Chapter I

INTRODUCTION

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1.1 Introduction

The term 'Rural Industrialization' has been a subject of debate and controversy among those who articulate on the subject. In several occasions the term has been referred to mean only industries established in rural areas on techno-economic conditions. The parameters within which ventures of this nature are to be organized in the rural areas are to be fixed based on the definitions given by Government agencies implementing Khadi and Village Industries, Handloom, Handicrafts, Sericulture, Coir, Agro-based processing, rural workshops, metal-based industries operating as a tiny scale and traditional rural crafts located in the rural areas falling within the ambit of rural industries.

The rural industrial sector includes traditional and non-traditional cottage and village industries including small industries in the rural areas. The small scale sector consists of two broad sub-sectors, namely modern small industries and traditional industries. The former includes Small scale industries and powerlooms and the latter Khadi and Village Industries, handlooms, sericulture, handicrafts, and coir industry.

Khadi is a hundred per cent village industry, producing 'khadi' - a cloth woven in India on handlooms from yam spun by hand. Village industry now means any industry located in a rural area (population of which does not exceed 20,000), which produces any goods or renders any service with or without use of power and in which the fixed capital investment per head of an artisan or a worker does not exceed Rs. 50,000.1

A small scale industry would be one with an investment in fixed assets in plant and machinery, does not exceed Rs.3 crores (as per government notification. Dec. 11.1997).2 Subsequently this ceiling was limited to Rs. 1 crore by the government.
Prof. Gadgil has put forward a more meaningful answer. According to him 'Rural Industrialization' is industrialization of a country as widely dispersed as is compatible with the efficient techniques and the requirement of the process of development.³

Even as early as 3000 B.C., India had well-organized guilds of craftsman and Indian Crafts were well known in ancient Greece. After agriculture, spinning and weaving which were the great nationally spread industries were the cottage industries producing perfumes, papers, stone cutting, pottery, gold and silverware, brick-laying, silver thread and cloth. This period may be rightly called the creative period of India's thriving cottage industries. The Arts and Crafts formed an integral part of the economy and provided employment and instilled a sense of pride in the artisans.⁴

The western impact of imperialism, both political and economic, changed this picture of economy radically. The traditional industries of the country were discouraged and imported goods brought in. Millions of Indian artisans lost their earnings.⁵

After the World War I, some industrial development took place in the country at the expense of the un-organized sector of the cottage industry in the urban areas. Large-scale industries, could not absorb the labour that had been displaced in the cottage industry sector due to introduction of machines. This led to unemployment in the country and rural poverty was intensified. It was then that Mahatma Gandhi who took up to rejuvenate the industrial scene making the Khadi Programme the sun of the rural industrial solar system⁶

Thus the Rural Industries can broadly be classified into two groups as small scale and cottage industries. The cottage industries, the history of which has been explained earlier have been defined by the industrial committee (1948) as industries carried in the house of the workers, where the scale of operation is small, but there is
little organization so that they are as a rule, capable of supplying only local needs. Power is generally not used. Only manual work is resorted to. The report on the Fiscal Commission (1949 - 1950) defined cottage industry as one which is operated mainly or primarily with the help of die members of the family, eidier as a whole-time or part-time occupation.\textsuperscript{7}

On the basis of employment provided, die cottage industries can be classified into part-time rural industries and full-time rural industries. The former is found to provide supplementary occupation to agriculturist and are mostly agro-industrial in nature.

The second category of die rural industries namely die small-scale enterprise or small industry is entirely different. It is used to designate small sized industrial units and not small sized industries. The components of small industry have appeared under different names, though not always, carrying a different substance. The Fiscal Commission (1949 - 1950) discussed the problems of this sector under cottage and small-scale industries; die international planning team (Ford Foundation) considered it under traditional Village and Small Industries; and the Planning Commissions carried it under village and small industries.

Organizationally, the field of village and small industries is divided among the various boards/commissions having jurisdiction for the industries specified. Handloom, sericulture, silk, coir and handicrafts are looked after by the respective Boards while the Khadi and other traditional industries like hand pound rice, village oil, palmgur, non-edible oil, village leather, soap, hand made paper etc. come under die Khadi and Village Industries Commission, (detailed list in Annexure 1.1)*

1.2 ISSUES

Economic growth, full employment and equality requires die elimination of disequilibrium and bridging of die under development gap. Progressive reduction of
unemployment has been one of the principal objectives of economic planning in India. It has been envisaged that the growth of the economy would not only increase production but also provide the capacity for absorbing the backlog of unemployment and under-employment and a substantial proportion of the additions to the labour force. The solution to the problem of unemployment - and the poverty is to be found ultimately through a high rate of overall economic growth.

The task is one of adopting a suitable structure of investment and production, appropriate types of technology and mix of production technique and organization support, which would help promote growth in productive employment. Employment generation as an objective does not mean the adoption of a static technology. It is not advisable to insulate the economy from the world trends in technological changes. Technological up-gradation, modernization and scientific advances in production process constitute the essence of growth of productivity whether it be in organized industry, agriculture or small industry. A clear view of efficiency and employment effects downstream should be formulated before setting about the management of technological change.

There must be suitable arrangement and adjustment policies in terms of education, training and re-training and re-orientation of workers in order to avoid dislocation effects and make the process of technology adoption smooth.

Since productive effort in any kind of Industrial undertakings necessarily centers round what man does with machines, and what they do in relation to each other, it is inevitable that interest should be attached at least to some extent on the human factor in industry. No one can deny the fact that the human component in the production system is capable of doing much to make or mar industrial productivity.9

A human being is not just a mere collection of physical and mental functions adapted to a system, but rather a person imbued with attitudes, interests, sentiments
and feelings which cannot be ignored, but which ought to receive due consideration in the context of industrial relationships.  

Psychologist today accord as much importance to "fitting the man to job" as they do to the need for "fitting the job to the man". This would imply that the work situation be built around the operator, since the profitable nature of his work depends on how well he is able to cope with the situation. In the past, the main concern has been to find people who show promise or appear suitable to meet the specific requirements of various jobs, to train them on the job and leave them to get on as best as they could with their respective jobs. The emphasis today is, however, on the adaptation of job conditions to the man, to make the job conditions more agreeable, more conducive in getting the best out of the individual worker."

What are the psychological factors which motivate a person to work better? How does a worker get adapted to changes in methods and conditions of work? How can working conditions be rendered safer, and behaviour which increases the risk in industrial operations be controlled? In what ways could wasteful effort be reduced? What constitutes good supervision of work? How may the quality of work be kept at a high level? By what techniques it is possible to ensure efficient leadership, maintain good morale, prevent frictions and secure inter-personal relationships? These and many other questions involve an intelligent understanding of the driving forces underlying human behaviour and a clear apprehension of the factors on which industrial efficiency depends.

The considerable variety of skills and the technical knowledge demanded of industrial workers now-a-days makes it highly desirable for industrial managements to adopt scientific techniques of assessing the suitability of individuals for different kinds of industrial occupations. In the absence of such a method, people are likely to be placed in different jobs or more or less at random and there will in consequence
be a large number of misfits, labour turnover, absenteeism, loss of manhours and a variety of other wasteful practices which will lead to uneconomical activity.\textsuperscript{12}

1.3 PRIORITY OF THE ISSUES

Despite the impressive performance of Indian industries over the last twenty-five years or so, there is evidence of stagnation and even sickness in many industries. The increase in industrial employment was much less than expected. The result has been that one of the basic objectives of industrialization, viz., the absorption of surplus labour from the agricultural sector by the manufacturing, mining and tertiary sectors has not been adequately realized. Presumably, one additional reason for the failure of the industry to absorb larger manpower lies in the technology used by the Indian industries. No serious attempts have been made so far to tackle this basic problem and create the conditions under which labour-intensive technology can be adopted in India, without affecting production and productivity. In other words, the assumption that sufficient employment would be generated as an automatic consequence of investment in industry without paying attention to technology has not proved to be correct.\textsuperscript{13}

We are yet to develop an industrial culture, which recognizes that the long-term interest of social progress is no less important than the immediate one of making profits. Unless this becomes manifest in the activities of industry and industrialists including the biggest industrialist in India, viz., the Government - there will be no dynamism in this sector. It is a moot point whether, in the aggregate, the industrial sector as it is today, has not become a drag on the rest of the economy. Large part of the industrial sector is now covered under the rubric of ‘sickness’ for official purposes.\textsuperscript{14}
Looking into the small scale industries sector, there has been growth over the last twenty five years. Despite their relatively small share of investment, they provided employment to one-third of total employees in the factory sector.15

According to the estimates of the Planning Commission, our country's labour force was of the order of 340 million in the year 1995 and women doing jobs outside homes have not been counted. According to the 1991 census the total number of workers in the country was about 305 million, out of which 242 million, that is, about 80 per cent were in the rural sector. A significant fact about rural labour is that about a third of them were women. In contrast less than 10 per cent of urban workers were women. The significance of this is that the conditions and problems of rural workers and the special problems of women workers have to be given importance, commensurate with their proportions. 11

The total number of workers (between 1981 and 1991) rose by 4.66 crore [(i.e.,) 25% between 1981 & 1991] over the period the proportion of males to the total fell by about 1.2 percentage points while that for females went up by 3.6 percentage points. n

Again according to 1991 census about 30 per cent of rural workers were agricultural labourers. Neither the small & marginal cultivators nor the agricultural labourers can find work in agriculture alone throughout the year. For a part of the year they must find work of other land and when they cannot find other work, they must remain idle. Unemployment rates as a percentage of labour force are lower for the rural than for urban labour whichever way unemployment is measured. This may be because the nature of work in rural sector provides much greater scope for partial or concealed unemployment, which escapes being counted as outright unemployment.18
According to Dhanekar Rath study, rural people (landless labourers) constitutes 77% (166.4 millions) of total population living below poverty line. In 1979-80, out of the total population of 316.84 million persons were below poverty line\textsuperscript{19}. According to the Planning Commission, over 14 crores of persons were below poverty line in the rural sector in the year 1993-1994. About 85 per cent of the total poor in the country live in the villages. One result of such a large number of poverty stricken people in the villages must be severe inhibition of the growth of the rural market for goods and services. As a consequence, goods and services really needed by the people must find a market elsewhere or abroad. Instances of the former are house, health services, schools, household consumer articles etc. Instances of the latter are food grains, fruits, textiles, leather footwear etc. The absence of a vibrant mass market is now being recognized as a major inhibiting factor in genuine, people oriented econometric development of economy and die cause is die dire poverty among the rural workers.\textsuperscript{20}

The delineation of poverty line, which had been also called as wolf-line more than forty years ago as ascertained from population distribution on die basis of per capita food expenditure and supplemented by the incidence of underemployment, unemployment as well as the physical quality of life index, reveals the magnitude of problems faced by the landless labourers.\textsuperscript{21}

The Indian experience in rural Industrialization has mainly been characterized by a concern for employment. Consequently many of die projects, including units supported by Khadi and Village Industries Commission pay low wages to the employees. The rural artisans therefore remain less paid and below poverty line despite being employed. In case diey are paid higher to bring them to a reasonable level of earning, the cost of production increases. This dilemma can be avoided if attempts are simultaneously made to raise dieir productivity through adoption of new techniques.
Thus it is clear that the rural industries (including the small scale enterprises) have shown a steady growth and also an increasing tend in absorbing labour i.e., providing employment opportunity. It is also clear from the above discussion that the endemic problem of poverty especially in the rural areas continues to affect the standard of living of the rural population and industrialization seem to have no eradicating effect on this endemic poverty. Thus the poverty of Indian people and the endemic under-employment of labour in India are the end products of a century and a half of exploitation by an industrial capitalist and not a prelude to an end of an inviolate pre capitalist order.

Considering the declining growth rate of the Industrial sector in the recent past, and its relatively meager employment generation capacity, the brunt of the edge has to be shouldered necessarily by the rural industrial sector. A vast net work of industrial activities suitable to skills, resources and socio-economic set-up of the villages, if dispersed widely over the rural areas, would meet the exigencies of the future and lead the country towards the attainment of its favored objectives. The rural unemployed by the end of 2000 A.D. might cross 126.5 million assuring a 8.1 per cent annual increase (1978 rural unemployed 16.5 million persons).

Thus a new pragmatic look in the small scale sector and in specific the rural-based small scale units/enterprises for solutions to the above discussed and unsolved problems seems to be ideal.

We have to concentrate on the village being self contained, manufacturing mainly for use, provided this character of the village industry is maintained, there would be no objection to villagers using even the modern machines and tools that they can make and afford to use.

The productivity of the work force, in general, depends on the quality of the population. A more literate, healthy, strong, energetic, enthusiastic and spirited
population ensures higher productivity. Contrariwise, if the labour force is illiterate, lethargic and unhealthy, it shall not be able to make full use of the natural resources and capital equipment, no matter how big is, the size of a country's capital population.\(^{23}\)

According to K.K. Dewett and Satish Wadhavan, "The quality of population is a vital factor that affects the economic development. The quality of population of the underdeveloped countries is highly poor. And this fact indeed operates as a major barrier to economic development of these countries."\(^{24}\)

For revising the productivity of labour, it is very necessary that the people are healthy, strong and energetic and are well-fed. Another factor responsible for the low quality of population in the under-developed countries is the lack of education, skill, training and experience in the labour force.\(^{25}\)

Disguised unemployment or 'hidden' or 'concealed' unemployment means that many workers are engaged in a less productive work than they are capable of, because they would otherwise be unemployed. According to Mrs. Robinson it means "the lack of work of the type that would fully utilize the degree of skill possessed by workers."\(^{20}\)

In searching for the best method of industrialization, the chief problem was unquestionably the choice of the type of industrialization, which is usually defined in terms of light or heavy industry. (The light industry' would include all industries which are less capital intensive hence light and, as a consequence be labour intensive).

Lead by Gandhiji, the proponents for the priority development of light industry argue, that this kind of development best corresponds to their production structure and at the same time ensures complementary and balanced development of agriculture and industry, which together will assure maximal results in economic
growth as a whole. This development does not necessitate substantial initial investment and also require very less money even after construction, for regular maintenance and replacement and absorbs a larger amount of less skilled labour. With regard to the choice of technology, the proponents of this view were definite in their option for low-cost technology, which will enable a large work force to be employed, for labour is available in abundance, while expensive technology is a scarce factor.

Thus these are the two broad outlines of thinking on which type of industry should be emphasized first.

In examining the problem it should also be kept in mind, that it should be so designed that, while raising the level of material production, it also facilitates increase in employment. Merely by introducing and spreading automation, the first objective - that of increasing production, can be achieved with a smaller number of employed. This is why efforts are being made to shift the focal objective in industrialization, to the choice of a technology which, can contribute to the attainment of both the objectives. Thus the choice is between the design of industrialization which would help the community to achieve full employment with a lower level or partial employment with a higher level. The ideologists who preferred the priority of heavy industry and hence higher level of technology (this philosophy was conceived even by Nehruji and supported by many philosophers including the political heads who had tilted the structure after independence, towards Heavy Industries) maintained to prefer a considerably higher income, generated from a higher level technology. Moreover even in the first case as on date, only a partial employment has been realized.

Thus hundreds of crafts and techniques which can no longer be protected in market economies are rapidly moving into the archives of the museums. These were transferred from father to son, from master craftsman to apprentices, where there
was no distinction between the aesthetic and the materialistic and their use was closely intervened with the life of the community. Tins entire social system is now in a total disarray. It has been broken into fragments to fall in line with the specialization in productive techniques with no alternative tools and techniques provided to the homeless directionless victims of these processes; the only survivors of a dieing culture.

It becomes inevitable at this juncture to analyze to what extent the present workforce, especially those in the rural sector where unemployment, underemployment & hence poverty is very high, is able to productively engage the available resources. Are they competent and utilizing their present skills in the present technology to the fullest extent? If towards a better technology, will it lead the workers to more productive employment, or will the technological progress be a mere change in the methods with lesser employed? Each one of these questions require an in depth study, to contribute to the decision of technology and the priority of industries in our programme of industrialization and utilization of the rural workforce.

1.4 PRIORITY OF THE STUDY:

As regards labour force, India has her growing millions for whom agriculture and the leaned professions are not capable of providing employment. These millions represent the reservoir of manpower, ready under proper regulation to improve agriculture and manufacture. Indian labour is cheap and plentiful; but there is the problem of training and fitting Indian labourers for the vast work that lies before them.

Improved methods of agriculture and industry can be popularized only when the minds of Indian labourers are prepared to appreciate them and when education and training have overcome the resistance offered by custom, ignorance and
inefficiency. Technical instruction should rest on the basis of a general elementary education in order to afford its utmost benefits. It will reform the outlook and promote the efficiency of Indian workers. It will simulate their energies and breed habits of close and intelligent application. A higher grade of technical training may be provided in technological institutes and industrial research. Progressive, educated and trained labour will gain skill and mobility.

- The term "Human Resource" is sometimes criticized mainly on the ground that it treats peoples as a 'resource' and not as human beings. Probably, two concepts are involved in this term - that people are resource, and so are valuable for the organization, and that this resource has to be treated as human resource, and not merely as people or personnel resource. In other words, human resource may be interpreted as a resource to be recognized and appreciated, and one which has to be treated differently, as a human one, and not like other material resources.  

The human resource - the whole man, is of all resources entrusted to man, the most productive, the most versatile and the most resourceful. The term 'labour' denotes not only the number of men and women who work. It covers the strength of their arms, the energy with which they work; the brains and skills with which they do their work.

Of the many factors which determine the capacity of a country for economic growth and development the human resource is the most strategic and critical.

John K Galbraith, a famous economist, stated that a well-educated and well-trained work force was not only an economic resource, but was a nation's greatest form of capital.

Theodore, W. Shultz, addressing the American Economic Association, chided economists for not treating human resources explicitly as a form of capital and as the product of investment whereby production is achieved. He emphasized that tiis
capital has been, in part, a deliberate investment that has grown in Western Societies
at a faster rate than conventional (non-human) capital and that its growth may well be
the most distinctive feature of those economic systems. Therefore the effectiveness of
an organization is determined by the caliber of its human resource.\textsuperscript{2}

More than the physical capital human capital has the power to make economic
progress a 'built-in' feature of the economy. Under-investment in human capital
severely limits the productive utilization of physical capital.\textsuperscript{3}

Marx anticipated that industrial technology would lead to the redundancy of
human skills. The skill would be built into the machine, and workers would be
reduced to simple machine-minders, endlessly performing repetitive, monotonous
tasks. Experience of industrialization has established that the opposite is probably
more true. The growth of technology has led to the greater differentiation of skill
levels. Skilled manpower, especially at technical, professional and managerial levels,
is now a critical pre-requisite of industrialization. Countries that do not possess this
input have had to import skilled men just as they have had to import technology.\textsuperscript{3n}

1.5 DEFINITION OF THE CONCEPTS IN THE TOPIC OF STUDY

Rural artisans are persons engaged in traditional family or community
professions. Traders who engaged in trades like tanning, shoe-making, basket-
making, blacksmithy and pottering as a means of livelihood are some of the examples
for the rural artisans.

There was one class of artisans who were village servants and another was an
independent class. The highest stratum of socially and economically better was
composed of priests and the accountant; the next came the artisan group, comprising
chiefly of the carpenter, the oilman, the weaver, the potter and the shoe-maker.
Lastly, came village servants, such as watchman, scavengers etc. who formed the
unskilled labour class- their small plot of land being insufficient for their needs. The
Artisans started migrating. The weavers first moved, then the blacksmiths, the carpenters, the potters and the leather-makers.\textsuperscript{35}

Artisans form the base for traditional products and holdings are less than 0.0005 acre. Most of the artisans' avocations are hereditary and involve all members of the family, including women and children, with a view to supplementing their family income.

A rural artisan is defined as a person having skill in certain activities and whose financial requirement (per capita investment) does not exceed Rs. 25,000 and also carried on his industrial activity in an area having a population of less than 50,000 as per census of 1971.\textsuperscript{36}

The theory of 'human capital' was established by Irving Fisher (1906). This concept treats all sources of income streams as forms of capital. This concept treats human forms as the inherited and acquired abilities of producers and consumers along with material forms of natural resources.\textsuperscript{37}

The philosopher-economist Adam Smith boldly included all useful abilities inherited or acquired, as part of capital. The distribution and level of acquired abilities can be altered importantly during a time span that matters in economic analysis; resulting in the poor and the rich, the backward and modern countries. The acquired abilities raise income prospects. These forms of human capital are the source of many additional income streams contributing to economic growth. Each acquired ability has economic value which is the result of identifiable costs/investments.\textsuperscript{37}

According to Parag Diwan, the 'Human resources' differ from the other resources in that only they have intrinsic value, individual differences, causal behaviour and have a 'human dignity' and are a 'whole person'. Hence the terms 'utilize' or 'manage' instead of 'used'. 
'MANPOWER' according to Webster's New International Dictionary means power available from or supplied by the physical effort of man. A unit of power is assumed to be the rate at which a man can perform mechanical work; some times one tenth of a horsepower.\textsuperscript{38}

As of a nation, community or industry, the dictionary explains it as the strength expressed in terms of available persons, personnel available competent to serve - like the strength of a Nation in terms of persons available for military service.

According to A.K. Cairncross, 'Manpower' is Human resources available in the economy.\textsuperscript{39}

The new standard Encyclopedia,\textsuperscript{10} (Volume six, Standard Educational Corporation, Chicago) also does not hold the word 'manpower' whereas the term 'Human Resources' is being included and is explained "Human beings' can be considered as part of a Nation's National resources. Like other National Resources, human resources must be developed and conserved if a Nation is to survive and flourish.

Hence it can be taken that the term 'Human Resources' is invariably used synonymous with the term 'Manpower resources'.

The term INVENTORY according to the oxford English Dictionary would mean 'to make a list of, to enter in an inventory, to catalogue'. A list would mean a catalogue or roll consisting of a row of series of names, figures, words or the like - a catalogue of the names of persons engaged in the same duties or connected with the same object. 'Inventorise' in the dictionary is explained as 'to record in detail; to catalogue'.\textsuperscript{41}

As mentioned earlier there is no statutory definition for 'rural industries'. A rural area according to the Khadi and Village Industries Commission would be an area which comprises any village or includes an area outside the municipal limits, the
population of which does not exceed 20,000\textsuperscript{42}. The rural industrial sector includes traditional and non-traditional cottage and village industries and small scale industries with less than Rs. one crore capital investment.

Industry in its broadest sense would include all productive enterprise of a country or region, including manufacturing, agriculture, trade, commerce, transportation, construction, mining, lumbering, banking and fishing. Sometimes the term is used to identify a particular division of manufacturing, such as the steel industry.\textsuperscript{43}

Thus the, 'Selected Rural Industries' of the study would include the Village and Small Industries (VSI) sector, which according to the planning commission of the sixfth five year plan includes broadly the (i) Traditional industries (viz. Handlooms, Khadi and Village Industries, Sericulture, Handicrafts, Coir) and (ii) Modern Small Scale Industries including 'tiny' units and powerlooms. Small scale units located in the Rural areas alone are included in the study. Those located in urban areas are not included, since the study pertains only to the 'Rural' industries. Small-scale units are those which come under the definition prescribed by the Government as stated earlier.\textsuperscript{44}

'Khadi and Village Industries' units for study would mean & include the 115 categories of units listed by the Khadi and Village Industries commission, Ministry of Rural Reconstruction, Government of India (list of the 115 categories enclosed as Annexure 1.1).

The list of categories of industries that come under the 'Handicrafts' and 'Cottage Industries', obtained from the District Industries Center, Tiruchirappalli are enclosed as Annexures 1.2 and 1.3 respectively.

Thus a study of manpower resource inventory in the 'Selected Rural Industries' would mean and consists of the analysis of the manpower or Human
Resource available in the rural industries mentioned above, in their various categories based on their skill, age, education, level of training, nature of employment (i.e.) Marginal / Main, sex, permanent / casual their utilization in these industries, their income levels and the standard of living, working conditions and work environment.

1.6 DEFINITION OF THE TOPIC AS A WHOLE:

The topic of this study pronounces to consist of the analysis of the manpower resource inventory in the rural industries selected in Tiruchirappalli.

By 'Manpower' is meant the strength expressed in terms of persons available for employment in the identified industries in the 'rural' areas of Tiruchirappalli. 'Rural industries would include the cottage, small scale and tiny sector units located in the village panchayats only, since as explained earlier an area would be 'rural' only when its geographical boundaries contains less than 20,000 population. Thus the units located in town panchayats, municipalities and corporations are not included in the study. As seen earlier in chapter 1.5, cottage industries would include the khadi and village industries, coir, sericulture, handloom, and handicraft units. A village unit would come under the 'KVIC category when the per capita investment is less than Rs. 50,000.

'Tiny sector' would include those units located in the above described areas with less than 25 lakhs rupees investment and 'small scale industry units' would be those with less than Rs. 1 crore invested in plant and machinery.

An 'inventory' of manpower resource would mean the total of all persons available for employment in the rural industries. The researcher intents to 'analyse' the following:
a) The categories of workers by their sex, education, age, permanent or temporary nature, by their nature of being trained or untrained, and by their virtue of being permanent enjoying welfare and other benefits or 'temporary' without eligibility for these benefits.

b) The quantity of manpower available in each industry.

c) The quality of labour determined by certain efficiency parameters and,

d) The adequacy of the manpower (i.e.) whether the manpower are adequate or inadequate with reference to the investment, production, technology, and, the manpower available in relation with their productivity and wages.

1.7 IMPORTANCE OF THE TOPIC IN MEETING THE SOCIAL NEEDS:

It is agreed to all, that India is a rich country inhabited by poors. A very high portion of the population are engaged in agriculture which is about 68 per cent of the total population which is the second highest in the world (63 million) with density of 267 per sq. km. This imposes a greater economic burden viz., food, clothing, shelter, medicine, schooling etc. The contribution of this agriculture labour is very negligible or zero. The country has no sufficient capital resources to expand employment opportunities to such an extent that the entire labour force can be absorbed.45

Rural industrialization can be a means of removing rural poverty and unemployment. It extends enormous scope for absorption of the surplus of labour force in rural areas, not covered by agriculture. Moreover, the growth of agriculture over the past few decades also indicates that agricultural growth per se will not lead to better conditions for the rural labour force. This is because the vast majority of rural workers are landless labourers who have no direct stake in agriculture growth. According to the Eighth Plan document over one fifth of rural workers are at present engaged in non-agricultural activities.46
However, in terms of rural employment, much remains to be done since these industries are found to operate at very low levels of productivity and are unable to generate a reasonable level of living for those performing activity in this sector. These units if made economically viable, will reduce the burden of surplus labour force on agricultural sector and thereby bring higher returns, optimum employment opportunity and adequate returns, and adequate income to a great mass of rural population. One of the main hindrances towards this path of productivity has been the reluctance of die rural people to continue their traditional occupations or initiate a new one.46

A number of studies have revealed that small scale village industries have great potentials for absorption of surplus labour outside agriculture. These industries though constitute only 50% of the total industrial output account for 84 per cent of the total employment, while that of organized small scale and large industries constitute 17 per cent and 3 per cent respectively.47

The employment and the employment growth rate in the small scale industry was conspicuous. About 3.97 million, 14.656 million and 15.261 million persons were employed in the small scale sector in the years 1973 - 1974, 1994 - 1995 and 1995 - 1996 respectively. The employment growth rates were 5.2%, 4.1 % and 4.1 % during 1994 - 1995, 1995 - 1996 and 1996 - 1997.4a The employment had grown to about 18.231 million by 2000.

Though there has been a significant growth in employment over the years, the relatively higher growth rate of population and labour force has led to an increase in the volume of unemployment from one plan period to another.

The total employment at the beginning of 1992 - 1993 was estimated to be 301.7 million on "weekly status" basis. The labour force was estimated to be 319 million. Thus the backlog of open employment was estimated to be 17 million in
April 1992. The labour force is projected to have increased by about 35 million during 1992-97 and expected to further by 36 million during 1997-2002. Thus the total number of persons requiring employment will be 94 million over the 10 year period 1992-2002.49

Raising employment in aggregate would require faster growth of sectors, sub-sectors and the areas which have relatively high employment potential. Rural infrastructure and small scale manufacturing are among the basic elements constituting the employment growth strategy.

As against 2.2% per annum growth of employment during 1971 - 1991, an average employment growth rate of 3 per cent per annum achieved over the ten years, which may be within the realm of feasibility, can bring economy to a near full employment situation by 2002 A.D.50

Keeping in view the size of the country, rapidly growing number of villages, the surplus labour fore in rural areas, it becomes inevitable to analyse the labour. The following in the rural industries requires critical analysis - what would be its labour absorption capacity? What levels of productivity could be achieved? What needs to be done with the available manpower - their skills and other factors of performance. What would be the output per labour? What would be the employment of unskilled labour per unit of capital invested? What factors would effect the output of labour and to what extent?

1.8 THE TOPIC OF STUDY AS FOCUSED TOWARDS THE NATIONAL OBJECTIVES OF DEVELOPMENT OR NATIONAL GOALS

In India, the cottage and small scale industries provide employment roughly to 40 million people whereas large-scale industries provide employment only to 4.5 million people. As far as employment is concerned, they stand next to agriculture.
Apart from providing immediate and permanent large-scale employment at relatively small capital cost and ensuring equitable distribution of national income, they facilitate an effective mobilization of resource of capital and skill which might remain unutilized. Some of the problems that unplanned urbanization tends to create will be avoided by the establishment of small centres of industrial production all over the country.

The enrichment of quality of life of the rural masses requires optimum utilization of human and natural resources of the rural area for the enrichment of quality of life of the rural mass.

Inventory of available resource is an essential pre-requisite before launching any rural development programme. With regard to manpower resources, the following needs to be analyzed: skill, per capita income, income level, education and economic level.

In successive Five Year Plans, artisans played a very important role in increasing the production of consumer goods. During the sixth plan period, traditional rural industries promoted by Khadi and Village Industries Board, Silk Board, Handloom Board, Coir Board, Handicrafts Board and other similar Boards provided employment to 14 million persons and generated a volume of production of Rs. 2125 Crores. This measure reduced the abysmal poverty of the masses by increase of per capita national income from Rs. 466/- in 1951 to Rs. 786/- in 1985 - 1986.51

THE BASIC OBJECTIVES OF THE PLANNERS ARE:

a) To increase production to the maximum possible extent so as to achieve higher levels of national and per capita income,

b) To achieve full employment
c) To reduce inequalities of income and wealth

d) To set up a socialistic society based on equity and justice and absence of exploitation.

Economists are unanimous in their view that "there is no other remedy than a massive programme of investment in rural development and massive injection of science and technology into the methods of production followed in rural areas in the agriculture as well as non-agricultural activities". 52
References - Chapter I


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