. ...	Thana.
*32. Mr. P. V. Paranjape, M.L.A. ...	Ambernath.
*33. Mr. Abdul Razak Kuwari, M.L.A. ...	Badlapur.
*34. Mr. V. V. Kirtane, B.A., LL.B., M.L.A. ...	Dahanu.
*35. Mr. G. K. Phadke ...	Kalyan.
*36. Mr. Shamrao R. Patil ...	Bordi.
*37. Mr. S. R. Bhise ...	Bordi.
*38. Mr. H. D. Davierwalla, Bar-at-Law ...	Sanjan.
*39. Mr. N. D. Deodhekar ...	Umbergaon.
*40. Mr. B. K. Karulkar ...	Umbergaon.
*41. Mr. Vithaldas V. Jerajani ...	Vajreshwari.
*42. Mr. G. G. Dandekar ...	Bhiwandi.
*43. Mr. Michael M. Calaco, B.A., LL.B. ...	Bassein.
*44. Mr. Mustafa A. Faqui. ...	Bhiwandi.

APPENDIX I—contd.

Non-Officials		Place.
*45.	Mr. Vrajlal Narsidas Shah	Chinchani.
*46.	Mr. K. M. Shroff	Satpati.
*47.	Mr. Daulatrao J. Zunzarrao	Murbad.
*48.	Mr. B. S. Hirey, B.A., LL.B., M.L.A. (Central).	Malegaon.
*49.	Mr. D. M. Bidkar, M.L.A.	Satana.
*50.	Mr. B. K. Gaikwad	Nasik.
*51.	Mr. G. M. Joshi	Yeola.
*52.	Mr. K. G. Kulkarni	Nasik.
*53.	Mr. D. S. Wagh	Nasik.
*54.	Rao Saheb Ganpatrao Eknath Patil	Akola.
*55.	Mr. Ganpatrao Dhondiba Sathe	Madha.
*56.	Mr. D. D. Jadhav	Sholapur.
*57.	Mr. B. N. Jakkal	Sholapur.
*58.	Mr. P. V. Kankatti	Sholapur.
*59.	Mr. R. V. Bet	Sholapur.
*60.	Mr. Chahansing Kalyansing Chandele	Sholapur.
*61.	Mr. V. G. Guda	Sholapur.
*62.	Sir Abdul Latif Haji Hazratkha, M.L.C.	Sholapur.
*63.	Diwan Bahadur N. C. Limaye, C.B.E., LL.B.	Sholapur.
*64.	Mr. N. B. Kadadi, M.L.C.	Sholapur.
*65.	Mr. T. S. Jadhav, M.L.A.	Sholapur.
*66.	Mr. G. V. Joshi	Pandharpur.
*67.	Mr. K. B. Antrolkar, M.L.A.	Sholapur.
*68.	Mr. S. B. Dhumma, M.L.A.	Sholapur.
69.	Rao Saheb D. J. Kulkarni	Rajapur.
70.	Mr. S. S. Mahajan	Ratnagiri.
71.	Mr. G. V. Bhatwadekar	Mirjole.
72.	Mr. Y. G. Bhide	Ratnagiri.
73.	Mr. S. B. Athlye	Ratnagiri.
*74.	Mr. Shirang Kamat	Gurilhosur.
*75.	Mr. Rayangouda Tallur	Bailhongal.
*76.	Mr. D. R. Thakur	Belgaum.
*77.	Mr. G. V. Kaujalgi	Bailhongal.
78.	Mr. Ravishanker Shivashanker Vyas	Bochasan.
*79.	Mr. Babalbhai P. Mehta	Thamna.
*80.	Mr. Raojibhai N. Patel	Nadiad.
81.	Mr. Ravjibhai N. Patel	Bhalada.
*82.	Mr. Premshanker K. Bhatt	Surat.
*83.	Mr. Kanaiyalal N. Desai	Surat.
*84.	Mr. Morarbhai Kasanbhai Patel, M.L.A.	Syadla, via Madhi.
*85.	Mr. Lallubhai Makanji Patel, M.L.A.	Matwar.
*86.	Mr. Devjibhai Bhakhabhai, M.L.A.	Navsari.
*87.	Mr. Kalyanji Vithalbhai Mehta	Vanz.
*88.	Mr. Pramod Kanaiylal Desai	Surat.
89.	Mr. Lallubhai Haribhai Patel, M.A., LL.B.	Chorashi.
*90.	Mr. Uttamchand Dipchand Shah	Bardoli.
*91.	Mr. Kikubhai Gulabhai Naik	Kacholi.

APPENDIX I—*contd.*

Non-Officials.	Place.
92. Mr. Vasanji Khandhubhai Desai	... Chikhli.
93. Mr. Gunvantrai Manibhai Desai	... Madanvad, Bulsar.
*94. Mr. Ambalal M. Patel	... Udwada.
*95. Mr. Gordhandas Ranchhoddas Chokhavala	... Surat.
96. Mr. Jagatram Dave	... Vedchhi.
*97. Mr. Purshottam Lalji Chohan	... Surat.
*98. Prof. S. R. Gadgil, M.A.D. Litt.	... Poona.
99. Mr. V. M. Vedak, M.L.C.	... Panvel.
*100. Mr. D. M. Talegaonkar, M.L.A.	... Tale.
*101. Mr. R. N. Mandlik, M.L.C.	... Pen.
*102. Mr. S. V. Tilak	... Nagothana.
*103. Mr. D. J. Naik	... Dohad.
*104. Mr. V. L. Phadke	... Godhra.
105. Rao Saheb M. S. Sinhasan	... Bijapur.
106. Mr. P. G. Sidhanti, B.A., LL.B.	... Bijapur.
*107. Mr. T. S. Koujalgi	... Bagalkot.
*108. Mr. R. G. Dubey	... Bijapur.
*109. Mr. M. S. Sugandhi	... Bijapur.
*110. Mr. S. S. Sakri	... Bagalkot.
111. Mr. S. G. Kalekar	... Bombay.
*112. Mr. S. G. Banker	... Mirzapur.
*113. Mr. R. S. Desai, B.A.	... Bombay.
*114. Mr. Purshottamdas Kanji	... Bombay.
115. Mr. Narhari Parikh	... Wardha.
116. Mr. K. G. Mashruwala	... Wardha.
*117. Mr. Vinoba Bhawe	... Wardha.
118. Mr. S. K. Karmarkar	... Bombay.
*119. Mr. Annasaheb Sahastrabuddhe	... Poona.
120. Mr. S. K. Kallapur	... Honawar.
*121. Mr. A. V. Thakkar	... New Delhi.
122. Mr. Shankarlal D. Parikh	... Kathlal, District Kaira.
123. Mr. Shankarlal H. Shah	... Kapadvanj.

Officials.

- | | | |
|----|-----------------------------|---------------------------------------------------------------------------------|
| 1. | Mr. M. P. Kanga, M.Sc. | ... Director of Industries. |
| 2. | Mr. D. A. Shah, M.A., LL.B. | ... Joint Registrar for Industrial Co-operatives and Village Industries, Poona. |
| 3. | All Collectors. | |

Name of the Institution.	Place.
1. Chairman, Bhiwandi Momin Weavers' Society.	Bhiwandi.
*2. President, Taluka Development Association.	Palghar.
3. President, Taluka Development Association.	Umbergaon.

APPENDIX I—*contd.*

Name of the Institution.	Place.
4. President, Taluka Development Association.	Bordi.
*5. Manager, Ayurved Pharmacy ...	Ahmednagar.
6. Chairman, Bijapur District Kurubar Wool Industrial Co-operative Producer's Society Limited.	Bijapur.
7. Secretary, Labour and Peasantry Youth Congress.	Malad.
8. Secretary, Provincial Industrial Co-operative Association.	9, Bake House Lane, Fort, Bombay.
*9. Secretary, Karnatak Chamber of Commerce.	Bagalkot.
*10. Chairman, Village Industries Committee ...	Gandhi Seva Sena Building, Bombay.
*11. Secretary, All-India Village Industries Association.	Wardha.
*12. Secretary, Marwadi Chamber of Commerce...	232-34, Kalbadevi Road, Bombay.
13. Secretary, All-India Spinners' Association ...	Wardha.
*14. Secretary, Indian Merchants' Chamber ...	1, Churchgate Reclamation, Bombay.
*15. Secretary, Maharashtra Chamber of Commerce.	Industrial Assurance Building, Churchgate, Bombay.
16. Secretary, Association of Indian Industries...	Do.
*17. Secretary, Gram Udyog Mandir ...	Modasa, District, Ahmedabad.
*18. Secretary, Lord Reay Industrial Museum ...	Poona.
*19. Secretary, Northern Division Industrial Co-operative Association.	Ahmednagar.
*20. Secretary, Industrial Co-operative Association, Yeola.	Nasik District.
*21. Secretary Industrial Co-operative Association, Malegaon.	Do.
*22. Secretary, Industrial Co-operative Association, Ahmedabad.	Ahmedabad.
23. Secretary, Industrial Co-operative Association, Hubli.	Hubli, District Dharwar.
24. Secretary, Industrial Co-operative Association, Sholapur.	Sholapur.
25. Secretary, Memon Merchants' Association ...	Nawab Building, Chakla Street, Bombay.
26. Secretary, The Surat Chamber of Commerce.	Surat.
*27. Secretary, Harijan Ashram, Sabarmati ...	Sabarmati.
28. Secretary, Bhil Seva Mandal ...	Dohad.
*29. Secretary, Hindustan Talimi Sangh, Sevagram.	Wardha.
30. Chairman, Charutar Vidya Mandal ...	Anand.
31. President, Thana District Congress Committee.	Bordi.
32. President, District Local Board ...	Surat.

APPENDIX I—concl'd.

Name of the Institution.	Place.
33. President, District Congress Committee ...	Bijapur.
34. Chairman, Bassein Co-operative Pottery Glazed Wares Manufacturing Producers' Society Limited.	Bassein.
35. Honorary Secretary, Mirjole Agricultural Co-operative Thrift and Credit Society.	Mirjole.

Note.—Asterisk denotes that the person or institution concerned did not send any reply to the questionnaire.

APPENDIX II.

RECOMMENDATIONS OF COMMISSIONS AND COMMITTEES IN THE PAST AND
THE ACTION TAKEN BY THE PROVINCIAL GOVERNMENT THEREON.

The Industrial Commission (1916-1918) recommended the following measures :—

(1) *Industrial loans to handicrafts.*

(2) *Finance to handicrafts.*

(3) *Research in processes of different handicrafts and arrangement for the use of improved tools and appliances among the artisans by peripatetic demonstrations; demonstration factories should be given to artisans on the hire-purchase system.*

(4) In large urban centres of handicrafts the Department of Industries should maintain central auxiliary factories employing machinery to carry out some of the elementary processes which require more time by manual labour.

(5) Electric motors should be popularised in urban handicrafts where some processes can employ power without transference of the handicrafts to the class of small organised industries.

(6) *Technical advice and commercial information.*

(7) *Vocational training of artisans.*

(8) The demonstration factories to be maintained by the Department of Industries should be made a commercial success and should indicate to the artisans the best methods of purchasing raw material and selling their wares. Improvement of designs should be secured by coordinating the work of Art Schools and the Central Handicraft institutions carrying on research in handicraft problems.

(9) The Department of Industries should try to develop the market of handicrafts by organising frequent exhibitions, maintaining emporia, canvassing orders and linking the handicraftsmen with markets.

The Royal Commission on Agriculture adopted an ambivalent attitude. While in places it was pessimistic about the future and necessity of cottage industries at other times it proceeded to indicate lines of improvement. Its recommendations are summarised below :—

“ *Paragraph 500.*—In our opinion what is most required to stimulate their (cottage industries) development is new ideas ; in silk, weaving, e.g., the supply of attractive patterns ; in the pottery industry, new lines of development such as the making of insulators for telegraph poles ; in carpentry, patterns of simple articles of furniture and of suitable containers for marketing of village products. Next in importance we place careful and thorough instruction in modern processes. Government art and technological schools are already doing good work in this field and existing provincial facilities in these respects should be developed for those rural industries which a Local Government may select as promising.....But markets external to the locality should not be neglected, and for the capture of these and the maintenance of a connection once secured, the best advice obtainable is needed on the commercial side. However, attractive the articles may be, sale in the long run will depend on uniformity, of the product and on the promptitude and regularity with which market orders are complied with.

2. “ But even with the aid of new ideas and assistance in training and marketing, the contribution which rural industries can make, in reducing the heavy pressure on the land is infinitesimal and in the nature of things, they cannot, as a rule, hope for ever to survive the increasing competition of organised industry. In some cases, we are afraid that an altogether exaggerated importance is attached to their development, whereas sound reflection would show that the possible expansion is strictly limited. The position may be summed up as follows : *in villages generally some increase in demand for local products may be looked for as new ideas of the life develop.* In villages favourably suited for the establishment of small industries, such as rice and sugar mills, cotton ginneries and presses, part of the agricultural population may find seasonal work as unskilled labourers. In the villages many of the smaller cultivators find employment in carting for their more prosperous neighbours and some may hire out their labour to them. Near large towns, poultry can be kept, or vegetables, fruit and flowers can be cultivated. The women and girls of the family can fill their leisure moments with the spinning of various fibres and also with the making of lace and embroidery, a cottage industry to which the Madras Government Department of Industries has paid special attention. In certain areas, lac cultivation and silk can be taken up and near forests employment can be obtained by the cultivators in their spare time in various ways. But the possibility of spare time or subsidiary occupations depends very largely on the location of the village, and as, a general principle, it may be laid down that the chief solution of the problems of the cultivator is intensification or diversification of his agriculture. Corporate action for the improvement of his village would, of course, give him something to do ; but this awaits the awakening of a public health conscience and the revival of the corporate spirit in the village. To put it briefly, *the possibilities of improving the conditions of the rural population by the establishment of rural industries are extremely limited.*

" *Paragraph 501.*—The difficulty of providing sufficient capital at reasonable rates of interest for carrying on village industries can be met by the organisation of co-operative societies for the purpose. In the case of skilled artisans, the bulk of the profit earned by the sale of their products is apt to go at present into the pockets of middlemen who supply them, at a very high rate of interest, with the capital required and who, as a rule, also insist upon the finished product being sold through themselves. Some of these village artisans are financed at present by the ordinary village credit society but societies have also been formed for social classes of village artisans. We believe that development on these lines is essential if the artisans are to reap a reasonable profit from their labour and if rural industries are to be placed in a position to survive the competition to which they are increasingly exposed. We, therefore, suggest that the question of organising village artisans on a co-operative basis for the purposes of credit, of purchase of raw material, and of marketing, should receive the attention of both the Departments of Co-operation and Industries in every Province. Where artisans are thus organised co-operatively, Government might, where special needs exist, make advances to the societies for the purchase of improved machinery.

" *Paragraph 503.*—There are indications that, as an industrial spirit develops, the tendency will be to multiply the number of small local factories dealing with the produce of a limited area rather than to increase factories in the city. From the point of view of the agriculturist, this will be all to the good, as accessible and steady markets for his produce and an outturn for his labour will be assured without the disadvantage of leaving his home. In the linking up of the cultivator and the cultivators' produce with these, localised factories, the co-operative movement can play an important part. This movement must ultimately, if the rural population is to reap the full benefit of it, advance from the supply of short and long term credit to the organisation of the purchase and sale of commodities and produce.

" *Paragraph 504.*—We do not consider that Government can usefully seek to influence the location of large scale industries in rural areas, though the possibilities of industrial development should be taken into account in the layout of roads or railways or in the elaboration of a hydro-electric scheme. Removal of existing industrial concerns to rural areas and the establishment of new concerns in those areas rather than in the vicinity of large towns will necessarily be dictated by such considerations as the availability of raw material and suitable labour and the adequacy of transport to markets. It is in the interest of the agricultural population that there should be as many prosperous industries based on the processing of agricultural products as economic conditions will allow and we are convinced that it would be a mistake to fetter their development by any policy of control in regard to their location. Government may, however, do much to assist the mutual adjustment between the large industries and agriculture by their policy in respect of communications and the development of power; by the fostering of the *supply of skilled managers and technicians*, and by the collection of information as to marketing both in India and abroad. Further, when there is a risk of manufacturing power exceeding the supply of raw material available in any locality, Government can assist by conducting an economic survey of an industry and, if necessary, sounding a note of warning. For this and other reasons, it seems desirable that before evolving a policy for industrial development in rural areas, Government should make a careful survey of economic possibilities.

We hope that, with an improvement in the facilities for technical education and the growth of a class of technicians who have gained experience of the application to business of scientific processes through a period of employment in large-scale industries, capacity may increase among private individuals to reorganise the smaller industries successfully. But for a long time to come, Government will have to be prepared to make suggestions for the development of the small industries to give advice in some detail in regard to matters of organisation and management and, perhaps in some instances to make themselves responsible for running a pioneer enterprise. Close collaboration between the Departments of Industries and Co-operation is necessary if the workman is to get the best training in his craft and be in a position to market his products most favourably. ”

4. The Central Banking Enquiry Committee's analysis of the problem and recommendations were :—

Paragraph 303.—“ A common feature of these industries is that the people engaged in them do not, as a rule, make for stock but only make to order, having received the necessary raw material or an advance in money. This is said to be due to a variety of reasons, viz.,

- (1) Lack of capital.
- (2) Uncertainty about marketing products due to importation of cheaper and more convenient substitutes.
- (3) Unwillingness to take up contracts for continued regular supply due to inability to organise the business so as to obtain uniformity of quality in the raw material and in the workmanship.
- (4) Need for coordinating specialised functions in such industries.
- (5) The lengthening of technical processes involved in some industries such as calico printing and the inability of the small artisan to lock up his capital for long ; and
- (6) The seasonal value of the industry and the facilities afforded by the middlemen to keep the artisan going during the slack season.”

Paragraph 304.—The result of working on raw materials supplied by the dealer on credit and selling the finished products to the dealers is said to be generally to the detriment of the artisan and he has to pay a higher price for the raw materials supplied on credit in addition to interest on the value and is allowed lower prices on the manufactured goods. In our opinion the remedy for this state of affairs lies in the formation of co-operative societies for helping the artisans though the general working of co-operative societies has not been satisfactory so far in most of the Provinces. The chief difficulties to be surmounted are generally—

- (i) indebtedness of the artisans ;
- (ii) local organisation among them ;

and

- (iii) marketing difficulties.

“ *Paragraph 305.*—The financial needs of the rural and cottage industries may be summed under three heads :

- (i) purchase of raw materials ;
- (ii) working expenses during the period of production ; and
- (iii) financial accommodation between the period of production and the final disposal by sale in the up-country markets.

Paragraph 306.—“A proper agency for financing rural industries on cheap terms and for rescuing them from the clutches of the money-lender and the middleman, where these drive unfair bargains with him, regarding supply of raw materials and sale of finished product, appears to be very essential. In spite of the not very hopeful experience in the past, we think that co-operative industrial banks or well organised co-operative urban banks are the best agencies to meet the requirements of these industries satisfactorily. We recommend that co-operative institutions should be established to finance the rural industries on a large scale than at present. ... Such institutions should be able to tackle the problem of indebtedness of the artisans and by propoganda and education remove the existing defects in their character and efficiency. We recommend that Government should give assistance in connection with propoganda and education and should also be prepared to provide funds for the movement, if it grows on a large scale, and is in need of funds.”

Paragraph 309.—“The Provincial Committee have also recommended the establishment of licensed warehouses of co-operative wholesale depots for storing and sale of products of cottage industries. We are in agreement with this recommendation and we hope that with the help of these warehouses and wholesale depots and under the competent guidance of the Provincial Marketing Boards...most of the marketing difficulties will be reduced, if not altogether removed. Co-operative sale societies could also be of much help in opening markets for products of Rural industries in commercial centres”.

Paragraph 311.—The Committee recommended the adoption of the State aid to Industries Act and help to rural and cottage industries through Provincial Industrial Co-operatives.

While supporting the other measures which the Majority Committee recommended, and which are summarised above, in the Minority Report of the Committee, Mr. Subedar said that, he took a “pessimistic view with regard to the success of co-operative organisations amongst the type of people whose financial needs are being discussed”. He said that “Industrial progress in the World should be reckoned by the human standard, viz., by the increase in the number of skilled workers inside a community and not by the output value of manufactured articles which is the standard usually employed.” The tragedy of the artisan in India is not merely in the sense that he loses his independence; it is that he loses the value of the hereditary skill which he has acquired.

5. The Famine Enquiry Commission recommended as follows:—

“The seasonal character of agricultural employment is a serious matter for two reasons both related to rural over population. First a large number of farmers are uneconomic, i.e., the farmer is compelled to seek other employment in order to support himself and his family and secondly the supply of agricultural labour in many parts of the country is in excess of the demand.”

“There is no lack of knowledge as to the forms of these industries, nor is there lack of willingness to help. One difficulty appears to be that of finding a suitable agency through which State assistance can be made available to the small cultivator as well as to the rural artisan. In certain sections of the hand-loom industries, the co-operative movement has been able to provide such an agency. It is one thing, however, to organise into a co-operative society artisans whose principal source of livelihood is a particular industry, and who are often congregated into communities. Quite a different problem

is presented where development and supplementary occupation for agriculturists is involved. This problem, as far as we can see, has not yet been solved. We doubt whether the co-operative movement can help until the multi-purpose society is developed to much greater extent than it is at present. The agriculturist, particularly the small-holder, needs the benefit of co-operation for securing a better income from his principal sources of livelihood, viz., cultivation. If societies are formed which undertake this task and perform it with success, they would gain experience of co-operative sale of farm produce, purchase of manure seed and other farm requirements. Such societies could undertake the development of cottage industries among their members and help in the purchase of raw materials and disposal of the manufactured products. In other words, it seems to us probable that subsidiary employment for the cultivator and his family can be organised co-operatively only if such organisations are regarded as a subsidiary function of a co-operative society whose main function is to assist the cultivator in the production and marketing of agricultural produce." The Famine Enquiry Commission also recommended that in the transitional period an endeavour might be made to enlist the co-operation of the middlemen who are at present thriving on the weakness of infant cottage industries for the further promotion of those industries till multi-purpose co-operative societies can undertake this work.

6. The recommendations of the Bombay Economic and Industrial Survey Committee of 1937 and the action taken by Government thereon are summarised below :—

1. *Utilisation of forest products.*—Experimental work in manufacturing starch from jowar and maize were made. Pickles and rollers are being made by farmers for the leather industry. Bobbins are being manufactured from suitable wood.

2. *Research on industrial utilisation of bye-products.*—Utilisation of rice husk for manufacture of paste-boards was made by the Department of Industries.

3. *Experiments in connection with tanning and dyeing substances.*—The Department of Industries conducted work of tanning from myrabolans. Manufacture of vegetable dyes from forest flowers was also tried.

4. *Fruit canning and other products.*—Experimental research work was carried on at the Poona Agricultural College Laboratory. A sub-station for canning research and experiment was to be established after the Imperial Council of Agricultural Research had decided the question of establishing an All-India central fruit experimental site. The amount of canning done was not economically sufficient to establish a factory for manufacture of tins. As regards bottling, Government sanctioned a loan to the Talegaon Pisa Fund Glass Works for the manufacture of bottles.

5. *Commercial exploitation of fibre resources.*—The fibre expert who was appointed by Government resigned. A Sisal Fibre Plantation was started in Shrigonda and the Raspador machine is tried for extraction of fibre. The Department of Industries has taken steps for the better extraction and utilisation of coir.

6. "To relieve part-time unemployment among agricultural classes and for increasing the cultivator's income, Government should promote part-time occupations suitable for cultivators and agricultural labourers. In this connection, the Committee wants to emphasise that hand-spinning is the ideal part-time cottage industry for the cultivator, as it involves very little capital, is not difficult to learn, can be taken on and left off at the cultivator's convenience, and fits in with the century old traditions of the countryside. There are also dairying, sericulture, apiculture, etc. A special section should therefore, be created in the Industries Department for the purpose of promoting part-time or subsidiary industries, and Inspectors appointed for each district. This selection should be in charge of a Deputy Director of Industries who should be guided by a Provincial Board for the Promotion of part-time Industries, the Board to consist of not less than twelve members including the Director of Industries, the Director of Agriculture, the Chief Conservator of Forests, the Registrar of Co-operative Societies, the Chief Engineer to Government, two representatives of the Provincial Legislature, one representative each of the All-India Spinners' Association, and the All-India Village Industries Association and some other non-official experts in rural economic development."

Government did not appoint Provincial Board as proposed. There is a Deputy Director of Industries but he is not wholly concerned with cottage and subsidiary industries. Government gave grants-in-aid to the All-India Village Industries Association of Rs. 16,000 a year for improvement of hand spinning appliances and other grants for paper-making, button-making, coir-work, etc.

7. "The Committee feels that regulation between these two types of industries (large scale and cottage) cannot be undertaken by the unilateral action of a single Provincial Government. The Committee, therefore, suggests that the whole question particularly that of regulating the relations between the large scale and cottage scale among the textile industry should be discussed at a special conference of the representatives of the Provinces and the Government of India. The Committee, is of the opinion, however, that subject to the control of imports and agreement from other Provincial and State Governments and the Government of India some regulation of the textile industry like diversion of the market fixed, if necessary, by industry offers a possible solution." No clear-cut action has been taken by Government so far on this recommendation.

8. *Relation between small-scale and cottage industries.*—"As regards the relation between the small-scale and cottage industry, the Committee is of the opinion that no regulation is necessary except in the case of the textile industry where the growth of small power-loom factories needs to be ascertained. Even then, no action should be taken without obtaining approval of other Governments in India."

9. *Establishment of District Industrial Associations.*—"The difficulties of cottage industrial workers are primarily in the field of marketing. To meet this difficulty the Committee recommends that each district should have an industrial association in charge of a District Industrial Officer assisted by a local advisory committee. The District Industrial Association should supply raw materials to artisans and sell their products, give them improved tools on the hire-purchase system and organise demonstrations,

etc. Membership of the association should be open to all whole time cottage workers, resident in the district, subject to the observance of the rules and regulations of the association. The District Industrial Association should be assisted by a Divisional Association under the Assistant Director of Industries in each Division of the Province. These Assistant Directors of Industries should be assisted by advisory committees, and there should be a Deputy Director of Industries in charge of cottage industries. The Deputy Director may also be assisted by an Advisory Board." Since 1935, District Industrial Associations were set up in 9 districts utilising the grant from the Government of India for organisation of hand-loom weavers. Government have now broadened the basis of these Associations by making them comprehend primary industrial co-operative societies of different handicrafts and rural industries so far. 104 Industrial Co-operative societies have been organised. Recently Government have registered a Provincial Rural Co-operative Association (the aim is to have at least one District Industrial Association in each district). Government have granted this association a grant-in-aid of Rs. 42,400 for the current year for organising primary Industrial Co-operatives and have agreed to subscribe to its share capital to the extent of Rs. 50,000 or 20 per cent. of the paid up capital of the Association whichever is less. Government have also transferred the subject of cottage industries from the Department of Industries to the Co-operative Department from 1st December 1946. A Joint Registrar for Village Industries and Industrial Co-operatives has been appointed and he is to be advised by a non-official committee in working out schemes for short-term and long-term development of rural industries.

10. *Establishment of a Provincial Cottage Industries Research Institute.*—Government set up a Village Industries Experimental Workshop in 1940 for devising improved appliances for hand and mechanical operation. The centre devised fibre extracting machines, like hand-driven Raspador, improved spinning wheel for spinning and twisting hard fibre, sizing machine for sizing handloom warp, balling machine for balling twine made from spun and twisted-hard fibre, improved ghanies for oil extraction, experiment for the manufacture of lead pencils, manufacture of slate pencils from slate powder, manufacture of hollow ground razors from old files, manufacture of rubber valve tubes, paper pulp, etc. The workshop also manufactured treadle driven silk reeling machine with gorrated wheel to facilitate quick addition of new silk filament to the reeled thread eliminating the services of an assistant required for turning the machine and this was supplied to the Government Sericulture Farm, Hindalga, Belgaum. Cane and bamboo appliances were supplied to the peripatetic centres for demonstration in bamboo and cane-work. Sets of lacquerware works were manufactured. Treadle spinning machine and card laying machine were prepared for coir work demonstration. Wooden pestles and cups were manufactured for the improved oil ghani—the Haskell Ghani. Machines for rubber substitute research (Puranrub etc.) were designed. Hereditary telis and glass bangle makers etc., have been trained at the workshop and given loans and subsidies for purchase of appliances after termination of their courses.

11. *Purchase of Cottage Industries Products.*—The Price and purchase preference have not been very effective.

12. *Removal of local taxes on raw materials required for cottage industries.*—Not much headway has been made due to the recalcitrance of the municipali-

ties. Any way the rebate of re-export exists and cottage industries can avail themselves of these rebates. That would solve the problem to a great extent.

13. *Establishment of Small Museums.*—Government has not established a museum so far of its own, but has given a grant-in-aid to the Lord Reay Industrial Museum, Poona of Rs. 25,000 and further assistance is being considered by Government.

14. *Industrial Research Laboratory.*—A chemical research laboratory was set up by the Department of Industries.

15. *Commercial and Intelligence Section.*—The section has been set up in the Department of Industries but it deals mostly with large scale industries and not so much with rural industries. No census of industrial production has been undertaken so far.

16. *Testing of products of rural industries for granting certificates of quality.*—Not much headway has been made by the Department of Industries in this respect mainly because the quality is not standardised.

17. *Finance.*—“For financing the cottage worker, a special organisation should be set up which should not deal with cottage workers but only with the Industrial Associations. In the near future Government may place Rs. 25 lakhs at the disposal of the Cottage Industries Section of the Industries Department.

For financing small-scale industries, Government should promote a small industries bank with a capital of Rs. 25 lakhs.” No lump allocation of Rs. 25 lakhs was made to the Department of Industries nor was an Industrial Bank started. In 1943, the State Aid to Industries Rules, 1935, were revised and brought up to date. Under these rules, loans could be granted to small industries and in particular to cottage industries—for (i) construction of buildings, godowns, warehouses, wells, tanks, and other works necessary for industrial operations, (ii) purchase and erection of machinery, plants and appliances and (iii) purchase of raw materials. Loans for amounts not exceeding Rs. 3,000 could be sanctioned by the Director of Industries, provided the expenditure, etc. sanctioned by him during the year did not exceed Rs. 20,000. Loans exceeding Rs. 20,000 were not to be granted to a single person except without the sanction of Government. Loans could be granted against the mortgage of the borrower's lands and/or buildings, his machinery, plant or machinery and could be purchased from Government on a floating charge on the assets of the borrower or personal or other security. The loans were to carry compound interest at the same rate of interest as tagai loans granted under the Land Improvement Loans Act, 1883, interest to accrue from the date of disbursement of the loan. In 1941, Government made arrangements to give loans and subsidies to hereditary artisans for the purchase of tools and equipment. 50 per cent. of the cost of equipment delivered and erected at the site ready for operation was to be borne by Government as subsidies to the artisans and the remaining to be treated as loans to the artisans. The loan was to be repaid in a period of 5 years in equal monthly instalments, the first instalment to commence from the date of disbursement of the loan. In 1942, Government made provision for grants to educated persons who have been trained in any

particular industry to set up in that industry or business or trade connected therewith and to those already in business, industry or trade with a view to help them to develop and expand their activities. The grant was to be for (i) purchase of tools, implements and appliances or machinery including cost of erection, (ii) for enabling the recipient to tide over the early stages of manufacture on a commercial scale, (iii) for helping the recipient to meet losses due to poor production in the beginning, (iv) for similar purposes, depending on the circumstances of each case. 50 per cent. of the amount advanced was to be treated as loan and 50 per cent. as subsidy. The grant was not to exceed Rs. 1,000 normally and in any case not to exceed Rs. 2,000. The loan was to be repaid in 5 years in equal monthly instalments, the first instalment to start after 18 months after the disbursement of the loan.

The actual financial help so far given under the State Aid to Industries Rules to rural small-scale industries is Rs. 7,880. The aid given under the Loan-cum-subsidies Scheme to hereditary artisans trained in the Department of Industries schools till March 1946 is given below:—

Name of Industry.	No. of artisans assisted.	Amount sanctioned for equipment.		Amount sanctioned for working capital.		Amount to be treated as subsidy i.e., 50 per cent. cost of equipment.		Amount of interest free loan.	
		Rs.	a. p.	Rs.	a. p.	Rs.	a. p.	Rs.	a. p.
Tanning ...	382	12,767	0 0	1,03,673		6,383	8 0	1,10,056	8 0
Weaving ...	150	16,737	0 0	29,524		8,368	8 0	37,892	8 0
Coir and rope making ...	84	21,027	8 0	10,006		10,513	12 0	20,519	12 0
Art-craft ...	39	14,395	0 0	11,560		7,197	8 0	18,757	8 0
Bangle making ...	36	10,177	7 0	3,755		5,088	11 6	8,843	11 6
Boot and shoe-lace making ...	22	4,365	0 0	2,720		2,182	8 0	4,902	8 0
Lacquer work ...	16	1,234	0 0	1,124		617	0 0	1,741	0 0
Cane and Bamboo ...	32	3,850	0 0	4,825		1,925	0 0	6,750	0 0
Dyeing and Printing ...	15	1,700	0 0	4,985		854	8 0	5,839	0 0
Oil extraction ...	9	.....		4,250		<i>Nil.</i>		4,250	0 0
Leather working ...	8	1,717	0 0	2,150		858	2 0	3,008	8 0
Lohari and Carpentry ...	6	2,150	0 0	1,000		1,054	0 0	2,154	0 0
Fishery ...	5	500	0 0	1,050		250	0 0	1,300	0 0
Pottery ...	4	2,250	0 0	420		1,125	0 0	1,545	0 0
	808	92,878	15 0	1,81,042		46,418	1 6	2,27,550	15 6

The loans and subsidies given to educated rural unemployed for setting up in industry upto March 1946 are shown below :—

Name of Industry.	No. of persons assisted.	Amount of subsidy		Amount of interest free loan.		Total amount of grant.	
		Rs.	a. p.	Rs.	a. p.	Rs.	a. p.
Chemicals	12	4,325	0 0	7,325	0 0	12,150	0 0
Engineering	11	3,895	0 0	9,595	0 0	13,490	0 0
Art-crafts	7	2,787	8 0	3,787	8 0	6,575	0 0
Oil extraction	5	2,000	0 0	5,000	0 0	7,000	0 0
Weaving	5	1,000	0 0	5,300	0 0	6,300	0 0
Dairy and Confectionery	4	500	0 0	3,500	0 0	4,000	0 0
Dyeing and Printing	4	.....		4,000	0 0	4,000	0 0
Paper manufacture	3	2,250	0 0	2,250	0 0	4,500	0 0
Tanning	3	.....		3,100	0 0	3,100	0 0
Hosiery	1	500	0 0	500	0 0	1,000	0 0

Recently Government has given a grant-in-aid of Rs. 42,480 to the Provincial Industrial Co-operative Association and has agreed to subscribe to its share capital to the extent of Rs. 50,000 or 25 per cent. of its actual paid up capital whichever is lower. Government has also set up a non-official committee to advise the Joint Registrar of Village Industries and Industrial Co-operatives to run village industrial schemes. The grants given to this committee are as follows :

Palm gur industry: Rs. 21,375; Erandol and Junnar Hand-made Paper Centres: Rs. 20,000 Cottage Industries Schemes: Rs. 55,820. Government also gave grants-in-aid to the Karnatak Charkha Sangh for starting hand-spinning as a famine relief measure to the extent of Rs. 1,30,250 and to the All-India Spinners' Association to the extent of Rs. 71,000. Government have also provided for Rs. 20,22,000 for expenses (capital and running) in connection with the development of cottage industries in the Post-war Reconstruction schemes for the first five-year period.

18. *Training.*—The Department of Industries is running some training schools, like the Government Leather Working School, Bandra, and the Government Training Institute, Bandra.

R. H. Parnell Industrial School, and (for carpets, wood-hewing and lacquer handicrafts) K. E. S. Topiwala School, Alibag (carpets, handloom-weaving and ladies' tailoring), St. Barnets Industrial School, Manmad (carpets, practical tailoring), Lokamanya Seva Sangh, Vile Parle (Ladies' tailoring), Government Power Weaving Industrial Institute, Sholapur, Yeravda Industrial School (Agricultural carpentry, Smithy, practical tailoring), S. A. Boys' Boarding School, Ahmednagar (handloom-weaving) Industrial classes attached to Modern High School, Ahmednagar (Carpentry and practical tailoring) S. A. Boys' School, Kaira (handloom-weaving), Industrial Settlement School, Hubli (Carpentry). The Department also arranges for peripatetic demonstration parties to carry training in improved design, lathes and appliances at the door of the artisan. 53 such parties teaching dyeing and printing, wool-weaving, cotton-weaving, tanning, fibre work, coir, rope and brush manufacture, lacquer-work, cane and bamboo work, pottery, carpentry and smithy have been working. Government contemplates multiplying these peripatetic demonstration parties further for the Post-war Schemes.