CHAPTER I

INTRODUCTION

Industrialisation is regarded as the world’s first greatest revolution. It has played a very significant role in the process of economic development in countries all over the world. Therefore, the problem of industrialisation and economic development in developing countries like India, has been engaging the attention of economists, planners and administrators, since the second half of the 20th century.¹

Industrialisation in the country was heavily relied upon as the ‘King Pin’ in the strategy of economic development. In the initial phase of Industrialisation it raised high expectations and generated tremendous enthusiasm.

As industrialisation proceeded, economies of scale and inter-industrial linkages became more pronounced. It also led to the creation of

economic surplus in the hands of people. In fact Industrialisation has been instrumental in creating an environment required for higher stages of economic development.  

In the words of Myrdal, industrialisation can serve as an effective instrument to uplift the socio-economic conditions of the people. Industrial sector which possesses a relatively high marginal propensity to save and invest, contributes significantly to the eventual achievement of a self-sustaining economy with continued high levels of investment and rapid increase in income and industrial employment. It is thus clear that Industrialisation is a pre-requisite for raising the national as well as per capita income and to remove unemployment and under employment.  

In the early 1940's P.N. Rosentein Rodan argued that industrialisation is the way to achieve a more equal distribution of income between different areas of the world by raising incomes in depressed areas at a higher rate than in the relatively richer areas. Later, in the early 1950's and 1960's, Murrey D. Bryce said, "It is an effort in which the underdeveloped countries place a major hope of finding a solution to their problems of poverty, insecurity and overpopulation, and ending their newly realized backwardness in the modern world". Jawaharlal Nehru, the first Prime

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Minister of independent India, while emphasizing the decisive role of industrialisation, went to the extent of saying that real progress must ultimately depend on industrialisation. Sir. M. Visvesvaraya, the principal architect of "Industrial Mysore", while underlining the historic indispensability of Industrialisation, is stated to have said, "industrialise or perish".4

Industrialisation accelerates economic development through structural transformation. Economic development implies significant changes in the sectoral composition of income and employment. And by definition Industrialisation involves fundamental changes in the structure of an economy both in terms of output and occupational pattern of workforce. As a first step, Industrialisation initiates a shift away from the land-based agriculture and allied activities to the man and machine-based secondary and tertiary economic activities. Such a shift, which moves workforce from the relatively low-productivity economic activities to the relatively high-productivity economic activities accelerates economic development. This kind of a structural change has taken place in almost all industrially advanced economies.5

Industrialisation promotes economic development by providing the much needed scaffolding for the accelerated development of agriculture which is an integral part of the dynamic process of economic development. Most of the critical inputs which increase the productivity of land are produced by the industrial sector. For instance, chemical fertilizers, pesticides and insecticides and agricultural machinery are provided by industries. Similarly, large-scale commercial farming can be sustained only by developing irrigation projects and extensive transport and communication networks; and Industrialisation is necessary in developing these facilities.

In recent economic literature and economic thinking, industrialisation has been considered as a key to rapid economic development. It offers prospects of a growing availability of manufactured goods, increased employment opportunities, improved balance of payments position, and greater efficiency and modernisation throughout the economy. Industrialisation is characterized by technological innovation, the development of managerial and entrepreneurial talents, and improvements in technical skills, which lead to higher productivity.6

In India, there are highly organised, large-scale, medium, and small-scale industries besides cottage industries and the recently conceptualised and added tiny sector. The large and medium industries have

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their place depending on the nature of the product, raw materials, locational advantages, national requirements, priorities, transportation and the interests of the general public. But the large and medium industries are only a partial answer to the socio-economic needs and problems of the developing countries. The promotion of small industries and the traditional cottage and village industries in rural areas plays a much-needed complementary role in balanced development.

Even though, industries in general are spread both in rural and urban areas, their concentration predominantly has been in urban centres. In view of the inherent limitations with respect to agriculture in sustaining the growing population, the time has come to gradually promote and develop small-scale enterprises in rural areas along with improvements in agricultural practices towards higher productivity. This process of generating industrial activities in rural areas may be called "Rural Industrialisation".

The theme "Rural Industrialisation" has recently emerged in the context of improving the living conditions of the rural people in developing countries. These countries in their attempts to develop rural areas have placed greater emphasis on agricultural development. Although the agricultural sector is of prime importance in the improvement of the living conditions of the rural people, sustainable rural development cannot be achieved by
developing the agricultural sector alone. The other sectors must also be
developed simultaneously by means of an integrated approach.\textsuperscript{7}

Manufacturing activities in rural areas are usually carried on in a small scale. In view of this, small-scale industries in rural areas may help to diversify the rural economy and stimulate income-generating opportunities for rural people. There are a number of positive factors that facilitate promotion and development of small enterprises in the rural areas. Large-scale industries usually absorb a large share of the investment but generate only a small number of employment opportunities. But, the small-scale industries on the other hand employ a large proportion of the labourers employed in the manufacturing sectors in developing countries. Moreover, in the rural areas there are people who are able to accumulate small amounts of capital and are willing to venture into some entrepreneurial activity on other. Small-scale industries in fact provide a good starting point for the mobilization and utilization of both their talents and their capital. Employment opportunities available in urban centres in developing countries are not sufficient to absorb the influx of rural labour in search of employment. This creates numerous problems. A possible and in a way, the only solution would be for rural industries to create employment opportunities for local labour and thus reduce rural-urban migration. Large-scale industries very often depend on the

\textsuperscript{7} E.D. Setty, \textit{op.cit.}, p.257.
technology from industrialized countries and therefore, show a high degree of dependence. Most of the small-scale industries in the rural areas, on the other hand, can be developed with indigenous technology that is familiar to the people. It does not mean that modern technology could not be introduced in rural areas. In course of time, any useful, efficacious, cost effective and high productive technology will spread throughout the urban and rural areas.  

The main aims of industrial development in the rural areas are:

i) to provide locally, gainful employment opportunities in fields other than agriculture.

ii) optimum utilization of locally available material and human resources.

iii) to meet internal demands in particular and external demands in general.

iv) to reduce the outflow of raw materials; and

v) to minimize the outflow of human resources to urban areas by providing social and financial security.

Gandhiji and Rural Industrialisation

Mahatma Gandhi had drawn the attention of people towards the development of rural industries as a part of the freedom struggle when he urged the Indians to reject not only western products but western styles and make it a point of honour to use only village articles whenever and wherever

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9 M. Ashok Kumar, Rural Industrialisation in India, Mittal Publication, New Delhi, 1989, p.19.
available. He had the confidence that most of our wants could be supplied by our villages.

Mahatma Gandhi always believed that “India lives in her villages and the cities live upon the villages”. Before the advent of the British rule, the rural economy was based upon a harmonious combination of agriculture and village industries. But as our village industries were destroyed during the British era, the masses had to fall back for their sustenance on agriculture. Year after year more people were thrown on the land. This led to the poverty and perpetual indebtedness of masses of India living in villages and their exploitation by cities. The only possible solution open to Mahatma Gandhi to diminish the increasing pressure on land, to provide gainful employment and to stop urban exploitation was to industrialise the countryside again through the revival, spread and encouragement of all rural industries.

Gandhiji stood for ruralism. He had not used the term ‘rural industry’ as a synonym of cottage or household industry located either in urban or in rural areas. He had used the term ‘rural industry’ only for industries located in rural areas. He was not interested in the development of a particular type of industries; he was interested in the development of rural areas and rural masses so that the cities did not exploit them and that is why he
emphasized the revival, spread and encouragement of all rural industries located in the rural area\textsuperscript{10}.

From the Gandhian view-point, rural Industrialisation should not merely mean Industrialisation of rural India. It should, in fact, lead to ruralisation of Indian industries where in the production apparatus and technology, suitable to Indian ethos and culture and rural needs and aspirations, would play a decisive role in generating and sustaining real happiness while ensuring harmony with nature. The following basic inferences have been derived from the Gandhian economic approach to rural Industrialisation:

i) In the Gandhian perspective, rural Industrialisation is welcome, for it promotes decentralization of industry and is not city-based.

ii) Gandhiji was not against mechanized industries big or small provided that they sub served the overall interests of the rural people.

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

iv) Industries should be labour-intensive, generating more employment

v) Village and cottage industries should be encouraged side by side.

vi) Industries should be labour-intensive, and environment friendly.

\textsuperscript{10} Ajit Kumar Sinha, \textit{Rural Industry and Rural Industrialisation}, Pointer Publishers, Jaipur, 1988, pp.4-5.
vii) Application of new technologies should be appropriate to regional needs, making use of indigenous resources. Efforts should be made to reduce the disparities in income distribution, with a guarantee of reasonable minimum living income.

Since Independence, it has been one of the basic objectives of planning to revive and rejuvenate village and cottage industries through various measures. The revival of such industries was aimed at to provide alternate sources of employment to the rural people whose only source of livelihood was agriculture. The increasing pressure on land made the opening of several avenues of employment, an urgent necessity. Rural Industrialisation is commonly understood as meaning merely rejuvenation and development of traditional and village industries. To some, it is merely the introduction of small units of large-scale mechanized industries in rural areas. In fact rural industrialisation signifies much more than these. It means the integration of industry in the life of the people in rural areas. In this sense, it means not only the introduction of new technology in the villages but the optimum utilization of local raw materials and manpower. If industry is to be integrated into the life of the people in rural areas, the type of industries that can be run profitably will vary from area to area; and that would depend on the availability, among other things, of the raw materials, power and technically trained personnel and the possibility of their introduction into the
area from outside without generating further imbalance in the already aggravated rural economy. Rural Industrialisation has to contend with all these difficulties if it has to become a really effective programme for the amelioration of rural poverty.11

Rural Industries in India

India needs the development of rural industries which are not only crucial for accelerating industrial growth but also for achieving the social objectives of dispersal of industry and equitable distribution of wealth. Rural industries will encourage a new class of entrepreneurs, particularly the technocrats and the educated unemployed to start their own industrial ventures.12

Concepts of Rural Industrialisation

The term rural industry has been used in a vague and indefinite manner. Generally the phrase 'rural industry' has been intended to mean artisan based traditional industries which are run on a household basis. In other words, the term 'rural industry' has been used as a synonym of traditional household or cottage industry. But this concept of rural industry is misleading. Only those traditional household or cottage industries should be treated as rural industries which are situated in rural areas. A traditional

household or cottage industry situated in an urban area should not be regarded as a rural industry.

Of course, traditional household or cottage industries situated in rural areas are rural industries, but the term 'rural industry' cannot be used as a synonym of traditional household or cottage industry situated in rural area. Rural industry is a much wider term on which rural Industrialisation depends. It is beyond the capacity of traditional household or cottage industry to industrialise a rural area on its own. Rural industries, therefore, should be considered in a larger perspective of rural industrialisation. From this point of view, rural industries are those which match the human and natural resources of a particular region and operate on a scale appropriate to the market to be served. Rural industries should necessarily have both backward and forward linkages within the area under consideration. In brief, it is a process of the involvement of industries in the development of an area and also of the participation by area factors and agents in the growth of industries. It implies a fusion or union of the area resources and aspirations and the industrial activities.\(^{13}\)

**Rural Industries and Rural Development**

Industry supports integrated rural development in several ways. First of all in almost all countries there are cottage or handicraft industries

\(^{13}\) Ajit Kumar Sinha, *op.cit.*, pp.2-4.
producing a variety of articles for rural and urban consumption and for export. The traditional and socially inherited skills on which these industries are based can be further developed and upgraded. Secondly, there are manufacturing industries that are closely linked with agricultural development industries producing fertilizers, pesticides, agricultural machinery, equipment and tools (mechanical, hand operated and animal drawn) and industries in respect to the maintenance of machinery and transport equipment. Some of these industries are operated on large and medium-scales and although they may be located outside the rural areas, they contribute substantially to increasing agricultural productivity by supplying inputs for rural development which largely means agricultural development. Thirdly, there are industries based on the processing of local raw material from agriculture and fisheries —food processing, leather and textiles; and from forestry-construction and furniture. There is enough scope to develop many small-scale enterprises in the rural areas. Lastly, other industries not included in the types mentioned above, but satisfying some of the basic needs of the rural population or linked with infrastructural development may be developed in the rural areas as part of the policy of decentralization of industrial development.  

Rural development involves a strategy for improvement in the economic and social life of the rural people, with particular emphasis on the

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14 E.D. Setty, op.cit., pp.262-263.
rural poor. The government proposed to reduce the level of poverty of the population to 10 per cent by the end of the eighth plan in 1994-95. Rural Industrialisation could serve as an effective means of reducing the imbalance between agriculture and modern industry and accelerating the process of rural development. This would be achieved in two ways. First, by developing agriculture and allied activities. However, there are a number of limitations in this regard, and whatever the positive gains achieved in the post-independence period, they have invariably gone to the rich people. All along, the rural population has continued to grow at an alarming rate, and a large segment has been pushed below the poverty line. To meet this peculiar situation, the other alternative open is the expansion of rural industries based on indigenous technical know-how and labour-intensive techniques. What is actually required is a broad-based economic policy under which traditional village (rural) and cottage industries get a prominent place in the rural economy. Over the years, the development of rural industries has come to be regarded as an integral part of rural development; and to the extent it included the small-scale industries also, as an element in the overall programme of Industrialisation.

In fact, rural areas, to some extent, possess the requisite infrastructural facilities for the promotion of some key industries which can play a catalytic role in developing rural industries. They occupy an important
place in the framework of the socio-economic development of rural areas. The development of village industries helps in the emergence of efficient, decentralized sectors of the economy. They create more avenues of employment and contribute to the process of a self-sustaining economy. What is more, the growth of rural industries in rural environment reduces the pressure on land and, in particular, on agriculture. A rapid growth of village industries in rural areas helps in the economic amelioration of the rural people, by imparting a new look to their occupational structure.

Rural Industrialisation is a key to rural development and rural prosperity. It constitutes a significant link in the process of the socio-economic transformation of rural areas. Primarily, it provides additional opportunities for employment and income and a better standard of living, and enriches the cultural heritage of the varied social structure. The rural industries programme should not be drawn up in isolation. It should be drawn up by keeping in mind the long-term industrial development plan under a broad framework for the development not only of manufacturing industries but also of industry-related activities to generate income and employment in the country, particularly for the vulnerable sections of the society in backward regions. The development of rural industries should also take into account the enriching of the environment, particularly the eco-system in the rural hinterland. Yet another policy measure adopted and implemented shall be to
use the products manufactured by rural industries in preference to imported goods, particularly in the urban market segment. This will open up a vast market, both in urban and rural areas, for the goods manufactured by rural industries, and pave the way for their rapid growth in the years to come.

The programme for the rapid growth of rural industries should be launched like a mass movement, with emphasis on rural areas. Efforts should be made to carry the message of rural development to the rural masses. This apart, a sure market is created for rural consumer goods, and the urban and international markets are developed for artistic works. The rural Industrialisation is an integral part of the overall rural economy and will hasten integrated rural development.

Rural Industrialisation is an important plank of rural development. The process involves enlarging employment avenues, and offering higher income and a better standard of living to the people living in rural areas. The basic need of the hour is to make rural Industrialisation an effective instrument of rural development. Towards this end, the programme has to be interlinked harmoniously with rural activities, with particular stress on agriculture and forestry.

For the success of the rural industrial development, it should be realized that rural industrial development is an integral part of other sectors of rural life. Therefore, the policy takes a total view, which includes the
removal of legal restraints, the redesigning of physical measures and the introduction of technical skills. The administrative set-up which is evidently weak, must be strengthened by the creation of a new restructuring of present specialized institutions to take care of various rural artisans. There must be a convergence of efforts at the delivery point. The administrative set-up must be responsive and sensitive to the needs of the target group. The latter must be motivated to have greater faith in their abilities to regain their rightful share of the market. Rural industry are not only capable of better utilizing the relatively abundant locally available resources but can help in modernizing agriculture with the provision of certain inputs (eg. farm equipment and machinery such as forks, levellers and threshers). The state inevitably has a crucial role to play in this not only as an investor in terms of creating infrastructure and providing credits but in offering technical, marketing and other forms of assistance15.

In India, Rural Industry may be defined as one which is located in a large village or a cluster of villages with a population of 10,000 to 50,000.16 Rural Industrialisation has been pursued through various approaches over the last three decades. One such approach was concerned with providing institutional support to rural industries. During the 1960’s and 1970’s the Rural Industries Project (RIP) Programme, the Rural Artisans Programme

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16 Vasant Desai, op.cit., p.196.
(RAP), the industries component of the Integrated Rural Development Programme and the National Scheme of Training of Rural Youth for Self-Employment (TRYSEM) were taken up to create employment opportunities in rural areas. The government policy has been, by and large, employment oriented.

The Rural Industries Projects Programme (RIP) was started in 1962-63 with a view to evolving effective techniques, methods and programmes for the promotion of an intensive development of village and small industries on an experimental basis. The projects were started in 49 districts, each covering three to five blocks. The programme covered the development of entrepreneurs in rural areas, the identification of industrial ventures, and the promotion of extension services. The central government provided hundred per cent grants to meet the establishment cost. The programme was finally extended to 111 districts, excluding towns of a population over 25,000. Several committees which analysed the performance of the RIP, came to the conclusion that they were less successful than anticipated due to:

i) Lack of co-ordination among different official agencies at the block and district levels;

ii) Unsatisfactory financial provisions made by the state government;
iii) Wrong selection of growth centres and sites for industrial estates in a number of cases; and above all,

iv) Low level of infrastructure, viz., electricity and transport.

The rural industries programme was reinforced with a programme for rural artisans (RAP) in 1971-72 through which the skills of the artisans were attempted to be upgraded by training so that they might work with improved tools and raise their incomes. A total of 85 projects were initiated under this programme, covering industries such as carpentry, gold smithy, pottery, repair of agricultural implements and the like. During the three years ended March 1975, about 14,400 artisans were trained and out of these, 6,300 set up their own units. One of the glaring omissions of the programme was the fact that rural artisans, to whom the programme was addressed, did not receive adequate credit; nor did they receive adequate training or marketing facilities.

The District Industries Centres (DIC) programme was launched in 1978 with a view to providing an integrated administrative framework at the district level which would examine the problem of Industrialisation in a district in a composite manner. The idea of replacing the RIPs by the DICs was to ensure that rural areas in all the districts were covered and that promotional measures were adopted in blocks and in clusters of industrial activity.
The basic approach of the TRYSEM scheme, started in 1979, was to train rural youth who were living below the poverty line and who could possibly be absorbed in the secondary and tertiary sectors. The main thrust of the scheme was on equipping youth in the 18-35 age groups with necessary skills and technology to enable them to take to vocations of self-employment. TRYSEM visualized that the rural youth selected, 40 in a block, would undergo training during a year. The trainee would get his stipend and the training institution/master craftsman his honorarium. The TRYSEM programme attempted to utilize the available infrastructure of training institutions-the ITI s, Polytechnics and similar organizations run by voluntary agencies. During the sixth plan period, 915,697 rural youths were trained and 429,613 trained youth were self-employed under TRYSEM.

The Khadi and Village Industries Commission (KVIC) was established in April 1957 to plan, organise and implement programmes of development for khadi and twenty-five village industries. The commission has both executive and financial powers. Its activities include procurement of raw materials and their distribution to producers at one end and the disposal of the finished goods at the other. The training of artisans and other cadres the supply of improved tools, machinery etc, on easy terms are its other activities.

The KVIC has set itself an employment target of 23.31 lakhs in khadi and 40.52 lakhs in village industries during the seventh plan. This
means that 63.83 lakh persons will be engaged in khadi and village industries activities in full-time as well as part-time jobs. As for production, the KVIC expects a production of 320 million square meters of khadi valued at Rs 460 crores. Similarly, village industries products worth Rs 2400 crores will be produced. Thus in this sector, production alone will be of the order of Rs 2876 crores. The KVIC has set for itself a social objective of providing employment opportunities where none existed and provide artisans earning low wages in their trade with more remunerative returns. Combined with this social objective is the objective of producing saleable articles with a view to encouraging self-confidence and self-reliance\(^{17}\).

**DIC and Rural Industrialisation**

The Industrial Policy of the government is basically intended to foster and promote decentralized industries especially small scale, village and cottage industries on a more rational and sound footing. Since independence efforts have been made to work for rural reconstruction and stop the growing imbalances between urban centres and rural areas. Multiple organizations such as Small Scale Industries Development Organisation, Handicrafts Board, Coir Board, and Khadi and Village Industries Commission have been constituted to resuscitate the village industries and crafts. These organizations no doubt have done good work but it is to be found that there is much

duplication and lack of coordination among the various agencies. To overcome such lacunae the present government has formulated a new agency to deal with all the requirements of small and village industries. The new agency will be the District Industries Centre, a focal point for development of small scale and cottage industries. It is visualized that under the single roof of the DIC all the services and support required by small and village entrepreneurs will be provided. These will include economic investigation of the district’s raw material and other resources, supply of machinery and equipment, provision of raw materials, arrangements for credit facilities and effective set-up for marketing and a cell for quality control, research and extension. A scientific approach that can give a correct appraisal of the prospects and problems of small and village industries is must before the DIC concept becomes a reality and the scheme will not suffer from the same bottlenecks that confronted the other agencies that have been working for rural reconstruction.

The District Industries Centre will be a focal point for promotion of not only small-scale industries but also khadi and village industries including handicrafts and other household industries. This should be entrusted with a work of conducting potential surveys, feasibility studies and locating
growth centres in different places in the district\textsuperscript{18}. DIC would need to develop a new spirit of entrepreneurship in the rural areas. Such entrepreneurship does exist in these areas. What is needed is a new ‘culture’ amongst the DIC personnel as well as those of other departments dealing with problems of the rural sector. They would have to provide an environment in which the latent entrepreneurship can be revitalized and made to yield new dividends. Such an environment would consist of liberalisation of existing procedures, provision of meaningful information to entrepreneurs and timely availability of credit, operation of training programmes, generation and diffusion of appropriate technology and availability of adequate marketing outlets for the products of the village industries.

Ultimately, the District Industries Centres would need to see the problem of rural Industrialisation in a new perspective. No longer can industry be thought of in terms of smoke-filled chimneys but rather as a total mobilization of skills and resources already existing in the area and helping them to grow further. The DIC would need to exploit the vast amount of potential that exists all around it and to translate the skill and resources into products that would not only satisfying the increasing demand for a ‘good life’

by the rural population but also bring a new measure of prosperity to the rural areas.\(^{19}\)

The DIC is an effective instrument of growth in promoting industries in each district. For more effective functioning in the field of rural Industrialisation, the following systems appear to be appropriate:

1) Each DIC should prepare a list of rural industries, depending on the level of resources and skills and keep the project profiles ready for the benefit of prospective entrepreneurs.

2) The scheme of development in the appropriate, small or cottage sector like match, sericulture etc. should be conceived as a programme module and special efforts taken to build up rural industrial complexes. Sub-plans are to be prepared for clusters of artisans engaged in villages and cottage industries.

3) The concepts like employment generation assisted units etc., should be more clearly defined and promotion of service activities be taken up as part of the programme of rural Industrialisation.

4) Institutional arrangements to make DIC more accessible to other agencies and professional bodies capable of well conceived project formulation in different sectors.

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5) Periodical review at the DIC is necessary in the light of current practices of co-ordination with DRDA and TRYSEM where funds meant under various schemes for rural Industrialisation can be more effectively utilized through viable project opportunities.

6) DICS should establish greater linkages with KVI (Khadi and Village Industries) board, DRDA, etc., especially in the rural industries segment.

7) The DICs are not well equipped in matters of technical consultancy services and hence it is necessary that the DICs have to bring about a close link with agencies dealing with technical consultancy and vice-versa.

8) Marketing the products of tiny, cottage and small scale industry sector is disorganized. Programmes such as government purchase programme and small industry development corporation’s marketing arrangements are to be effectively publicised by the DICs so that these units in rural areas could have effective participation in the programme.

9) Rules and regulations pertaining to matters such as licensing, registration etc., should be so simplified as to see that rural industries are either exempted from the purview of licenser or an identification card issued by the DIC/DRDA be sufficient enough to obtain the necessary facilities20.

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The objectives of DICs were meant to provide under a single roof, all the services and support of pre-investment and post investment stages to small and cottage units. They were to undertake economic investigation of the potential for the total development of the district including its raw materials demand, skills and other resources identification of suitable schemes, registration units preparation of project profile, feasibility reports, assistance in procurement of machinery and equipment raw materials and infrastructural facilities, asking effective arrangements for credit, quality control, research extension and entrepreneurial training and rendering organization marketing assistance.

Classification of Rural Industries

Rural industries are broadly classified into four categories: rural artisans, tiny sector industries, non-traditional rural industries, and village industries. However, the traditional village industries still continue to play an active role in the rural economy.

Apart from their location, rural industries are quite different from industries in the organised sector. They use simple tools, skilled and unskilled labour, simple methods of management, and do not maintain any accounts. By and large, rural industries are a vocation rather than units run for profit. They differ from the modern concept of small-scale industries wherein the ceiling on capital investment in plant and machinery is fixed at Rs 20
lakhs. Modern technology, machines and the modern concept of management have not yet affected rural industries\(^\text{21}\).

Meeakshisundaram in his book has divided rural and small industries sector into eight sub-sectors namely, khadi, village industries, handlooms, sericulture, handicraft, coir, small-scale industries and power looms\(^\text{22}\).

Rural industries could be classified according to scale, or their primary function or their resource base. On the basis of scale and primary function, there were four groups of industries which could be expanded or developed in the rural areas during the VIII plan. They were: a) traditional and village industries b) heavy industries c) medium industries and d) light industries.

The first group which needed further development and expansion included the traditional and village industries like khadi, leather tanning, wood works, artisan industries, cotton cloth, both handlooms and power looms and fabrics and manufacture, silk-both raw and fabrics, handicrafts, coir production, sericulture and wool development.

The second group of rural industries, which were relatively new, included heavy industries suited for the rural areas. For these there is a


growing demand and scope, as shown in the latest survey of rural consumers expenditures. This group of rural heavy industries include:

a) Fertilizer plants

b) Pesticides plants

c) Mini steel plants

d) and ancillary engineering industries that can meet the demand of medium and large farms.

The third group of rural industries developed during the VIII\textsuperscript{th} plan included:

a) Mini cement plants which can use molasses or coal as energy and can meet the budding and growing demand of the rural construction industry.

b) Minor paper plants which could help meet the acute paper shortage in both urban and rural areas.

The fourth group of rural industries developed during the VIII\textsuperscript{th} plan include light industries like:

a) Animal feed and fodder industries to cater to the perennial shortage of fodder that the cattle farmers.

b) Industries for producing building materials like hinges, screens, doors and window frames and roofing materials.

c) Industries which can meet the expanding demand for improved agricultural implements and machinery.
Resources

Rural industries could also be selected on the basis of the resources they use in the following manner:

- mineral based, such as gas based mini hydrocarbon plants,
- marine based such as the growing aquaculture in the sea coasts,
- forest based, such as the many units of wood industries
- animal based, such as the meat, leather, and dairy activities,
- poultry based such as industries for curing, freezing, grading, and canning of poultry and eggs and manufacture of egg powder.
- agro-based which the Union Ministry of Agriculture has developed for meeting local village /block demand and export purposes grouped into:
  - seed processing and marketing, food nursery
  - gardening, - mushroom production,
  - integrated pest control, fisheries,
  - animal husbandry, bamboo working,
  - wheat flour and polished rice, rice
  - sugar, gur, khandasari, tobacco, cigarettes, bidis,
  - shoes, leather for making irrigation leather bags,
  - paper, cardboard, pencils, pen, ink,
  - buckets, fruit juice, bricks, tiles.
  - Khadi, handlooms cloth, bleached,
- soaps, utensils, bullock carts.
- Micro nutrients like sulphates of zinc, copper, borase and others,
- cattle feed, poultry feed,
- tea, coffee, cashew, cardamom and other processed plantation crops.

To ensure that the above agro based industries selected by each state or district lead to full employment and enhances incomes, eight multi-skilled trades have been identified. They include:

- tractor and farm equipment;
- mechanic and auto mechanic;
- rural electrician;
- bakery;
- tailoring, knitting and embroidery;
- leather goods manufacturing;
- carpentry and furniture making and
- black smithy, sheet metal and welding.\(^\text{23}\)

The present study is concerned with the role of District Industrial Centre in accelerating the pace of rural industrial growth in Kanyakumari District. The details of the study and the methods by which it is sought to be undertaken are discussed in detail in the chapter which ensues.