Chapter IX

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FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS

9.1 PRODUCTION, PRODUCTIVITY & WAGES

The production performance in the rural industries in terms of output was analysed for the influence of the vital man power-related variables which can be manipulated to obtain the necessary results, since the rural programmes have to be necessarily contingent, based on constraints, which differed for the various sectors. Depending on the availability of working capital was the expenditure on raw materials and labour, while the investments on fixed assets decided the plant capacities and their utilisation in these industries. Effective use of all these factors depended upon the important connecting chord namely, the manpower in the rural industries—their quality and quantity. Growth in the rural economy would evince and appreciate the maximum utilisation of manpower in terms of quantity, even as it is a known fact that the rural manpower lack the formal skills generally expected in the industrial workforce.

HANDLOOM (SOCIETIES) SECTOR:

PRODUCTION:

The relationship resulting from the application of the multiple regression between output and its independent variables in this sector, highlight that the output can be increased by increasing the labour inputs both in terms of the quantity of manpower and the expenditure on labour, and also by increasing the investments on fixed assets and the expenditure on raw materials. There is an indication of idle capacity (under-utilised capacity) in the looms. Further it is revealed from the analysis of variance that less number of weavers were paid more wages. This confirms the labour-intensive nature of the sector. This also indicates extended, un-productive
labour hours, since the quantity of labour employed were less, but the operative hours have been found to be more, leading to more than normal labour cost. The data from the field confirm heavy idling of looms in the societies, to the extent of about seventy percent. (3,239 looms out of 79,308 looms in this district were found idle). The capability of the society to enhance its output through increased investments in fixed assets has already been overwhelmingly supported by the government.

With regard to the quantity of manpower being less, when compared to the output, there can be two reasons to this factor. The psychological mind-set of the weavers and the government policy of 'one loom one family principle' by the societies. The heavy stagnation of the produce in the societies coupled by delay or non-payment of wages to the members had psychologically affected the weavers' effort towards full-fledged involvement in the production process. Thus the weavers as such were not willing to put forward their fullest effort towards their task accomplishments. The productivity was also low and they were found to take no interest to elevate their skill levels which would enable them to produce better designs that would go well in the market. The weavers also resorted to turning over to master weavers and also were found to undertake assignments from private exporters, since the wages were lucrative and even more continuously available.

The inability of the handloom sector to cope-up with the local market competitors (namely the powerloom and the mills) has been worsened by the implications of the WTO agreement which leaves very little scope for the handloom produce in the future. One new ray of hope in the horizon, is the success of Export assignments by some of the societies in the district. The 1999-2000 target of one crore export for the societies in Trichy district has been successfully accomplished indicating the possibility of a big break from the market suffocation that had almost threatened the survival of the societies in this district.
PRODUCTIVITY

It was confirmed that increased investments in the infrastructure (i.e) the fixed assets seemed to improve the per capita output while increase in the per capita investment did not appear to be capable of increasing the per capita output.

The rural artisans / workers were found to be very poor, with regard to formal technical education or skills inputs. A very meagre (about 1.76%) fraction of the sample labour were found to have acquired formal technical training, while they were found to be rich in on-die-job experience. An important phenomenon to be considered as influencing this skill level of the workforce was the nature of the rural units under study.

Data from the field reveals that 73% of the rural industries in the organised sector of the district which forms the units under study, were traditional, the occupation being inherited from parent to son for generations (including the handloom, coir, coir-based manufacturing, carpentry, basket making, tanning and shoe making units). Thus, in more than seventy percent of the artisans (74% of the units contained 70% of the manpower), the skills were transferred from father-to-son, for generations, leading to lack of updation in the skills. The artisans failed to acquire new skills and in most cases were illiterates. (68% were illiterates, 3% higher secondary literates, and the rest were primary, middle or high school level literates).

Categorising workers based on their exposure to the job, about eighty percent of the total workforce (table 6.1.2.7) of 2793 workers / artisans were 'skilled' while 10% were semi - skilled and the remaining 10% un-skilled. More than forty five percent of the workforce were found to have more than 10 years of work experience.

In the case of the handloom weavers, almost all the looms in operation were manned by weavers who had sufficient exposure to the process of weaving for many
fears. Since variations in the skill levels beyond this could not be ascertained, correlation with productivity levels could not be quantified.

WAGES:

In the majority of the rural industries (80% of the units) the piece-rate system of wage payment was followed. The average wage earned per day was Rs. 53.69/-. It is implied from the application of the correlation between average output (expressed in lakh rupees per year) and average wage (expressed in Rs per day) in the four sectors, that increased output results in increased in wages. In other words the workers in the rural units under study were paid wages commensurate with their output.

The weavers in the handloom sector were paid on piece-rate basis, which varied depending upon the designs, colours used and the counts of the yarn used. The minimum wages committee constituted by the government decided the piece rate which included the components of basic pay and dearness allowance.

KVI SECTOR:

PRODUCTION:

The multiple regression on the output and its independent variables indicate that the increased investments on fixed assets (ie) infrastructure, and better utilisation of the installed capacities in the KVI units could enhance the performance in terms of output. The capital output ratio was 1:3.59 confirming the capital saving nature of the KVI units. Indications of idle capacity in the machinery is also confirmed.

Over-manning or deployment of more workers than required, for the output accomplished has been identified to the extent that a further increase in the quantity of labour employed would have negative repercussions on the output.
Inspite of very low wages (average wage per day Rs.47.79, which is the least among the rural units) the labour cost seemed to wield a heavy influence on variations in production. Two reasons could be attributed towards this fact. As mentioned earlier, the excessive deployment of manpower and secondly, the relatively heavy non-wage monetary benefits which constituted a considerable part of the labour cost (about 28%).

More than ninety percent of the raw materials required were bought either from within the district or from within the state. Hence the variable expenditure on raw material, was on the lower side as compared to the output.

On the whole more than 60% of the installed capacity in machinery were unutilised due to delays in raw material supply and also difficulty in marketing the produce.

Thus under-utilisation of both the installed capacities and manpower were confirmed in the KVI sector of the rural units.

PRODUCTIVITY

The per capita investment and the low skill levels of the manpower in these KVI units have not influenced the productivity of the manpower. It can be held based on the analysis that the manpower productivity in these units can be manipulated by raising the investments in fixed assets (i.e) the infrastructure and by elevating the wage income of its workers. The average investment per unit was found to be 2.5 lakh Rs. and the per capita investment was an average on Rs.53 lakhs. It should be reminded here that the statutory ceiling limit for fixed assets laid by the Khadi and Village Industries Commission was Rs.0.5 lakh per unit. The per capita output or the manpower productivity per year was Rs.0.35 lakh on an average.

WAGES:

The average earnings per day was the minimum in the KVI units of the rural industries, Rs.47.79/- per day. While the wages earned ranged between a minimum of Rs. 15/- per day to about Rs. 150/- per day, majority of the workers were earning less than Rs.20 per day.

Apart from the wages, the KVI workers enjoyed an average of Rs.2180 as non-wage benefits per year, in the form of festival advance, welfare fund contribution by the KVI board / commission and a wage incentive of 10%. Since marketing snags had compelled the units into very low production targets, the wages earned in some of the KVI units were very low, and as such the motivators like the wage incentives were not benefiting most of the KVI workers.

On statistical application, the average wage & the average output have confirmed that the wages paid were commensurate with changes in the output. It has also been confirmed that the wage increase when the skill level (in terms of experience gained) increases. Since die analysis of the productivity in this sector confirms that the skills of the workforce have not been fully utilised, and as such the manpower productivity also has been confirmed to be very low in this sector, it can be concluded that low skill utilisation in this sector has lead to low manpower productivity, which in turn has lead to low wages. Analysing further, low skill utilisation can be attributed to the low technology levels in the KVI units (discussed in detail earlier), which had been deliberately contained, to maintain the vital labour-intensive nature of the KVI units. Thus low wages can be attributed to the low technology levels in this sector.

SMALL SCALE INDUSTRIES SECTOR

PRODUCTION:

Extensive investments on fixed assets and heavy under-utilisation of installed infrastructure confirmed in the SSI units, indicate that the output in this
sector can be enhanced by better utilisation of investment in fixed assets (infrastructure) through better utilisation of the installed capacity. Similarly, the quantity of labour deployed has been found to be less when compared to the output achieved indicating the possibilities of better utilisation of the under-utilised machine capacity by increasing the number of workers in the units.

The average investment in fixed assets per unit was found to be the highest in this sector, 18.9 lakh rupees per unit while the per capita investment was about Rs.0.83 lakhs, confirming the capital intensive nature of this sector, of the rural industries. The per capita output per year was Rs.5.98 lakhs, almost more than 5 times that of the societies and about 12 times that of the KVI units. This confirm the capital intensive nature of the units.

**PRODUCTIVITY**

The statistical applications have confirmed the capacity of the skill levels to influence the productivity of the manpower in this sector. Thus increasing the skill levels in the workers were held, to generate more productivity in the SSI workers. The wages were found, to be inconsistent with the productivity levels indicating that the SSI workers were not paid wages, commensurate with their productivity levels. Since a direct correlation between the wages earned and die productivity of die manpower does not exist in this sector, the former can be said to lack die capacity to raise the productivity levels in the workers. The field study reveals that the per capita output was Rs.5.98 lakhs, the highest among die rural industries.

**Wages :**

Though the average wage earned per day was die highest in the SSI units, Rs.96.88 per day, the wage in some of the units, especially those engaged in mass production, like the plastic industries, were low enough to result in labour turnover, causing heavy disturbances in the production of these industries. The workers were
found to utilise the seasonal opportunities both in the agriculture and construction projects, which on an average provided them Rs.80/- and Rs.70/- per day respectively.

The percentage of skilled in terms of technically knowledgeable was found to be less in this sector, in spite of the relatively higher degree of mechanisation in the activities of this sector. The major reasons for this lack of demand for higher levels of skills can be attributed to the mass production these in units. Since most of the technical details are pre-set in mass production, technical skills were required only at the supervisory level, than at the worker level. Thus only 15% of the workforce (consisting of supervisors) were technically skilled. The low level of skills resulted in low wages, resulting in seasonal, temporary migration to agriculture and construction sectors.

Apart from wages, the worker's were not provided with any welfare or social security measures. Thus the wages were relatively high in the SSI units, but on the whole the wage returns including the benefits received by the workers were very less. This resulted in seasonal labour turnover in these industries.

TINY SECTOR:

The statistical applications and analysis reveals that the output in the tiny sector segment excluding handicrafts, can be enhanced by increasing the expenditure on raw materials and labour and also by increasing the number of persons employed and the capacity utilisation in these units.

In the case of the handicraft segment of the Tiny Sector, the investment in fixed assets was inversely related to production this would mean that further increase in fixed assets would result in decline in production. Increments in both the expenditure on labour and the raw materials were found to have a positive influence on the output. The expenditure on raw materials was contributing sufficiently towards variances in
production indicating sufficiency of raw materials. Increased expenditure on labour, could thus be held to generate increased output in these handicraft units.

Changes in the fixed assets or infrastructure, according to the statistical inference does not wield any influence on output. This might be attributed to the feet that the major component of the fixed assets, namely the machinery in this sector was used to a very limited extent. Only 47% of the units in this sector required machinery in their production process (including the saw mills, flour mills, mat units and the coir units).

The expenditure on raw materials was found to be positively correlated with production, indicating its influential nature on the production in both the segments of the tiny sector. The magnitude of this variable was very heavy in the non-handicraft unit than in the handicraft units. This can be attributed to the fact that the raw materials of the handicraft units were all locally available within the district (in about 88% of the units) or at the maximum within the state. On the other hand, the raw materials for the non-handicraft units were mostly not available in the state and had to be procured from other states.

The wage returns per head in the case of entrepreneurial units involving mainly family labour were more rewarding than the wages of the hired labour in this sector. The wage per day of an worker in the applique works unit, for example, was as low as Rs.17/- per day, while the wage return for the entrepreneur in the same unit was more than Rs.3300/- per month. The per day wage returns for entrepreneurs producing P.O.P. units were as high as Rs.814/-. 

Thus increasing the levels of expenditure on raw materials and labour and increasing the number of persons employed in the production process and the capacity utilisation in these units can enhance output in the non-handicraft segment of the tiny sector. Whereas increasing the expenditure on the manpower or in other words
increasing the wage returns, especially for the hired labour, might generate more output in the handicrafts segment of the tiny sector.

Increasing the quantity of labour in this sector has been confirmed to enhance output and hence the wage returns. The only snag faced by this segment was the seasonality of the demand. More than 87% of the families had to switch over to agriculture or other temporary jobs during the off-seasons.

The State Handicrafts development corporation Poompuhar, has 2 main show rooms at Tiruchirapalli. But little has been done to absorb these products, since only a very meagre fraction of the produce from these families were bought by the corporation, provided the products satisfy the conditions laid by the corporation. Some of the handicrafts produce like the 'asanchadees', 'Thembai' and 'Ther selais' of the applique works unit were already fetching orders from foreign countries. Regularised or synchronised demand would fetch regular returns, automatically attracting more families into undertaking these occupations. Output can be enhanced by also hiring labour (at present only family labour were utilised in most of these units.)

9.2 INVESTMENTS:

Investment in terms of average investment in fixed assets per unit and per capita were analysed. It was concluded based on statistical applications that raise in investment in fixed assets was capable of generating increased output in most of the rural industries, including handloom, Khadi and Village Industries, and tiny sector units excluding handicraft units.

The analysis further revealed that the investment in fixed assets and the output were inversely related to each other in the SSI and non-handicraft tiny sector units significantly. It is hence inferred that the output in these units can be enhanced by
making a better utilisation of the investments in fixed assets already made in these units.

The capital output ratio was the least in the KVI units (1:3.6), and the highest in the SSI units (1:1162), indicating that the KVI units were the most labour intensive, while the SSI units were the most capital intensive among the rural industries. The ratio was 1:1.07, for the handloom societies, and 1:1.162 in the non-handicraft Tiny sector units.

With regard to the per capita investment, it has been confirmed from statistical applications on man power productivity (measured in terms of per capita output) that increments in per capita investment was not capable of raising the manpower productivity in the rural units under study.

9.3 TECHNOLOGY:

Quantifying technology perfectly was a challenge, since many of the rural units were traditional, involving little mechanised procedures in their production process. Hence the need for diagnosing the problem of technology in relation to the skill levels of the rural workforce, and the demand for the rural produce.

HANDLOOM SECTOR

With regard to the traditional pitlooms that were used by the weavers in the handloom societies, utmost utilisation of the skills acquired by the weavers was confirmed. It was also confirmed that, the weavers though were highly skilled, in terms of experienced gained to perform on these looms deftly, they lacked the versatility to handle improvised versions of the looms. Their skills were highly traditional, carried down from father-to-son for generations, and hence out-dated.

Though the weavers were held to be highly experienced, the average productivity was about 3.4 mts per loom per day, while the standard for a skilled
weaver was 6 mts/day. The National productivity record was 5.12 mts per day per loom, while the Tamil Nadu average was 4.7 mts per day per loom.

The powerlooms which were the next option towards technological progress, were 15 times more effective than die pitlooms in their output. A powerloom worker per day could produce on an average 100 mts per day.

Considering the demand, there was a huge gap between the preferred and die produced in the case of the pit looms. The weavers were found to stick on to traditional techniques which were rendering the handloom products less attractive in terms of designs, colours and price. A few societies have resorted to training in jacquard looms and improvised looms with modernised additions that would enable innovations in designs. These societies have succeeded in developing demand potentials in export markets enabling continuous flow of goods and also higher wage returns for the weavers.

Thus SWOT analysis of the traditional technology adopted in weaving has revealed that the weavers considered 'skilled' were not able to ensure productivity in their tasks. The technology was not able to enable them produce demand-based products.

KVI SECTOR:

The technologies adopted in the KVI units, had witnessed laudable progress, basically because of two reasons. The Government through the Khadi and village Industries commission has been engaged in the development of the KVI units for more than a quarter of a century, carrying research and development activities to improve the tools and equipment, and the techniques of production in the various industries. Secondly only 12% of the artisans engaged in the leather tanning, carpentry and blacksmithy units were found to have imbibed the traditional skills from their previous generations, and hence inclined to stick on to age-old tools and
techniques. A good majority of the manpower in the KVI units were found to be skilled, having gained exposure on-the-job for years. They were found to be willing to adapt and adopt technological break-throughs made available to them by the R & D centres of the KVIC and other institutions implementing the KVI programmes. In the case of spinning, the traditional charkha has been carefully modernised, to improve the finishing of the yarn and at the same time retain the manual operation base of the charkhas, ensuring the labour-intensive nature of the sector. The New model charkha (NMC) was thus adopted, along with slub spinning modernisation and fancy doubler for producing fancy yarn with slubs at intervals and doubled yarn with knots, in order to enable attractive designs.

In the case of weaving, the Nepali loom centres, as the name indicated used Nepali looms advocated by the research institutions, with 6-spindles, 8 spindles or 12 spindles. These were pedal operated and first introduced in Tamil Nadu.

Thus the spinning and weaving units of the KVI were found to be pioneers in introducing improvised machinery which not only did not destabilise the already employed, but also opened up new vistas of employment.

The carpentry and blacksmithy units and the leather tanning units on the contrary, very traditional in their production technology, adopting almost purely manual techniques using tools and small manually operated equipments, without the use of electric power. These were found to be time consuming, less productive and physically exhausting.

With regards to the utilisation of the available skills in the manpower, it was obvious that excepting the carpentry and blacksmithy units, and the leatier tanning units, the other units were fairly on the path of technology upgradation. The workers and artisans were found to have sufficient exposure on-the-job which had helped them adapt to changes in the technologies of production.
Though more than tens of thousands of persons were trained in the various KVI categories, the artisans and workers in the KVI units in this district, have not been benefited from the training programmes of the Khadi and Village Industries Commission.

With regard to the productivity in terms of per capita output, the KVI units were the least productive (Rs.35,000 per year). Improvised technology had improved the employment vistas and also enhanced the output per machinery / equipment per day. But the excessive use of manpower in these units seems to have resulted in lowering the per capita output in this sector.

**SMALL SCALE INDUSTRIES SECTOR:**

The technology adopted in the SSI units, when compared with the other sectors of the rural industries, were found to be highly capital intensive, almost 6 times than that of the other units. The societies were least capital intensive with an average investment in fixed assets of Rs. 30,000/- per unit and highest in the SSI units, Rs. 18.9 lakh per unit. (The average investment on fixed assets was Rs.2.5 lakh per unit in the KVI units and Rs.32,000 per unit in the tiny sector. Thus the data by itself was self explanatory, supporting the association of higher manpower productivity with higher capital intensity and hence higher technology. Since the production process in most of the units were mechanised, flexing the production output according to changes in the market (demand) was not a problem.

**TINY SECTOR:**

The technology in the tiny units can be explained to exhibit both the extremes. About 40% of the units were purely manual in their operations. Some of the units like coir defibring units involved the usage of highly mechanised machines.
Similarly the output was not directly correlated with the level of technology in this sector. For example the brick units were manned by artisans who moulded the bricks, deftly by using only the moulds and tools to aid their dexterity. The turnover in the brick units were several lakhs per year while the applique work assemblies called as 'asangaadis' and 'ther selais' were priced Rs.70,000/- to Rs.80,000/- per assembled assortment, but were found to take about 6 months for completion.

Considering the ability of the technology adopted to match the demand, again there were both the extremes. In the case of products which had very high demand, the production process was highly time consuming and could be produced only in very limited levels. For example in the case of die applique works. In die case of the tiny sector produce like ropes, coir yarn, coir fibre, bricks, mats, baskets and semi-precious gems and stones the market absorption was continuous and also very competitive, and hence the artisans were engaged continuously, working even in shifts to meet the demand.

In a third category of tiny sector units, the demand was highly seasonal, sometimes existing only for a couple of months a year (like in papermesh works and mud lamps very much in demand for the 'Chathurthi' and 'Karthigai' festivals of South India), compelling the artisans to resort to agriculture or other occupations during the off-season.

There were no formal technical research institutions to boost technological progress in this sector. In spite of lack of support and subsidies from the government and Rural Development Institutions, some of die units were found to imbibe technological improvisations. For example, some of the pot producing artisans were found to use motorised pot wheels (Shaila engine), instead of die traditional hand operated potter's wheel, which was both time-saving and energy saving.
But in certain categories of the coir activity in spite of government intervention the units were found to continue to adopt the traditional technologies, which were labour intensive but relatively poor in terms of productivity and new innovations in the product.

The pace of technological progress in the coir units of the tiny sector was very slow, resulting in low productivity in the existing units and unutilised surplus raw materials in the district, in spite of a good demand for the coir fibre and coir-based products, both in the domestic and foreign markets.

9.4 CAPACITY UTILISATION:

Capacity utilisation of the plant and machinery, expressed in percentage ratio of the capacities utilised, was confirmed to have no positive influence on the output in the rural units under study, when analysed individually, for analytical purpose.

SUGGESTIONS

HANDLOQM SECTOR

Since better utilisation of manpower (in terms of quantity) and the installed machine capacities have been found to be capable of generating enhanced output and since the wages in this sector has been confirmed to be more dependent on the output, and little on the skills of the weaver, resuscitation of the idle looms in the societies can be envisaged. This would result in a multi-pronged solution, as the under-utilised family labour, the under-utilised capacities in the looms in use, and the installed capacities in the idle looms, all would be put to better use, resulting in enhanced output. Enhanced output in rum, as confirmed by the statistical applications on the wages in this sector, would result in increased income to the weavers in terms of wages. Thus the low standards of living & very low wage levels in the weavers can be redeemed.
Ensuring a continuous and immediate buyer for the handloom produce becomes very essential since, the societies were already facing competition from the competitive mill and power loom sectors, resulting in heavy stagnation of their goods. With the implementation of the WTO agreements in the anvil it becomes much more essential to make the handloom products more attractive and competitive. Capitalising on the opportunities offered by the export ventures can be envisaged, to ensure immediate and continuous demand.

Creation of an exclusive council for coordinating and promoting the exports of the cooperative's produce would, help to exploit this opportunity in the foreign markets. This export council can identify the potential market requirements in the various countries and help the societies with a continuous demand for the product.

Exclusive reservations of a list of handloom items to be produced only by the societies was statutorily promulgated in 1996, to avoid unhealthy competition from the powerloom and mill sectors. But the powerlooms continue to produce most of these items leading to unhealthy competition. The Extra-ordinary, order No.2/10/95-DCH/CEO, 26th July 1996, part-II, sect.3, sub.sec.2, includes a list of items exclusively reserved for production by handloom societies only, including sarees, dhoties, towels, angavastrams, lungis, bedsheets, durries, blankets, woollen tweeds, chaddars and others with detailed specifications. Strict measures to contain the production of these items by the powerlooms and mills by the administrative bodies concerned is very much essential to redeem the sinking societies from the suffocation in the market.

The urge to go in for innovations in the design and modernisation of their looms, requires motivation & confidence in the weavers. The government had encouraged technological progress by subsidised schemes towards renovation of the looms and training to adopt computer aided designing (CAD) in the handlooms. Most of these schemes were not utilised by the weavers. Linking the quantum of loans
provided by NABARD towards the working capital requirements of the society, with the value of exports provided by each society, would motivate & make it inevitable for the weavers to keep themselves abreast of the simple technological changes in the weaving process. This would enable them cater to the changing requirements in terms of quality, design & colours of their produce.

KHADI AND VILLAGE INDUSTRIES

Since manpower productivity in the KVI units have been found to be, influenced by the wages of its workers, the Government can as such plan to elevate the wage returns of the workers either directly or by increasing the non-wage labour benefits. Since most of the KVI units, were affected by stiff marketing problems and hence had very low production targets, the wages earned were very low. The KVI Board can hence ensure a basic minimum wage irrespective of the output achieved by the units. This secure basic wage, along with output based wage incentives would improve the per capita output and there by also result in better utilisation of the under-utilised infrastructure (plant & machinery) in this sector.

The above discussed wage elevations which would make better use of the under-utilised manpower & infrastructure in this sector, calls for long-range solutions to the already suffering market positions of the KVI products. Product diversifications within the existing technology range, with an eye on maximum utilisation of the bye-products and available resources and with a view to adjusting the production to die changing patterns of demand can be envisaged.

The interrelated labour problem of low technology leading ultimately to low wages and even part-time occupation, can be remedied by elevation of the technology level at a very calculated pace, such that the labour absorbing capacity of the sector is maintained and at the same time the productivity & hence better utilisation of manpower, ensuring better wages.
Since abundant skill (in terms of experience gained) were confirmed, the KVI research institutions can aim at developing feasible product diversification. This would also be a remedy to the stiff marketing problems faced by the KVI products, due to competition from the medium & large-scale sectors.

SSI:

Based on the analysis of the statistical applications it can be concluded that enhanced output in the SSI units would result in better utilisation of the installed capacities and also improve the wage returns of the employees. Since improvement in skill levels also has been confirmed to result in improved productivity, the SSI units can utilise the profusely available skilled workforce in the rural population, (with certificates and diplomas in technical education). This would enhance the manpower productivity levels in the workers, which in turn would make the products more competitive in the market in terms of cost.

The need for making the SSI products more economical has become inevitable since they have to compete with not only the medium and large scale industries but also be able to withstand the competition from foreign entries. The WTO agreements have made the situation more grim. For example, in the case of oil industry, the SSI brands were of good quality, produced by the propeller method, to improve on the filtration process. Whereas the market was flooded with much cheaper brands, that were marketed from vegetables oils imported from Malaysia and other countries, which were of relatively low quality. The quality consciousness among the consumers was very low, especially at the lower end of the market. Thus raising the skill levels in the workers would help the units in better utilisation of the plant capacities and also face the tough, cut-throat competition in the market.
TINY SECTOR:

Most of the handicraft units were highly rewarding in terms of returns, but were facing the problem of lack of synchronised demand. The State Handicraft Development Corporation - Poompuhar, can channelise these aesthetic products through their show-rooms and create opportunities for capitalising on the demand potential among the tourists in this district. Since some of these products also have been successful in creating demands in foreign markets a separate division in the State Handicrafts Development Corporation (Poompuhar) at the state level can organise the coordination required for export of these goods. It can contribute by identifying new foreign markets with potentials for absorbing these aesthetic-pieces, and coordinate all activities starting with sending samples to die final execution of the export of these goods. Like Handloom week / exhibitions sales conducted once in every year, handicrafts exhibitions should be organised in each District to popularise the handicrafts once in a year.

CONCLUSION

A very high proportion of the rural industries were found to sustain, making effective utilisation of the indigenous resources and techniques and the traditional skills of the rural artisans.

Implementation of improvised technology with inherent intention of maintaining the labour-intensive nature of the industries, had improved die employment vistas and also the output but had resulted in lowered per capita output due to excessive use of manpower.

The pressure to go in for upgradation in technology and hence the skills, have been felt due to the inability of the rural produce to maintain a niche in the domestic market. Increasing demand in the foreign markets for certain value-added rural industries produce like the handloom and handicrafts have opened new vistas in
export, but have made technological improvisations inevitable. With the implementation of the WTO agreements in the anvil, a 'do or die' situation has been created.

Hence priority to employment expansion can be limited only to those rural sectors that were not having potentials for exports (ie) excluding handicrafts and handlooms in this distinct), to enable more families benefit out of the rural industrialisation.

Though augmentation of the average investments in fixed assets have proved to enhance output in most of the sectors, the government can shift the priority more towards the role of a facilitator for marketing the rural produce than as a supplier of subsidised capital to the rural industries. This would automatically elevate the earnings of the rural artisans, since the wages were found to be output - dependent in these rural industries.