Chapter - I

RURAL INDUSTRIALIZATION IN INDIA
Rural industries play a pivotal role in the development of India. It is generally held that economy in rural industrialization not only raises per capita income and living standards of the people by providing gainful employment opportunities but also reduces income disparities between rural and urban areas. Moreover, promotion of rural industries provides an ample opportunity for optimum utilization of local resources to serve the local needs. Rural industrialization has become one of the major economic and social goals of economic development and formed part and parcel of planning and development of India. The objective of rural industrialization implies widely dispersed on a small scale with as high an employment potential as is compatible with an efficient technique and the requirement of process of development.

In India, industrialization with urban bias resulted in haphazard development between agriculture and industry on one hand and the rural and urban area on the other. Further, the relationship between traditional agriculture and modern industry made the rural sector at a greater disadvantage in appropriating the gains of development leading to increasing disparities in the level of income between rural and urban areas. Rural industries developed on proper lines can serve as an effective means of reducing imbalances and also play a prominent role in providing subsidiary occupations and supplementary incomes especially to personnel engaged in the agriculture besides facilitating a more intensive economic utilization of material resources and man-power.

Nevertheless, rural industrialization which does not benefit the rural population is not the best way of rural development, though it may lead to a considerable growth in industrial output. Rural industrialization facilitates shifts in work force from primary to secondary sector. Industrialization promotes an economy fundamentally relying on agriculture into a more advanced industrial economy. The issues of industrialization are different at different levels of growth with political goals. Economic growth, equity and welfare, national independence etc. dominate industrialization. The strategy of industrialization immensely depends on the theoretical framework and ideological setting. It is impossible to develop everything simultaneously and therefore priorities are to be identified. The right choice has
dimensions like relative roles of public and private sectors, heavy industry and light industry, import-substitution and export-promotion labour-intensive and capital-intensive etc.

1.2. SIGNIFICANCE OF RURAL INDUSTRIALISATION

Industrialization in rural areas properly appears would have been more successful when the local character had been stressed. However, it is not pursued as a policy in isolation. It should rather be seen as the outcome of a combination of strategies for various industrial sectors on one hand and for integrated rural development on the other. Industrial sector strategies aimed at expanding the lower ends of the spectrum can be nothing more than the part of an overall policy to develop rural areas. It is contended that any programme of industrialization must necessarily cover the rural dimension for protecting and promoting the rural interests. The social and economic costs of rural-urban migration are considered too high for developing countries. Rural development strategy whether it is technocratic, reformist or radical, envisages rural industrialization from the point of economic growth, regional balance and social equity. It is the favourable technical co-efficient based on their own resource endowments that add an additional support and drive for a strategy of rural industrialization. It is characterized by labour-intensive, energy-saving and foreign exchange saving technology and organization which will not adversely contribute to environmental pollution. These structural characteristics and technical co-efficient of rural industry have compelled the attention of planners for according a prominent place for these units under the umbrella of planning in India. An important reason which has hindered the development of a rational and growth oriented approach to rural Industrialization in India is lack of systematic information on the structure, functioning and potential of these industries. In the absence of such information certain assumptions have been made about various aspects of these industries and often such assumptions have been treated as if they hold good for different industries and different areas.

Rural industrialization may be considered as an aspect of spatial diversification of industries and is treated as a part of the problem of the location of industries in general. On the other hand, rural industrialization may be looked upon as a process confined to the development of village industries. Rural industrialization fulfills several economic and social
needs of rural areas such as increasing employment opportunities, diversifying rural occupations, raising income and living standards of rural communities, reducing exodus to urban centres, eliminating regional and economic imbalance and ensuring social justice. But rural industries need not merely location condition. A large industrial establishment located in rural areas and employing some thousand labourers all coming from their village homes to work in the establishment, cannot be called a rural industry. The word has, therefore, to be treated as conveying the additional idea of the industry, an enterprise of rural people carried out mainly in rural environs as distinct from urban or industrial environs. A household industry located in a big town or large factory located in rural areas after creating an industrial colony would not be technically a rural industry. It implies a widely decentralized growth of industries with as high an employment potential as it is compatible with an efficient technique and the requirement of the process of development. However, there are doubts as to what the term “rural industry” does actually stand for and what exactly the concept of rural industries is.

1.3. INDUSTRIALIZATION STRATEGIES

After the attainment of independence, there was a lot of thinking among the intellectuals, planners and government policy makers regarding the need to take some systematic steps for accelerating the developmental process. Industrialization strategies are the long-term overall plans designed to give specific lines on which the future industrialization should proceed to attain a set of objectives. Strategies of industrialization differ from nation to nation and time to time in a given Nation or State. In the process of industrial development one of the strategies considered by the planners was to choose between large and small scale industries or promote both in an integrated manner. The consideration of the size as industrial unit gained momentum for two reasons—firstly, its economic efficiency and secondly, its competitiveness in the market. The success of any industrial unit largely depends upon its ability to reduce the cost of production per unit of output and maintain its quality of output. However, there is a difference of opinion with regard to the question of whether large scale or small scale units are more efficient.
Large scale industrial units built as large scale industrial sectors are more economical in working than small scale industrial units. They spread the overhead cost per unit of output and derive economy through large scale production. Large scale industrial units provide more employment and also produce more output than the small scale sectors. The champions of small scale industrial organisations have nonchalant to accept the fact that the large scale organisations bring in more efficient results. They maintain that the much claimed economics of size are due to questionable business practices at the cost of free and fair competition. In small firms, the efficiency in production is largely attained by intra-plant economics through an effective coordination and supervision. Small scale sectors are more flexible and readily adaptable to the changing situations. Small scale organisations also conserve non-renewable resources unlike big ones.

Small scale sectors also prevent city-ward migration through balanced regional development. Further, they also serve the local needs and make use of locally available resources. All over the country, the promotion and organisation of smaller units would lead to production by masses unlike the mass production by a few large scale industrial sectors. These small scale industries also have a talent of dispersal and made accessible in the remote or inaccessible rural areas of the country, and do not lead to concentration of industries at one place. Thus they help remove regional imbalances which are responsible for many economic ills. At the same time, they help in tapping economic resources such as entrepreneurship and capital. Besides, they are labour oriented and hence very much suitable for a country like India to play a catalytic role in the overall economic development.

Deepak Agarwal (1987) studied the prospects of industrial estates in under-developed countries and concluded that there is need for development of small scale industries in order to (a) speed up industrialization on a decentralized and dispersed basis, (b) provide massive employment opportunities, (c) reduce wide inequalities in economic wealth distribution, (d) facilitate an effective mobilization of small and scattered savings for production purposes, (e) accelerate the rate of economic growth, (f) provide avenues for broad based entrepreneurship and (g) to meet increasing demand for consumer goods. Thus, these industries have a pivotal role to play in economic development, particularly in India, which is characterized by underutilizing labour force on one hand and scarcity of capital on the other.
In India, the earlier development planning, keeping its stress on the development of large scale industry, failed to solve the problems like balanced regional development, gainful employment to millions of unemployed and equitable distribution of benefits of industrialization with industrial development mostly confined to a few metropolitan cities and big towns and the benefits of industrialization have hardly percolated. Thus, it has been realised later that the pattern of industrialization could not be the same as the pattern of industrialization in western countries due to the fact that India is an over-populated country with wide regional imbalances and scarcity of capital. Moreover, the welfare objective enshrined in the constitution implies that in the process of development the common man’s welfare is to be given top priority. The guiding principle of the socialistic pattern of society also dictates that the small scale industries should be recognised as the means to achieve equitable growth. Therefore, increasing attention has been given to the development of small scale units since the beginning of the Second Five Year Plan period. This becomes evident in larger plan allocations to the small scale units and in wide ranging incentives and support programmes. Under the various industrial policy resolutions, the main role assigned to these small scale industries envisages (a) creation of employment opportunities on a massive scale with relatively small capital investment, (b) coping a substantial part of the increased demand for consumer goods and simple producer goods, (c) facilitating the mobilization of local resources which would otherwise remain unutilized in the rural areas and (d) removal of regional imbalances through a deliberate policy of encouraging growth in villages and small towns.

1.3.1 Industrial Policy Frame

From the very beginning the government policy went in favour of supporting rural industries. The National Planning Committee (1938) gave an important place to the development of village and cottage industries. In 1944, Sriman Narayan in his Gandhian Plan had suggested the measures for the development of rural industries. The congress agrarian reforms committee recommended several policy measures for the development of khadi and village industries. Article 43 of the Indian Constitution relating to Directive Principles of State Policy says that in particular the state shall endeavour to promote cottage industries on an individual or co-operative basis in rural areas. The Directive Principle of the Constitution
laid stress on certain economic and social values which can be cherished only through the development of rural industries. It should be the State Policy to provide for the growth of decentralized industries over the possible fields as they could avoid the evils of urbanization, concentration and centralization.

The promotion of small scale and cottage industries has been a major plan of Indian Industries Policy after Independence. The development of cottage and village industries had been receiving continuous attention of Government of India in the various industrial policies as well as in Five Year Plans. Rural Industrialization programme is made an effective instrument for ameliorating the rural poverty for which it is necessary that output, employment and technological appropriateness for this sector are well harmonized. Accordingly, the state has envisaged various measures in this direction.

1.3.2 Industrial Policy of 1948

The aim of the industrial policy resolution, 1948 was that the state must play an active role in the development of industries. The results of this policy while recognizing the importance of rural industries succinctly stated that these industries have a very important role in the national economy because they offer ample scope for better utilization of local resources and achievement of local self-sufficiency in respect of certain types of essential consumer goods. Thus, industrial policy of 1948 considered rural small scale industries to be vital for the economy. This was due to two reasons, such industries helped in the utilization of local resources, secondly, they helped to increase the production of essential consumer goods.

1.3.3 Industrial Policy of 1956

Prior to the introduction of Industrial Policy Resolution, 1956, the moments development had taken place in 1951, when the industries (Development and Regulation) Act was passed. This act gave profusive powers to the Government to regulate the industries. In 1955 the socialistic pattern of society was adopted as the national goal. The industrial policy laid stress on accelerating the speed of Industrialization of heavy industries and summarized the role of rural scale industries. This policy resolution stated “In order that Industrialization may benefit the economy of the country as a whole, it is important that
disparities in the levels of development between different regions should be progressively reduced. It is one of the aims of national planning to ensure that these facilities are steadily made available to areas which are at present lagging behind industrially or where there is greater need for providing opportunities for employment provided the location is otherwise suitable. Only by securing a balanced and coordinated development of the industrial and agricultural economy in each region, the entire country can attain higher standards of living. The policy favoured promotion of rural scale industries as they provide immediate large scale employment, offer a method of ensuring more equitable distribution of the national income and facilitate an effective mobilization or resources of capital and scale which might otherwise remain unutilized. The development of village industries was stressed by the industrial policy resolution and some of the methods adopted for this purpose were restricting the volume of production in large scale sector, differential taxation, direct subsidies etc. The establishment of industrial estates, community workshop and constant upgradation of techniques of production were envisaged to achieve competition of the rural small scale industry vis-a-vis large scale sector\(^2^0\).

1.3.4 Industrial Policy of 1977

The industrial policy of 1977 was more or less based on the earlier industrial policies. In the statement of industrial policy announced on 23\(^{rd}\) December 1977, the government emphasized the interaction between the agriculture and industrial sector, the need for strengthening the small scale industries and tiny sectors, the need for reliance on appropriate technology, dispersal of industries, the need for maximizing employment etc\(^3\). This policy laid up top-notch emphasis on the promotion of rural small scale, tiny, industries centres at district level to provide assistance for the promotion of rural scale and cottage industries. The 1977 industries policy, thus, gave a definite shape to the comprehensive rural Industrialization policy by establishing this coordination and multipurpose agency to provide all assistance for the promotion of rural small scale industries.

1.3.5 Industries Policy of 1980

The industrial policy statement of 1980, which was introduced by the Government of India in July 1980 also made a number of provisions for the development of rural small scale
industries. The policy statement observed "Government is determined to promote such a form of Industrialization in the country as can generate economic viability in the village", and while making all efforts towards integrated industrial development, it is proposed to promote the concept of economic federalism with the setting up of a few nucleus plans in each district, identified as industrially backward, to generate as many ancillaries and small units as possible. An important element of this policy is that it aimed at removing the previous ill-feeling between the large and small units. Both were to play a vital role in achieving an integrated industrial development. The policy emphasized the commitment of the government to rapid and balanced Industrialization of the country with a view to benefiting the common man the shape of increasing availability of goods at fair prices, larger employment and higher per-capita-income. A dynamic industrial economy capable of distributing the benefits of Industrialization to the maximum number of people was envisaged.

1.3.6 New Industrial Policy of 1991

The New Industrial Policy initiating far reaching structural reforms to lead Indian industries away from regulatory and protective regime to a free, market oriented, competitive and globalised environment was announced in 1991. The new policy measures for promoting and strengthening small rural small tiny and village scale enterprises were submitted to the parliament on 6th August, 1991. The main thrust of new policy is to impart more vitality and growth to employment and exports. The features of the new policy are

- Deregulation, de-bureaucratization and simplification of statutes, regulations and procedures
- Increase in the investment limit in plant and machine of the unit,
- Inclusion of industry-related services and business enterprises, irrespective of their location, as rural small scale industries.
- Ensuring adequate flow of credit on a normative basis and quality of its delivery for viable operation of the rural small scale industry sector
- Setting up of a special monitoring cell to oversee the genuine credit needs of the rural small sector
Introduction of suitable legislation to ensure prompt payment of rural small industries bills

Implementation of the scheme of Integrated Infrastructural (including technological back-up) Services for industries

Setting up of a Technology Development Cell in the Rural Small Industries Development Organisation

Market promotion of rural small scale industry products through cooperative and public sector institutions, other specialized professional/marketing agencies and the consortia approach and

Setting up of an Export Development Centre in the Rural Small Industries Development Organisation.\(^{21}\)

1.3.7 Recent Policy Initiatives

The emerging economic scenario in the changed liberalized and competitive economic environment, due to initiation of economic reforms, necessitated structural and fundamental changes in the policy framework for the development of rural small scale industries, causing a shift in focus from protection to promotion. In the post-reform period, the government took a number of initiatives including partial de-reservation, change in investment limits, facilities for foreign participation, establishment of growth centres, export promotion, marketing assistance, incentives for quality improvements, etc. Important among these are given below:

To better focus attention on the problems of the rural small scale sector, a new Ministry of Rural Small Scale Industries and Agro and Industries was created in October 1999, which, later on, announced an 'Agenda for the Millennium' policy.

A new Credit Insurance Scheme was announced in the Budget (1999-2000) for Small Scale Industries as security to banks and thus to improve the inductance of investment credit to the SSI units, particularly export-oriented and tiny units.
The working capital limit for rural small scale industrial units was to be determined by the banks on the basis of 20 per cent of their annual turnover. The turnover limit for this purpose was enhanced from Rs.4 to 5 crores.

To co-ordinate the latest development in the context of policy of the World Trade Organization, a cell was set up in the office of the Development Commissioner, Rural Small Scale Industry to impart information to small scale industries associations regarding recent developments, prepare policies for them in tune with the World Trade Organization agreement and organize WTO sensitization seminars and workshops.

To take necessary steps to accelerate the programmes of Rural Small Scale Industries branches to ensure that every district and rural small scale industries cluster within the district are served by at least one specialized, Rural SSI bank branch. Furthermore, to improve the quality of banking services, the rural SSI branches were being asked to obtain ISO certification.

To further fillip rural small scale industries entrepreneurs, the National Equity Fund Scheme was introduced under which equity support was provided for projects up to the limit of Rs.15lakh, which was further raised to Rs.25 lakhs.

The single window scheme of Rural Small Industries Development Bank of India is also being extended to all districts. Thus, under the new policy, more emphasis has been laid on the development of small scale sector by providing different facilities instead of providing different types of protection.

1.4. RURAL INDUSTRIES DURING FIVE YEAR PLANS

The important measures undertaken by Government of India to promote the development of small-scale and cottage industries in the planning period can be summed up as follow.

The number of items exclusively reserved for small-scale sector has been progressively increased and presently stands at 846.
Procedures and conditions of financial assistance from commercial banks and other institutions have been liberalized.

‘Tiny’ units have been identified for granting special incentives.

The availability of raw materials to small scale has been increased so that they can import their requirements so easily.

The value of import licenses issued to small scale units has increased so that they can import their requirements easily.

The protective policy of reservation for government purchases has been further strengthened and over 400 items have been exclusively reserved for the small-scale units under the Government store purchase programmes.

A comprehensive range of consulting services and Small Industries Development Organisation (SIDO) provides technical, managerial, economic and marketing assistance to small scale units through its network of service and branch institutes.

Not long ago, with a view to strengthening the provision of financial fillip to small scale sector, especially to the smaller amongst the small scale industries, several schemes have been introduced such as The Small Industries Development Fund (SIDF) in 1986, National Equity Fund (NEF) in 1987 and the Single Window Scheme (SWS) in 1988. The development of rural industries in their varied aspects as an integral and continuing element in an expanding national economy has been from very outset one of the key programmes under the five year plans and the objective of the promotion of rural industries as emphasized in the industrial polices was given practical shape in the five year plans.

1.4.1 First Five Year Plan (1951-1956)

It was stated in the First Five Year Plan that wherever a large industry competes with industry the appropriate course would be to try and formulate common production programme. The Government would assess the respective contributions which the large and
small industries make towards the total requirements of the community and decide the
measures which should be taken to enable small industries to achieve the targets prescribed
for them. In case of competition, the policy would be to provide an area within which each
cottage industry would be able to function itself through placement of appropriate restrictive
measures on the operation of the organized industry. The development of rural industries
should, therefore be as much a matter of state action as the increase of the agricultural
production. Indeed one cannot be separated from other, for increase in agricultural
production pre-supposes fuller utilization of the available manpower and release of surplus
workers for other occupations.

During the First Five Year Plan, various steps were taken for the development of
village and small industries. Rural industries were considered to be complimentary to
agriculture. During this plan period, several all India boards like All India Rural Small Scale
Industries Board, All India Handicrafts Board, All India Handloom Board, Coir Board etc.
were set up for the promotion of rural industries. The small scale industries board was set up
in 1954 for the development of small scale industries. Four regional small industries service
institutes were established with the branches all over India to provide technical assistance to
the rural industries. The Government started imposing cess on large scale industrial goods to
protect rural small scale sector.

1.4.2 Second Five Year Plan (1956-1961)

During the Second Five Year Plan, the government acted on the recommendation of
the Karve Committee, which was appointed in 1955. The committee recognized the
importance of the rural small scale industries as a major source of employment. Accordingly,
the second plan stressed the dire need for the development of rural small scale industries as
"these industries offer some distinct advantage in relation to some of the problems that need
immediate solutions they provide a method of ensuring a more equitable distribution of the
national income and they facilitate an effective mobilization of resources of capital and skill
which might otherwise remain utilized. The need to promote, modernize and recognize these
industries is paramount important". The Karve Committee also suggested to develop these
industries on coordinated lines and also recommended technical improvements. The theme
for rural Industrialization was spelt out clearly for the first time during this plan. The programme of industrial estates was extended and industrial extension service was developed. The Khadi and Village Industries Commission was set up in 1957 as a separate body for the development of khadi and village industries.

1.4.3 Third Five Year Plan (1961-1966)

The Third Five Year Plan also emphasized the importance of rural small scale industries. It pointed out that "the objectives of the programmes for these industries" are to create immediate and permanent employment on a large scale at relatively small capital cost, meet a substantial part of the increased demand for consumer goods and simple producers goods, facilitate mobilization of resources of capital and skill and bring about the integration of the development of these industries with the rural economy, on the one hand and large scale industry on the other. They also offer a method of ensuring more equitable distribution of national income and avoiding some of the problems that unplanned urbanization tends to create. The programme for the development of rural small scale industries during the Third Plan was influenced by the recommendations of the second international prospective planning team of 1963. Preferential treatment was given to the urban based small industries. The rural industries project programme was formulated on a pilot basis in 49 selected districts during this plan period.

1.4.4 Fourth Five Year Plan (1969-1974)

In Fourth Five Year Plan certain positive forms of assistance such as evolution and extension of appropriate technology for smaller unit were initiated. This plan proposed to encourage decentralized growth of industries. Besides, the skill and productivity of the people engaged in the small scale sector was to be promoted to raise their income levels. For building a decentralized sector in modern industry, both structurally as well as locationally, it is imperative to adopt a firm and clear approach. In a number of industries and industrial processes, a large size of production and a high degree of mechanization have no prescribed advantage. It would be desirable in the context of present day Indian conditions for smaller units and more labour-intensive technologies in such fields and processes and adopt policies whereby smaller units of operation and less capital-intensive method could be promoted.
The range of products produced in the small sector was widened and the credit guarantee scheme of the Reserve Bank of India was liberalized during this plan period.

1.4.5 Fifth Five Year Plan (1974-1980)

The Fifth Five Year Plan emphasized that village and small scale industries have an important role to play in the removal imbalances. During this plan period, the small scale and village industries made an impressive progress. It was noticed that while the progress has been rapid in some industries and in some states, the pace of growth of most industries continued to be uneven and progress has not been up to the expectations. Several measures were adopted for the promotion of these industries such as progressive improvement of production technology, promotion of entrepreneurship, providing a package of constancy services, fullest utilization of the skills of the persons already engaged in this sector etc. District Industries Centres were established during this plan to coordinate the promotional activities of different agencies working in the development of rural small scale industries. Apart from these, the plan has broadened the rural industries project programme spatially to cover all the districts in the country.

1.4.6 Sixth Five Year Plan (1980-1985)

During the Sixth Five Year Plan, promotion of rural small industries continued to be an important element in the national development strategy particularly because of its very favourable capital-output ratio and high employment intensity. In pursuance of this, the Government took a policy decision to give maximum emphasis on development of rural industries during this plan. The main objectives of the plan were creation of viable structure of rural small industry sectors, employment opportunities on a decentralized and dispersal basis establishment of a wider entrepreneurial base through appropriate training and package of incentives improving the levels of production and earnings of the artisans in rural areas through measures like upgradation of skills, technologies and market oriented production. During this plan, this sector was to grow at the rate of 9.39 per cent per annum but the growth rate of this sector during the period was very high.
1.4.7 Seventh Five Year Plan (1985-1990)

Within the overall focus on food, work and productivity laid down in the Seventh Five Year Plan, this sector contributed towards improving the economic and occupational profile of rural, semi-urban and weaker sections of urban communities through promotion of small scale industrial activities. The policies pursued during the Seventh Plan aimed at rationalization of fiscal regime to ensure the rapid growth of the small industries. Research and development efforts were stepped up and the results thereof transferred to the field level agencies providing for some of the welfare measures including housing-cum-workshed facilities and thrift fund scheme for the benefit of the artisan type of units had been considered. In this plan period, the Government had started extending the basic support in terms of functional assistance like marketing, ancillaryisation, credit flow, supply of raw material and critical inputs, technology, training etc. The seventh plan envisaged discouraging the setting up of industries in or around urban agglomerations and a package of incentives has been provided to attract the attention of industries in backward regions. The implementing agencies have set up special cells to monitor, evaluate and build and effective information service system so as to enable a periodic assessment of various promotional programmes.

1.4.8 Eighth Five Year Plan (1992-1997)

During the Eighth Five Year Plan, the public sector outlay for rural small scale industries was envisaged at Rs.6334.20 crore. The value of production from rural small scale industries has been targeted to increase from Rs.1,95,294 crore in 1991-92 to Rs.2,94775 crore by the end of the Eight Five Year Plan. The employment was expected to reach a target of 553.74 lakh persons during 1996-97 against the 443.22 lakh persons in 1991-92. The value of exports was expected to rise from Rs.22,989.16 crore in 1991-92 to Rs.50,215 crore by the end of 1996-97. The value of production of rural small scale industries alone was expected to increase from Rs.1,60,000 crore in 1991-92 to Rs.2,33,436 crore by the end of 1996-97. The employment in this sector was expected to reach 150.50 lakh persons in 1991-92. The exports from rural small scale industries were targeted to reach Rs.20,200 crore by 1996-97 as against Rs.12,658 crore during 1991-92.
From the above targets, it is observed that the growth rates in respect of production, employment and exports relating to rural small scale industries envisaged for the Eighth Plan are lower than those achieved during the Seventh Plan. In view of the prevailing deficit of resource position, Eighth Five Year Plan has observed that credit is the copiously crucial factor for the development of rural small scale industries. This can be achieved mostly through increased assistance from commercial banks and strengthening of SIDBI and NABARD. The Reserve Bank of India has appointed a committee under the Chairmanship of Sri P.R. Nayak in December 1991 to review various credit requirements of the rural small scale industries sector and for the rehabilitation of sick small scale industries and to examine other issues relating to small scale industries with a view to enduring that the interests of Rural SSI sector are not adversely affected. Eighth Plan has proposed to initiate a massive programme for the development of appropriate technology and technology upgradation. Technological obsolescence is very high in rural scale industry. To improve marketability, there is a dire need to induct sophisticated up-to-date and appropriate technology. The Eighth Five Year Plan has observed severe sickness in rural small scale industrial sector. To prevent sickness, the plan suggests proper monitoring of the projects. The quality of consultancy has to be improved and proper diagnosis and co-ordination is required from the agencies involved. The Eighth Plan proposed to increase flow of marketing assistance through agencies like NRSIC, Rural Small Industries Corporations etc. The Eighth Plan proposed establishment of 70 growth centres, of which a certain percentage of developed industrial area should be earmarked for rural small scale industries.

1.4.9 Ninth Five Year Plan (1997-2002)

The Ninth Plan (1997-2002) noted that the small sector was presently producing about 8000 items, out of which, 821 after the recent desreservation of 15 items were reserved for production in the small sector. However, out of the reserved items, it was observed that as many as 200 were either not produced at all or their production also was insignificant. Besides, the Ninth Plan has observed that during the few years "the growth of rural small scale industrial sector in the non-reserved areas has been higher than in the reserved categories which are proof of its inherent strength and resilience by showing its ability to respond to the challenge of the market forces". To improve the technology of rural small
scale industries, small industries development bank of India had already set up a Technology Development and Modification Fund with a corpus of Rs.200 crores. The government also set up technology trust funds with contributions from state governments and industrial associations for the transfer and acquisition of the latest technologies.

Under the scheme of Integrated Infrastructure Development Centres (IIDCs), infrastructure facilities were provided in backward rural areas and 50 of such IIDCs were set up during the Eighth Plan period of which, 22 had been approved. This scheme was continued during the Ninth Plan with more incentives and financial assistance to hilly area and the north-eastern states. Aegis of to provide technological support and training to the rural small scale sector, tool rooms under the areas German, Danish and Italian assistance were set up at Indore, Ahmedabad, Bhuvaneshwar, Jamshedpur and Aurangabad.

1.4.10 Tenth Five Year Plan (2002-2007)

The Tenth Plan (2002-2007) observed that by the end of March 2002, there were over 3.4 million small scale industrial units in the country accounting for more than 40 per cent of the gross value of output in the manufacturing sector and about 30 per cent of the total exports of the country by providing employment to over 19.2 million persons, which is second only to agriculture. It was also obvious that during Ninth Plan Period, SSIs created over 3.2 million jobs. The value of production of small scale industries has been estimated at Rs.4,62,641 crore in 1997-98 which has increased to Rs.6,90,552 crore registering an increase of 49.26 per cent. The employment has increased by 15.57 per cent during Ninth Plan, i.e., from 16.7 million persons to 19.3 million persons. The export of the small scale industries have been valued at Rs.44437 crore in 1997-98 which have increased to Rs.65,000 crore in 2001-02 recording an increase of 46.27 per cent during the Ninth Plan Period.

Of late, there are 749 items reserved for exclusive production in the small scale industries sector. It has been found that though the small industries sector is manufacturing around 8,000 items, the reserved list items constitute around 15 per cent of the total SSI production. Taking into account the WTO regime and economic liberalisation, the Study Group of the Development Small industries under the Chairmanship of Dr. S.P. Gupta recommended SSI units engaged in the production of reserved items are not affected. The
group also recommended that it would be prudent to consult the stake holders, while deserving items. To provide technological support and training to the rural small scale sector, presently 10 tool rooms are functioning at Kolkata, Ludhiana, Jallanadhar, Nagpur, Hyderabad, Bhubaneswar, Jamshedpur, Ahmadabad, Indore and Aurangabad. A new tool room and training centre has been set up at Guwahati. Many tool rooms were set up in various states to help in creating localized training and production facilities. Under Technological Upgradation and Management Programme (UPTECH), six clusters were identified to take-up diagnostic studies. A major cluster development programme was taken up during the Tenth Plan period through the UPTECH scheme. There are about 350 important clusters in the country identified and a few new clusters would be taken up for development each year.

In addition to 58 Integrated Infrastructure Development Centres aimed at augmenting infrastructural facilities, 50 more centres were proposed to be taken up during the Tenth Plan period. The National Rural Small Industries Corporation (NRSIC) Ltd. was established in 1995 to promote and faster the growth of rural small industries by providing machinery on purchase, equipment on lease, raw material assistance, marketing inputs for domestic and exports, single point registration, technical and managerial assistance. National Rural Small Industries Corporation has established five technical service centres at Okhla in Delhi, Rajkot, Howrah, Chennai and Hyderabad to provide technical and consultancy services to Rural SSI units.

1.4.11 Eleventh Five Year Plan (2007-2012)

The dispersed and decentralized (VSI) sector poses a special challenge and opportunity to our policy makers. This sector has the second largest share of industries including handlooms, hand craft power looms, khadi village industries, and rural industries segments including food processing industries. It beacons the lives of the weaker and un-organized sections of the society with more than half of those employed being women, minorities and the marginalized 57 per cent of the VSI units are owner run enterprise with one person.
The increasing possibilities in rural Industrialization will not be able to enter the industrial sector. There are many schemes with known technologies within the government that need to be taken to the youth through short courses that can be useful. Before independence, Indian rural industries depended mainly upon input resource of its own. Agriculture provided raw materials to industry industry's contribution to agriculture were, however, marginal. The rural industries were unidirectional.

After the independence, the government had not considered rural industries as a separate segment for the allotment of fund in its five year plans. The "rural based industries" were included in medium and large scale industries. Hence, the teen village and small industries may be considered to include rural based industries" included in village and small industries may be considered to include rural based industries as well and the measures applicable to village industries are also applicable to rural based industries.

1.5. APPROACHES TO RURAL INDUSTRIALISATION

The existing approaches to rural industrialization in India were often impregnated with ideological predilections. There are various types of rural industries using different technologies at the same time. This alone will enable the rural industrial system to keep pace with the changing technological imperatives. Further, rural regions also vary very widely in their socio-economic characteristics.

There are three internal components in rural industrialization system:

(1) Resource distribution
(2) Organization and institutions and
(3) Incentives.

As the rural regions vary vastly in these elements, each region needs a different set of incentives and priorities. The resource system of a region consists primarily of (1) Physical and (2) Human capital. The nature and intensity of the use of these resources depend on the organization and institutions dealing with goods and services, production and production technology as also spatial organization and public and private support organizations. The development of rural industries depends on the incentives which act on and are acted upon by the organizations and institutions.
During the last four decades and above, India has seen an "explosion" of concepts and strategies in the field of rural industrialization. They represent different approaches and lay emphasis on different aspects of the problem of rural industrialization.

In India, there have been two distinct development ideologies: Sarvodaya and Socialistic. In the Sarvodaya approach, the immediate problem facing the country was poverty which had to be tackled directly through the provision of employment in traditional sectors-agricultureal and cottage industries while the need for some large industries is recognized, these are mainly for catering to the needs and requirements of agriculture and cottage industries. In the socialistic ideology, the accent is on large-scale industrialization which lays emphases on capital and heavy industry. Cottage industry represents only an intermediate arrangement for providing gainful employment to rural population. The latter approach has largely influenced Indian planning, especially in the earlier years.

In so far as the rural industries sector is concerned, the developmental strategies which have evolved over the years can be broadly classified into three stages:

1) Sectoral approach,
2) Growth centre approach and
3) Target oriented approach.

1.5.1 Sectoral Approach

Indian attempts to organize and receive the cottage and village industries on the basis of a sectoral approach began even before the attainment of independence. The All India Spinners Association (AISA) was established in 1925 for the development of Khadi hand spun and hand-woven cloth. All India Village industries Association (AIVIA) has established a decade later, to look after the village industries. With the attainment of independence, separate all India bodies were set up for each major sub-sector, viz. Central Silk Board (1948) All India Handloom Board (1952) All India Handicrafts Board (1952) Coir Board (1955) and Khadi and Village Industries commission (KVIC) 1957.
1.5.1.1 Effectiveness of the Sectoral Approach

Indian attempts in the area of sectoral approach have achieved a certain degree of success though there is a scope for augmentation and improvement in the operations of the promotional agencies. The Indian experience also seems to indicate:

- Sectoral approach can achieve success only in areas where a sizable cluster of artisans engaged in a particular industry exists. Thus, the handloom corporations are facing difficulties in covering widely dispersed weavers.
- The success of the efforts, especially in the field of traditional cottage and village industries, seems to depend considerably on the commitment and dedication on the part of the grass-root extension personnel.
- During the last few years, government policy has been to ensure that both the artisans and the promotional organizations obtain finance from institutional sources. This would help balance the target-oriented approach of the promotional agencies and the viability-oriented approach of banks and financial institutions.

1.5.2 Growth Centre Approach

The national committee on development of backward areas has recommended the setting up of about 100 growth centres in selected backward areas, away from centres of industrial conglomeration. An important feature of the new approach is the “nucleus plant” concept outlined in the industrial policy statement of 1980. The nucleus plant would concentrate on assembling the products of the ancillary units falling within its orbit and /or on producing the inputs needed by a large number of smaller units and making adequate marketing arrangements. It also helps in technology upgrading in the small units.

1.5.3 Target Oriented Approach

Because of the social hierarchy existing in India over centuries, a certain class of people those who belong to scheduled castes and other backward classes are placed in a somewhat disadvantageous position. These people constitute around 23 per cent of the total Indian population. Besides, there are tribal people living in forests, hilly tracts and other inaccessible areas. Almost all the people in these categories are below the poverty line and constitute a major portion of the weaker sections of the community. Some of the sectoral
approaches described above are by their very nature target oriented e.g. leather and footwear, collection of non edible oil-seeds from forest areas, bee-keeping and other avocations. Even in these programmes, special attention and additional incentives are given to people belonging to these categories.

Many of the people belonging to these categories possess skills in their traditional crafts, as also the capacity and will to work but lack of knowledge of the facilities available. To overcome this, target-group oriented corporations have been set up in most of the states. At present, there are 28 such corporations operation in various parts of the country. Provisions of margin money, interest subsidy, technical and managerial assistance and guaranteeing of loans are some of the major activities of these corporations. In the case of tribals in particular, besides supplying of essential raw materials and purchasing of the finished products, the corporations also undertake where necessary, the supply of daily consumption requirements with the help of multi-purpose primary societies.

1.6. DEVELOPMENT PROGRAMMES FOR RURAL INDUSTRIES

During the last 44 years India built up one of the worlds most extensive and elaborate small enterprise promotion programmes. These programmes aim at assisting the small scale sector in rural as well as urban areas. These measures are both positive and negative measures promote the cause of rural industries only indirectly. The various measures and steps taken by the Government for the promotion of small scale and cottage industries are too diverse and extensive. Some of these measures and programmes are discussed in the following pages.

1.6.1 Rural Industries Project (RIP)

The idea of the Rural Industries Project was first mooted in a seminar held under the auspices of the Gokhale Institute of Politics and Economics, at Pune in the year 1961. It was participated by Dr. D.R. Gadgil, J.P. Narayana and V.L. Mehta et.al. The suggestions of these stalwarts were accepted by the planning commission of Government of India.

Accordingly, a Centrally-sponsored scheme was started in the year 1962-63. It was known as the Rural Industries Project Programme. Initially the programme covered 45 areas
with different socio-economic backgrounds, four more areas were included within it in the year 1965.

The idea behind this programme was to work out an intensive programme of development of small scale industries in these selected areas. Rural industries were to be developed in centres with a population of less than 25,000. An entrepreneur was to make an investment ranging from Rs. 10,000 to Rs.1,00,000. Ultimately, this programme was expected to ensure rural industrialization throughout the country, on the bases of the experience in techniques and method of production gained in these areas.

Out of 49 projects, two were located in Orissa one at Barpali and the other at Jaipur. During the Fifth Five Year Plan, the districts of Kalahandi and Bolangir also were brought under the R.I.P. Scheme.

Each project was under the in charge of a project officer, two technical experts, two economic investigators and extension staff in the Block.

Objectives

The main objectives of this programme were the following:

i) To set up small industries in the rural areas by utilizing effectively rural resources,

ii) To enlarge the employment opportunities,

iii) To diversify the rural occupations,

iv) Raise the incomes and standard of living of the rural communities,

v) To reduce the exodus of rural population to urban areas,

vi) To eliminate or minimize regional economic imbalances,

vii) To reduce inequalities of income and wealth, and

viii) To secure social justice.

Initially, the programme was for a limited period. However, later on, following the recommendations of the Rural Industries Planning Committee, the government proposed to bring the entire rural area of the country under this project, in about 25 years, in a phased manner.
1.6.1.1 Special Facilities in the R.I.P.

Certain special facilities were provided to the prospective entrepreneurs and artisans of the R.I.P. They are:

1. Industrial extension service, technical advice, preparation of project reports and arrangements of institutional finance.
2. Supply of raw materials.
3. Training facilities to raise the level of the skill of the artisans.
4. Establishment of common service facilities.
5. Advance loans from the nucleus funds at concessional rates of interest.
6. Subsidy to industrial units on their advertisement and publicity.
7. Construction of industrial estates.

The Government further announced certain special concessions for the selected backward districts. These were:

a) Outright grant/subsidy amounting to 15 per cent of the fixed capital investment.
b) Concessional finance on easy terms.
c) Liberalised imports of machinery and raw materials.
d) Priority in the supply of machines on hire-purchase.

The state government also decided to extend certain concessions like subsidy on project reports, concessions on power tariff, land, exemption of sales tax, and the like. Thus, the programme was mainly of promotional character. Initially the rural industries programme seemed to have some impact and the cost benefit ratio of the programme was quite high. The number of projects increased from 49 in the year 1965 to 111 during 1975-76. By the year 1978 about 25 per cent of the country was covered by the 112 R.I.P. projects. The volume of production and industrial employment also went up. But in the course of time it was realized that the programme had only a marginal success. With the introduction of the District Industries Centre Scheme in the year 1978, the R.I.P. programme was merged with it.
1.6.2 Rural Artisans Programme (R.A.P.)

The Rural Artisans Programme was started by the Ministry of Agriculture in the year 1971-72. The programme was taken up as a part of the Scheme of Small Farmers Development Agencies (S.F.D.A.) and Marginal Farmers and Agricultural Labourers (M.F.A.L.). It is also a central programme. The programme is exclusively meant for the rural artisans.

The main objectives of this programme are to provide all-round training to the village artisans in different trades. This was to enable them to take up small enterprises and work with the improved tools. The artisans were to produce goods which could be sold locally. This was expected to increase their income and improve their standard of living.

The programme aimed at providing subsidiary occupation to small and marginal farmers. This programme was transferred to Rural Industries Project Organisation with effect from April, 1974. Under this programme training was provided in traditional crafts. At the same time, new training programmes were introduced later on. By March 1976, about 14,000 artisans were trained under this programme. This project was also subsequently merged with the D.I.C. project.

1.6.3 Integrated Rural Development Programme (IRDP)

The principal objective of the integrated rural development programme is to remove unemployment and poverty in the rural areas. Agriculture and allied activities could create additional employment opportunities. At the same time, it is essential to divert the surplus manpower from the agricultural to non-agricultural occupations. From this point of view, the small scale and cottage industries were to play an important role. These industries would provide people with employment opportunities. Then only the incomes of the artisans would increase, enabling them to cross the poverty line.

The I.R.D. programme was started in the year 1978-79 in 2,350 blocks all over the country. Later on it was introduced in all blocks. The programme has adopted the family as the unit of planning. The present objective is under the programme, so as to bring them above the poverty line. During the Seventh Plan a sum of Rs. 12,500 crores has been earmarked for investment in the I.R.D.P. The I.R.D.P. covers all classes of people, including non-
agricultural labour and rural artisans, who are below the poverty line. This feature distinguishes it from earlier anti-poverty schemes. The I.R.D.P. lacks any new element. No new approach is provided to tackle the burning problem of poverty. Another criticism is that it lacks integration of different sectors such as agriculture, industry etc., relevant to the rural areas.

1.6.4 District Industries Centre (DIC)

In India, a large number of institutions and programmes were developed to promote small enterprises. There was hardly any co-ordination among the various agencies. The schemes also were very often overlapped. This left the small entrepreneurs utterly confused. They had to knock at several doors for necessary guidance and assistance.

Consequently, 1977 Industrial Policy Resolution emphasized on providing all assistance to the small industries under one roof. The Government, as a result, introduced the scheme of the District Industries Centre (DIC) IN May, 1978. The DIC programme was a significant step towards rural industrialization. The DIC started actual operation on August, 1978.

The main purpose of the DIC is to provide all the facilities and assistance to the small and rural entrepreneurs under a single roof. It would provide full co-ordination among the various agencies connected with the promotion of small industries.

Organizationally, each D.I.C. is headed by a General Manager. He is to be assisted by seven functional managers and other supporting staff. The functional managers would deal with the following matters, namely economic investigation, raw materials, machinery and equipment, extension and training, marketing, credit and Khadi and Village Industries.

The General Manager is in charge of overall co-ordination and development of small scale and cottage industries in the district. The manager in charge of economic investigation would conduct survey to identify the potential for various types of small scale and cottage industries, based on local resources, skills and demand. He is to draw up operation schemes and identify entrepreneurs. Manager (Raw Materials) would ascertain the raw materials required their sources, prices and the like and assist in the procurement of raw materials.
The Manager (Machinery and Equipment) is to assess the nature and types of machinery and equipment required by the industries concerned, ascertain their sources, prices, and arrange for their procurement.

The Manager (Extension and Training) is to look after quality control, improvement of production processes and arrange for training courses.

The Manager (Marketing) is to organize market surveys, provide marketing information to the entrepreneurs and assist in the marketing of the produced goods.

Manager (Credit) is to provide information about the sources of credit to the entrepreneurs and assist them in obtaining credit facilities from the financial institutions.

Manager (Khadi and Village Industries) would pay special attention for the development of Khadi and Village Industries. He is to provide necessary link between the entrepreneurs and the various Government agencies in charge of the promotion of Khadi and Village industries. In spite of several achievements to its credit, the D.I.C. scheme is not altogether free from certain limitations.

The targets of the D.I.C. were far too ambitious which made implementation difficult. It suffered from certain draw backs. Some states have not yet delegated sufficient powers to the D.I.C. According to a Report of the comptroller and Auditor General, the scheme has failed to generate additional employment through the setting up of small and medium-class industries. Till March, 1982, 384 D.I.C.'s were set up covering 399 districts out of a total of 411 districts in the country.

1.6.5 New 20-point Economic Programme

The New 20-point programme also mentions “liberalization of investment procedure and streamlining of industrial policies to ensure a timely completion of projects, all facilities to handicrafts, handloom small scale and village industries to grow and update technology. The “Revised” 20-point programme of August 1986 does not speak about rural industrialization directly. But items such as ‘special programme for rural labour’, ‘new opportunities for youth’, ‘protection of environment’, ‘attack on rural poverty’ and the like imply that rural industrialization will get priority.
1.6.6 The National Scheme of Training Rural Youth for Self-Employment (TRYSEM)

The National Scheme of Training Rural Youth for Self-Employment (TRYSEM) was initiated by the Ministry of Rural Reconstruction in August 1979. The main thrust of the scheme is to equip rural youth with necessary skills and technology to enable them to seek self-employment. Normally, persons between 18 and 35 years of age are covered. The target is to train at least 2,00,000 rural youth in each block of the country. TRYSEM activities would cover all the three sectors viz. primary, secondary and tertiary. After the training, the entrepreneur would be given appropriate support from the Government for setting up of his/her own enterprises. Under this scheme, the landless labourers, small farmers, rural artisans and other rural poor would be entitled for training and would be given stipend to meet incidental expenses during the training period. The principal objective of this scheme is the removal of unemployment among youth and thence rural poverty.

TRYSEM is neither a thorough success nor an utter failure. It seems to fall in between the two extremes. A large proportion of the youth have become wage earners with the skill they had learnt and their earnings have contributed significantly to the family income. To this extent TRYSEM has undoubtedly helped them move up from the ranks of the poor. TRYSEM has also brought to light the inadequacies of the training programme as it cannot meet the practical needs of the trainees. This indicates the need for the training institutions to keep constantly improving their skills and to examine their efficiency in project situations in the rural areas for easy adoption. After the extension of the Integrated Rural Development Programme to the entire country TRYSEM has been integrated into the Integrated Rural Development Programme.

1.7. INSTITUTIONAL FRAME WORK

Over the years, a large number of institutions have been promoted in the country to assist the small scale sector. These operate both at the state and Central level.

1.7.1 State Directorate of Industries

Development of industry is a state subject. So, to implement different assistance programmes for different types of industries at the State level the State
Directorates of Industries were setup. They play a crucial role in the development of small industries in the States. The activities of these Directorates are coordinated by the Development Commissioner for Small Scale Industries.

1.7.2 Small Scale Industries Corporation

The States have also set up their Small Scale Industries Corporations. They perform two types of functions: regulatory and promotional. Under the regulatory functions, measures are included of registration of small scale industries, quality control, construction of industrial estates, and the like. Under the promotional measures, several functions are performed. They play an important role in the distribution of raw materials to small units. They also provide seed capital and margin money to entrepreneurs, so that they could obtain institutional finance. They prepare project reports for small industries. They organize training programmes for prospective entrepreneurs.

1.7.3 Handloom Development Corporation and Other Boards

At the State level, many States have set up Handloom Development Corporations to look into the problems faced by the weavers, who operate outside the co-operative fold and also try to assist them. The States have also set up Handicraft Development Agencies to provide raw material and marketing assistance to the rural artisans. Similarly, at the State level, there are Khadi and Village Industries Boards. They have their extension staff even in the rural areas. They pay attention to the organization of Khadi and other products of the specified village industries.

1.7.4 Small Scale Industries Development Organization (SIDO)

The SIDO was set up at the national level in the year 1954. This agency operates under the Central Ministry of Industry. The Small Scale Industries Development Organization provides comprehensive assistance to small scale entrepreneurs at every stage. The assistance ranges from the selection of an item of production to its final marketing. For the development of small industries, it acts as a policy formulating and co-coordinating agency. It has a network of two Small Scale Industries Service Institutes (SISI), 20 Branch institutes, 41 Extension Centres, four Regional Training Centres and a number of production centres. The SIDO provides information on prospects of items that could be produced in the
small sector. It draws up schemes. It also provides economic, technical and managerial extension and consultancy services. It provides training in management and technical matters. It provides guidance in the procurement of machinery, factory site, finance, marketing, and many other related things. It also provides assistance in modernization and technological developments.

1.7.5 National Small Industries Corporation (NSIC)

The National Small Scale Industries Corporation (NSIC) was formed in 1955. The NSIC is one of the few organs of the Government engaged in the development of small industries throughout the country. During the last 30 years it took various measures which contributed to the growth of small industries. It played an important role in discarding the age-old banking practice of security in industrial financing. The NSIC constructed the first industrial estate at Okhla. This was indeed a trendsetter. It also pioneered in organizing export marketing on behalf of small scale foot wear manufacturers. It identifies thousands of small industries which can supply their products to the Government, under the Government purchasing programme. It imparts highly valuable practical training through the Prototype Development and Training Centre. Thus, the main functions of the NSIC are:

(i) To supply machinery to small units,
(ii) To provide financial assistance by underwriting and guaranteeing loans taken by these units,
(iii) To supply raw materials and components to small enterprises.
(iv) To provide marketing assistance to the small units and to secure a reasonable share of Government orders for small scale units, and
(v) To provide technical assistance.

1.7.6 All India Boards Several

All-India Boards have been set up for the promotion of rural industries. For the development of handloom, the All-India Handloom Board is there. The All-India Handicrafts Board is responsible for the promotion of the handicrafts. It has its technical, development and marketing extension centres. The Handloom and Handicrafts, Export Promotion Corporation (HHEC) looks to the export of handicrafts, The Central Silk Board and Coir industry respectively.
1.7.7 Khadi and Village Industries Commission (KVIC)

For the development of rural industries, the Khadi and Village Industries Commission was set up in the year 1957. Its main job was to promote basically manual trades and crafts in the rural areas. Many of these industries have been in operation in the rural areas since ages. However, they faced a decline in the face of stiff competition from modern factory production. The KVIC follows a number of steps for the development of Khadi and Village industries. It provides grants, subsidies and loans at a low rate of interest. It provides raw materials and assists in marketing the products of the industries. It pays special attention for the training of artisans and supervisory personnel. Most important of all, in the recent years, the commission has taken several steps for improving techniques for various traditional rural industries.

CONCLUSION

Rural industries play a pivotal role in the development of India. It is generally held that economy in rural Industrialization not only raises per capita income and living standards of the people by providing gainful employment opportunities but also reduces income disparities between rural and urban areas. Rural industries developed on proper lines can serve as an effective means of reducing imbalances and also play a prominent role in providing subsidiary occupations and supplementary incomes especially to personnel engaged in the agriculture besides facilitating a more intensive economic utilization of material resources and man-power. Rural industrialization may be considered as an aspect of spatial diversification of industries and is treated as a part of the problem of the location of industries in general. On the other hand, rural industrialization may be looked upon as a process confined to the development of village industries. Rural industrialization fulfills several economic and social needs of rural areas such as increasing employment opportunities, diversifying rural occupations, raising income and living standards of rural communities, reducing exodus to urban centres, eliminating regional and economic imbalance and ensuring social justice.
REFERENCES


