Chapter IV.
"Village and small industries have made significant contribution in the First and Second Plans in realizing the objectives of expanded employment, larger production and more equitable distribution. With the larger dimensions of the tasks to be accomplished in the Third Plan, their role will be even more important."

Planning Commission,
Third Five Year Plan,
p.426.
CHAPTER IV.

COTTAGE AND SMALL SCALE INDUSTRIES

It need not be over emphasised that in our country the cultivators are employed for a very limited period during the year. They have to earn livelihood under conditions of stress and strain and agriculture is the main source of income for the entire family. Uncertainty of monsoons, lack of adequate finance, absence of efficient marketing, low fertility of the soils, fragmentation and sub-division of holdings, the destruction of crops by the seasons which make agriculture an uncertain and inadequate source of income. On account of this reason, small scale and cottage industries need to be developed in rural areas. In the words of Dr. R.K. Mukerjee, the peasant in India is engaged in agricultural operations for 200 days in a year and the rest of the time is wasted either in village affairs or he sits in his house to spend his resources and feed his big family. Moreover, in olden times, as has already been emphasised that the cottage industries were precluded out of the sight of rural people simply because of caste prejudices or non-availability of raw material, lack of marketing facility and demand for their goods in the market. The existing conditions also make many of the cottage industries
unremunerative. The seasonal character of agriculture as has been stated earlier shows that the present rural unemployment problem may be very well solved if the villagers stick to the adoption of these industries, as well as their regular operations of agriculture. A number of Commissions and Committees in India has very well realised the need of these industries and it is very necessary that government steps to emancipate the diseases of rural employment are necessary. Realising the need of hour, the Government in Commerce and Industry Department has prepared plans and estimates for the progress of these industries. The Planning Commission while discussing the role in the economic development of the country opines "Products of large scale industries have increasingly limited the market for several classes of artisans. Their occupations now give them only partial employment, so that they tend to join the ranks of agricultural workers. Development outside the rural sector has not been rapid enough to arrest the increasing pressure of population of the land. The development of village industries should, therefore, be as much a matter of State action as the increase of agricultural production. Indeed, one cannot be separated from the other, for, increase in agricultural production presupposes fuller utilization of the available manpower and release of surplus workers for other occupations. Village industries, therefore, call for programme which will develop a great deal of local initiative
and co-operation, and an economic environment in which they have a reasonable chance of succeeding."*

The problem of decentralisation of economic power and decentralisation of industrialisation in the country may very well be solved with the help of cottage and small scale industries. There had been a number of developments in the field of large scale industries but truly speaking the small enterprises have their significant role to play. This source of livelihood employs in itself about 20 million persons in it while in factory establishment only 3 million persons are getting their livelihood. It is said that the handloom industry employs nearly 50 lakh people or nearly as much as are employed in all other industries (organised ones) including large scale industries, mines and plantations. Estimates of National Income prepared in Central Statistical Organisation (March 1958) show that the value of net output of small enterprises in 1956-57 was of the order of Rs. 970 crores while that of factory establishments was around Rs. 890 crores. The cottage and small scale industries provide immediate large scale employment; they offer a method of ensuring a more equitable distribution of the national income and they facilitate an effective mobilisation of resources of capital and skill which might otherwise remain unutilised.

Under the Second Five Year Plan, the Community Development Programme gives a place of priority to the cottage and small scale industries for proper decentralisation of the programme of industrialisation and promoting better facilities for the village people. The difficulties with which these industries have been suffering from a very long time are tackled properly under this programme and every effort is made to find out the probable solution to the ever-increasing problems of these industries. The present problems with which these industries are suffering may categorically be discussed in the following points:

1. Problem of credit,
2. Problem of raw material,
3. Problem of market competition,
4. Problem of transportation,
5. Problem of better technical skills, and
6. Problem of competition from large scale industrial sector.

Moreover, different cottage and small scale industries have got different problems and in this way a separate industry has got separate problems of its own. The lack of capital due to poverty has been the greatest problem faced by these industries. At present the problems
of cottage and small scale industries are being solved by
the Director of Industries in the State and the respective
district officers from the industries department in the
state. The Assistant Director of Industries in every
district is responsible for the schemes pertaining to rural
arts and crafts. He provides necessary loan facilities to
such industries in collaboration with the various all-India
Khadi and Small Scale Industries Boards. The Assistant
Registrar, Co-operative Societies also establishes certain
co-operative societies or industrial co-operatives which may
develop the present sources of finance for the village public.
The problem of raw material is also solved to a great extent
with the establishment of these industries. The present
needs of raw material is met out of the local sources and in
certain cases where cottage industries like handloom and
Ambar Charkha etc. are developed, the raw material is brought
to the district from outside the district as well. But it is
seen that the money lent to the co-operatives and finally
to the persons starting these industries is not supervised
properly and the problem of finance still remains untackled.
In certain cases the condition of granting loans have been
very strict and the refund methods as adopted by the
Government are impracticable.

The main recommendations as put forth by the
Village and Small Scale Industries Committee Report or the
Karve Committee Report of 1955 are worth study in this
Production-cum-training centre in Carpentry
respect. The Committee emphasizes the avoidance of further technological unemployment in the traditional village and small scale industries during the process of planned development. The Committee is of the opinion that "the policy followed by the government should be framed in such a way that it is successful in stemming the increase in unemployment or under-employment in existing occupations and in providing for progressively increasing employment opportunities. Secondly, steps should be taken for constructing the structures of an essentially decentralised society for the future, consistently with "progress and economic development at a fairly rapid rate." Fulfilment of these two important collaries would necessitate the continuance of existing employment opportunities and the provision for additional employment on the one hand and expansion and increase of total production in the Indian economy on the other."*

The Committee further observes that in as much as a substantial number of the unemployed and underemployed belong to village and small scale industries' group, it is perhaps better and more advantageous to provide relief to them through employment in occupations in which they have been traditionally trained and for which they possess equipment than by any other method.**

The International Planning Team (1954) as sponsored by the Ford Foundation for studying the problems of small scale industries in India, which submitted its report in 1954 gave the following remedies for meting out the present problems of the Cottage and Small Scale Industries:

1. Special Institutions for the development of these industries should be set up in the country and also outside the country to suggest suitable ways for the promotion and growth of the cottage and small scale industries.

2. Commercial Banks, Co-operative Banks and the State Finance Corporations should be more moderate for issuing loans and advances to these industries and the Government should take active interest in such institutions.

3. Co-operative institutions may be established all-over the country which may solve the problems of availability of raw materials and marketing facilities in the country.

4. Marketing Service Corporation on all India basis for marketing the products of these industries may be established.

The recommendations of the Team received very much impetus by the Government and finally the Committee's recommendations opened new ways of progress for these industries.
The Policy of the Government has undergone a remarkable change since independence. The Industrial Policy Resolution of the Government has got a number of new suggestions for the all round development of these industries. It contains in itself certain clauses that for the development of cottage and small scale industries on a decentralised way they (cottage industries) may be given sufficient vitality to be self-supporting and their development programmes may be co-ordinated with the large scale industries. The Common Production programme as has been in order during the Second Five Year Plan and at present has given a number of new solutions for the balanced development of these industries. All India Boards have been built up all over the country which look after a detailed programme of the Government in regard to these industries. The programme of rural electrification has also opened new vistas for the development of these industries. The Service Co-operatives at present functioning in the rural set up also play an important role in the proper implementation of the Government Policy and solving the problem of marketing and supply of raw material.

During the First Five Year Plan the total expenditure on these industries amounted to Rs.31.2 crores, all-over the country as against an allocation of Rs.42.11 crores. The expenditure during these second plan on these industries is estimated about Rs.180 crores. The Third Plan proposes an outlay of Rs.264 crores. In addition to this it is estimated
that private investment in village and small scale industries would amount to Rs. 275 crores. This shows that the cottage and small scale industries are assuming an important role and place in the Indian economy and they have an integral part in the economic development of the country.

Industries which may be developed or which are under-developed condition at present:

1. Agriculture implements which may be produced on small cost.
2. Bakery, sweets and biscuits etc.
3. Dairy farming.
4. Fruit preservation and milk products.
5. Dry vegetables, piles, chatania etc.
6. Soap making, oil refinery etc.
7. Ready-made garments for villagers and new fashion clothes.
8. Carpets etc.
10. Welding and allied functions.
11. Canvas shoes.
12. Embroidery work.
13. Caps and hats.
14. Rosiery works.
15. Shoe laces and socks.
16. Brush.
17. Leather material, shoes, suit-case, sleepers bags etc.
18. Tobacco materials.
19. Umbrella manufacture.
20. Stone dressing.
21. Pressing of oil seeds.
22. Shellac making.
23. Metal utensils.
24. Dyeing.
25. Lock making.
26. Steel trunks and iron safe making.
27. Cutlery.
29. Wire-drawing.
30. Wooden and horn comb making.
31. Toy making.
32. Biri making.
33. Woollen clothes and other garments.
34. Ornaments.
35. Cement pots, cement manufactures.
36. Bamboo prepared things.
37. Candle-sticks.
38. Carpentry.
40. Building fittings, paints and varnish.
41. Enamelled pots.
42. Glass and glassware.
43. Lime.
44. Blacksmity.
45. Tin plate utensils and other materials.
46. Block preparation.
47. Preparation of carbon paper.
48. Rubber and rubber utensils.
49. Fountain pen.
50. Writing ink.
51. Rubber stamps and rubber stamps ink.
52. Paper, note-books, paper boxes etc.
53. Pen holders and pencils.
54. Printing.
55. Stationery.
56. Slate pencils.
57. Typewriter ribbons.
58. Photography.
59. Hair oil, cream etc.
60. Grass hair and sand materials.
61. Saw dust and agricultural products.
63. Plaster of Paris materials.
64. Earthen pots.
65. Radio-repairing and assembling.
66. Bicycle repairing.
67. Plumbers and welding workshop.
68. Binding and book packing factory.
69. Bicycle assembly plant.
70. Bricks making.
For a balanced and decentralised industrialisation of the country the development of the small scale and cottage industries has been one of the objectives enunciated in the Third Five Year Plan. The persons who are interested in such industries should be made aware of:

1. Implements and modern scientific machines for their proper application.
2. New methods of production.
3. Facilities for availability of raw material.
4. Availability of all other accessories at a low and reasonable cost.
5. Financial help for purchase of these machines on competitive prices.
6. Import of raw material and machines to that area.
7. Labour welfare facilities.
8. Facilities for marketing of all the goods.
9. Other such facilities which may be needed in the process of development of these industries.

All these facilities are available either from the Madhya Pradesh Government from the Directorate of Industries or from other such institutions established in the country. The following has been the arrangement for the award of such facilities in the country.

The Development Commissioner, Small Scale Industries is a central authority for the establishment of Extension Centres in the country. The functions of these Extension
Centres are:-

1. To select industries which may be developed on small scale basis.

2. Dissemination of information among the public bodies about the new techniques, new machines etc.

3. Publicity of modern machines, among the people through the mobile work-shop and demonstration vans.

4. Facilitate the management and modern methods of sales and marketing practices.

5. To act as Information centres for small and cottage industries.

6. To register the small scale and cottage industries so that government may purchase the products of such units.

The National Small Industries Corporation also acts in collaboration with the above centres. This institution is established at Delhi which provides machinery on hire-purchase basis and instalment payment system. It also facilitates the marketing facilities and helps in marketing and purchasing of the products of such industries established in the country. During the Third Five Year Plan, the Madhya Pradesh Small Industries Corporation is also being established which shall promote the growth of these industries in the country.

The Madhya Pradesh Financial Corporation is also one more institution which promotes the loan facilities in the province for these industries. This Institution can provide loans from Rs.10,000 to Rs.10,00,000 at the rate of
6 per cent interest. These loans are generally awarded for purchase of machinery and buildings, etc.

The State Bank of India also provides certain loan facilities which are termed as 'Pilot Schemes'. This loan is provided on mortgage system and the interest rate for such loans is usually 4½ per cent. The Bank also offers loan facilities for loans amounting to 7 years duration from 6 months. These loans are provided for the working capital only.

Under the Community Development Programme the Director of Industries has provided a Block Level Extension Officer (Industries) in each block which looks after the activities of the block pertaining to Rural Arts and Crafts. The Block Level Extension Officer (Industries) acts to coordinate the block programme with the Industries Department of the state and executes the schemes of these departments with the funds made available by the Ministry of Community Development. The Minimum programme of Cottage and Small Scale Industries is also run by the Block Level Extension Officer and various other schemes as detailed above are chalked out for making the industrial base of the country sound and healthy. Establishment of industrial co-operatives and other such schemes, has been the prime motto of the present Panhhayati Raj scheme. The Block Level Extension Officer is the supervising authority for the award of loans
and other facilities to the block people and chalks out the programme of village rural development in this field. He prepares the schemes of rural arts and crafts in collaboration with the various all India Industries Boards and Commissions. The block budget provides for a provision of Rs.50,000/- during the second stage on rural arts and crafts and this amount is spent on various schemes of industrial development of the block area.

The following industries have been given proper help during the second five year plan in the Rehli block:

1. Establishment of Ambar Charkha.
2. Introduction of brick clim.
3. Distribution of sewing machines.
4. Tannery industries.
5. Village ghani industries.

**Ambar Charkha:**

Khadi is prepared from hand spun yarn and hand-woven yarn. This industry was a source of income in olden times but during the British period, no proper steps were taken to give fillip to this industry. The Community Development Programme has considered its importance and the rural arts and crafts programmes gives proper place of priority to the development of Khadi Industry. At present,
the Ambar Charkha is the recent and most up-to-date device for popularising this industry in the country. The Khadi and Village Industry Commission has provided so many facilities in regard to credit, technical assistance and a number of other kind of help in this regard. It provides facilities in regard to revolving capital to village industries. It organises training classes in hand spinning yarn and also in a number of other methods.

A programme of introduction of Ambar Charkha in the villages for the development of Village Khadi Industries has also been undertaken in the Rehli block. The target for the introduction of Ambar Charkha in this block was chalked out as 22 during the Second Five Year Plan and it is gratifying to note that in all 36 Ambar Charkhas have been introduced in the entire Rehli Block. Needy and desirous persons are being given subsidies and grants for this purpose from the Block funds and from the All India Khadi and Village Industries Commission. During the coming five years, a number of steps have been proposed to be taken for the development of these industries.

Brick making industry:

Brick making has been an old industry developed on cottage industry basis in the block. The local needs of the housing and building programme is very well served through this industry and during the present time, the rural
unemployment problem can be solved with this source of additional string in the livelihood of the farmer. Moreover, the necessary help in regard to primary finance etc. can be very well served by the Block funds and thus the remaining problem of marketing is solved by estimating the needs of the local persons. This industry does not need any additional care for marketing of the bricks.

Establishment of Brick kiln in the rural area has been one of the programmes undertaken by the block authorities in Rehli block. During the Second Five Year Plan, it was proposed to establish about 3 Brick kilns in the block but only one could be established due to lack of co-operation on the part of villagers. There are proposals for the proper implementation of this plan in the Third Five Year Plan.

Distribution of sewing machines:

Village ladies may get a very good source of employment from the house-sewing machine. The block authorities provide loan facilities for the purchase of these sewing machines. In some villages the training classes for these machines have also been started by the block authorities. The importance of this source of additional livelihood can not be over-emphasised. But it is very necessary that the machines provided to the villagers should properly be looked after by expert mechanics.
regularly and they should be given proper training in this field. Moreover, loans issued for this purpose should be properly utilised in purchase of these machines and the machines may not be sold away simply because of difficulties in adopting the sewing method. Proper care should be taken so that the villagers do not utilise this amount in other family affairs which may make refunding of the loan to the Government difficult. It is very interesting to note that the progress made in this block has been satisfactory. The target for entire Second Five Year Plan was chalked out as 27 machines to be distributed during the Second Five Year Plan. The sewing machines distributed during the Second Five Year Plan are 34. Steps are being taken to distribute even more number of sewing machines during the Third Five Year Plan.

Tannery industry:

Village leather industry also provides employment to a number of poor persons engaged in this industry. The industry has not received proper attention in olden times and for this reason the local supply of leather articles is made through the urban areas and the local persons engaged in this industry suffer a loss. Proper tannery pits are not available in the villages and the poor persons who are earning their livelihood through this source do not get
ing is a prosperous village-industry."
proper credit and marketing facilities. The industries department has taken certain steps in establishment of tannery pits in the villages so that the leather which is not being tanned in the villages may be tanned there and the local persons may get employment.

Moreover, leather footwear industry can also be developed to a great extent. Due to ban on animal slaughter, the hides and skins are derived from animals which die their natural death. The provision for technical training of tanners is also necessary which is lacking at present. Government should take active interest in this industry. The idle capacity of the tanners should be reduced by tanning of skins of other animals like dogs, pigs, reptiles and snakes. It is also seen that the by-products of this industry are also not utilised properly. A number of articles from these by-products may be manufactured like fat for candles and soap, glue and ammonia etc. The scrag-ends of the skins may be washed of for the manufacture of glue. The common tanner should be provided with facilities for improved tanning, finishing etc. and well-equipped centres for training facilities may be established. Playing centres may also be established in the rural areas. Moreover, co-operatives may be formed which may help a lot in their daily routine.

It does not give any credit to the block establishment that as against a target of establishment of 8 tannery pits in Rehli block. Only 2 pits have been established
during the Second Five Year Plan. Government should take proper steps for the development of this industry.

Village Ghani industry:

This industry is also not progressing in this block. The main difficulty lies in availability of raw materials, i.e. oil seeds which are produced in plenty in this area. Oilseeds are either crushed with village old type ghanis or by mechanised oil mills. The Industries Department looks after such schemes and offers loans and subsidies for replacement of these old village ghanis. Equipment, subsidy and production subsidy is also granted by the All India Village Industries Board. In certain villages the model improved ghanis have been installed. It is gratifying to note that the target for establishment of these new ghanis was 1 for the entire second plan while the achievement figure ranked at 5. Co-operative Societies should be established for the promotion and development of this important village industry.

The following table shows the progress made in Rehli block during the Second Five Year Plan in respect of the various village industries:
Progress of Village Industries in Rehli Block during the Second Plan Period*

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Unit</th>
<th>Target</th>
<th>Actual/Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ambar Charkha introduced</td>
<td>No.</td>
<td>22</td>
<td>36</td>
</tr>
<tr>
<td>Brick kiln started</td>
<td>&quot;</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Sewing machined distributed</td>
<td>&quot;</td>
<td>27</td>
<td>34</td>
</tr>
<tr>
<td>New Tannery pits started</td>
<td>&quot;</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Improved ghanis established</td>
<td>&quot;</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Bricks manufacture</td>
<td>&quot;</td>
<td>2,00,000</td>
<td>1,76,000</td>
</tr>
<tr>
<td>Flaying centres started</td>
<td>&quot;</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Value of improved tools and equipment</td>
<td>Rs.</td>
<td>3,000/-</td>
<td>1,600/-</td>
</tr>
</tbody>
</table>

A number of valuable suggestions have been put forth by various authorities for the proper development of the cottage and small scale and village industries. Organization of functional sub-committees at the village level in the co-operative societies is the mostly quoted suggestions made at various conferences and committees on the subject. The All India National conference on Community Development held at Mysore City in 1959 submitted in its recommendations that the distribution of hand tools should be arranged through

* District Statistical Office: Sagar, Progress of Second Five Year Plan in Saugor District, Rehli Block.
the following which should keep stocks for sale:—

1. Mobile demonstration vans.
2. Production Centres and tutional classes.
3. Block Headquarters.
4. Industrial co-operatives.

Production of these tools should be arranged through model workshops, and Government or other selected units working in industrial estates. ..... It was decided that in view of the inadequate financial resources this scheme should, for the present be limited only to blacksmithy and carpentry, and should be considered for extension to other industries after sufficient experience has been gained. ..... The village Multipurpose Cooperative should play an important role in the distribution of the hand tools and realisation of instalments of loans. The Panchayats need not be saddled with these duties.*

The suggestions put forth by the Nandlal Joshi Committee on Community Development in Madhya Pradesh in 1960 are also worth study in respect of the Village and Small Scale Industries. The suggestions included:—

1. The Committee was of the opinion that the trainees in the production-cum-training centres should receive a follow up training after the training is complete. In case

a co-operative is not possible to be formed, each of them should be given a set of implements as subsidy and some loan to make initial purchase of raw material.

2. The number of variety of the demonstration centres started in the blocks should be larger so as to serve more artisan families than at present, and for that purpose, if necessary, the existing provision in the schematic budget may be augmented by diverting some funds from other heads.

3. While selecting crafts for a block, the Block Development Committee should invariably be consulted.

4. Rural arts for small farmers and landless agriculture labour families for their practice in spare time should be introduced with a view to afford some subsidiary income. Possibilities of organising short term training courses through peripatetic teams may be considered.

5. The schemes financed by Khadi and Village Industries Commission was reported to be taking considerable time to materialise. Delay takes place in actual provision of funds to societies and in case of training-cum-production centres, trainees are not sent for a long time after the centre is declared to have started.*

The progress made in the field of cottage and small scale industries is though not very satisfactory but the

present opening of the office of the Assistant Director of Industries brings certain hopes in this respect. An industrial shed is also being constructed in Rehli Block which will provide stimulus to village industries activities. Still much remains to be done. A number of industrial co-operatives are to be formed. The development till the end of the Second Plan, so to say was onesided.

Unfortunately the development till now has been one-sided and scanty. But, now it is expected that the District Industries Officer will be able to open a new Chapter in respect of the development of these small scale and cottage industries in this Block.