CHAPTER I
INTRODUCTION

In the present scenario of the nation's economy, regional disparity is one of the factors for imbalance in overall development. The establishment of rural industry will therefore be the only solution for removing unemployment and poverty in the state as the government cannot provide job to all the educated unemployed persons. On the other hand, without private participation development will be vague in the state. The potential for earning in private sector is also unlimited. Like other states, Manipur basically depends on agriculture and exhibits all characteristic of an under developed economy. The important characteristics of an under developed economy can be listed as low per capita income, agriculture being the main occupation, under utilization of resources, lack of industrialization (Bakal G. N. 1993).

Even though there is a rich natural resources and potential for establishment of rural industry in Manipur, particularly the rural people are educated and rural areas are remote from the cities. The Ministry of Micro, Small and Medium Enterprise through Khadi and Village Industries Commission has taken the initiative for promotion of rural industry in India.

1.1 RURAL DEVELOPMENT

Most of the working population of India lives in rural areas and their economy is also based on agricultural activities. Agricultural economy is a means to achieve
rural development. But this rural economy could not be treated equivalent to urban economy. Rural economy failed to achieved higher rate of production; generate more employment, reduction in inequalities of income and assets, better living standard etc. Therefore, rural development should be coincide with human development and promote income level of rural people in addition to the infrastructure development of the rural areas. According to KVIC rural areas means any classified as village as per the revenue records of the state or U.T. It also includes an area even if classified as town, provided its population does not exceed 20,000.

Rural Development is primarily concerned with identifying the needs of the rural poor in the matter of sustainable economic activities. The alleviation of rural poverty can be achieved by emphasizing in income generating activities with focus on micro finance as the basic input for socio economic development.

The definition of development is very difficult to defined, many authors give different comments on it. Development is a common word common to all those underdeveloped and developing countries for getting it. Colm (1962) defined development as 'changes plus growth. According to Weidner (1970), development is a process of growth in the direction of nation building and socio economic progress. Sapru R.K. (1986) says, "It is difficult to define development in the absence of a reduction on inequality, poverty and unemployment which are the important features of underdeveloped economies or nations". Davis Goulet (1971) indicated life sustenance, self esteem and freedom of choice are to be three core values of development for individuals and societies. Thus, Development is a process of societal transformation from a traditional society to
a modern society and it involves the ability to increase outputs, raise the level of per capita income or equitable distribution of wealth and enrichment of human resources. In the words of Katar (1986), Rural Development is a comprehensive and multidimensional concept and encompasses the development of agriculture and allied activities, village and cottage industries, crafts, socio economic infrastructure, community services and facilities and above all the human resources in rural areas.

The concept of development in view of Singh Ajmer (1995) is dynamic, multidimensional and goal oriented. It is a growth, accompanied by technological revolution in the areas of production. The adoption of technology should be based on the principles of rationality, political stability and maintenance of order and security in the country. The concept of development is directly or indirectly attributes to industrialization of the traditional rural farm into such a way that it generates income, production and employment. Thus, rural development is the development of infrastructure needed for the rural industrialization and also other secondary and tertiary activities, as the scope of further employment.

1.2 CONCEPTS OF RURAL INDUSTRIES

There is no clear definition for rural industries. The planning commission used the term rural industries for the first time in 1962, when it recommends a rural industries projects programme. In 1988, planning commission defined rural industries as such type of industries as khadi, village industries, handloom, handicraft, sericulture, coir and tiny and service industries situated in rural areas.
In view of Meenakshisundaram (2006), Rural Industries are those industries which are viable village and small scale industries that can be established in rural areas using rural technology, labour and capital. Establishment of such village and small scale industries would provide employment to local people from rural to urban in search of employment, raise the standard of living of local people.

According to Census Report 1961, cottage industry is an industry where the production activities are conducted at the residence of the artisan and mostly the family labour are employed. This industry runs mainly on manual labour and market does not extend beyond the locality where the unit is situated.

Village industries are usually village based and inputs for these come from rural areas. These may be agriculture, mineral, forest, animal husbandry based available in the area, (Himachalam, 1986).

1.2.1 CHARACTERISTICS OF RURAL INDUSTRIES

The characteristics of Rural Industries which are also known as village industries, cottage industries, traditional industries and agro based industries are given here under.

1. Rural industries are located mainly in rural areas.
2. Rural industries are in the form of self employment enterprises and workers are either family members or local people.
3. Rural industries are based on simple technology and many of them are manuals.
4. Most of the rural industries do not follow strict work schedule.
5. Rural industries are labour intensive and less capital are required.
6. Rural industries mainly rely on locally available raw materials.
7. Energy or power is required at minimum level.
8. Rural industries are eco friendly and non-polluting.
9. Rural industries are mainly mean to meet the local demand.

1.2.2 TYPES OF RURAL INDUSTRIES

The following industries possess the characteristics of rural industries.

1. Khadi and Village industries
2. Handloom industries
3. Sericulture
4. Coir industries
5. Handicraft industries etc.

Khadi means any cloths woven on hand loom in India from cotton, silk or woolen yarn handspun in India or from a mixture of any two or all of such yarn and Village industries are any industry located in rural area which produces any goods or renders any service with or without the use of power and in which fixed investment per head of any artisan or a worker do not exceed Rs. 1,00,000 in plain areas and Rs. 1,50,000 in hilly areas, they are again classified as;

1. Food and Agro Based Industries
2. Forest Based Industries
3. Handmade Paper and Fiber Industry
4. Mineral Industry
5. Polymer and Chemical Industry
6. Rural Engineering and Bio Technology (REBT) Industry

7. Service Industry

8. Textile Industry

1.3 SIGNIFICANCE OF RURAL INDUSTRIALIZATION

It has been asserted since long that for balanced development of the country suitable industries have to be developed in rural areas which would help gradually in upgrading the simple production techniques used by village artisans, weavers, blacksmiths and a host of other functionaries. Rural industrialization would transform a stagnant rural economy into dynamic industrialized economy. Besides it would develop local entrepreneurship.

The low employment generation potential of agriculture together with the labour saving character of the organized industrial sector has resulted in greater attention being paid to the prospects of development of the non farm sector of the economy. Among these, in thickly populated developing countries, the rural non farm sector including rural industries is regarded as the thrust area of employment generation (Arunkumar A.V., 1997).

Rural industrialization generally means industrialization of rural areas. It aims at promotion and protection of traditional handicrafts and artisanal products. On the other hand it could encourage entrepreneurship especially in small scale units processing agricultural products, forest products, textile, mineral products, food processing etc., providing employment to the rural mass. The concept of industrialization of rural areas looks at rural industrialization as a sub process and means to diversify and modernize the rural economy. The emphasis is on modernization needs of the society and identification of specific role that rural industrialization can play to meet the basic needs of rural peoples (Giriappam S., 1994).
When production is to be carried on a large scale or the nature of processing is such that large scale production could be viable and which is justified as well from the point of view of productivity and growth, large units in the cooperative sector should be encouraged. If production can be carried out conveniently on a small scale basis in family households, individual may be encouraging set up such units fitted with modified technology.

We should link the agro industries with the needs of rural people and produced the major part of their forward and backward linkages within the village economy. The backward linkages in the farm and allied activities are most effectively produced by agro industries, but the surplus that these activities produced gets mostly appropriated outside the areas because their product have a demand which is mostly urban. On the other hand industries producing inputs for agricultural and allied production would produce forward linkages but the material required for their output mostly comes from urban areas. Local skills and technology can very well be used in these industries, but the modernization of agriculture itself leads to the change in the nature and quality of inputs required.

Rural Industrialization process aims to bridge the gap between rural and urban areas and also to transform the structure of employment in the system. The administrative set up for executing the rural industrial development programme has been manifested with certain problems, such as the multiplicity of agencies (which result in the overlapping of the organizational structure, function, programme and schemes etc. particularly at the field level and defying of the principle of integration efforts), absence of adequate coordination, inconsistent
personnel system (such as lack of adequate staff, particularly at the field level, maladjusted officials, lack of motivation among personnel), bureaucratization, re tapism, corruption, favouritism and nepotism, the prevailing inefficiency, rigidity and delay in decision making (Singh Hoshiar, 2001).

The rural problems like lack of entrepreneurship, skills, appropriate technology, basic infrastructures, and availability of raw materials, credit and marketing, lack of information and extension services, imbalance dispersal of resources in different projects are also major factors for not producing a desired result on economic progress.

The need of rural industries are highlighted by Jha Jagnanand (1990), as it is obvious that village and small scale industries transfer much greater amount of total income and wages to the poorer and smaller persons and act against concentration of economic power and wealth.

Rural industrialization should form and integral parts of the overall strategy of hill area development and should be accompany by and well integrated with the development of agriculture. Finally any strategy for the development of hilly and tribal areas should cautiously take care of the traditional skills crafts, occupation of the people their needs aspiration constraints limitation and inherent capabilities. In most cases it may more necessary to evolve appropriate technology depending upon its local condition then to transfer already assist in technology. Above all strenuous efforts towards generating awareness about the utilities and usefulness of the newly develop technologies need to be mobilize as a pre requisite for their introduction in the areas. Training in relevant areas should be another priority items.
To overcome the problems of unemployment and poverty, it is necessary to commercialize the production of farm and non-farm. But, the diversification of economic activity is limited in the hilly states due to difficult terrain, inaccessibility to market and modern inputs and technology, deficient infrastructure and insufficient energy and high transport costs leading to non competitiveness of products (Mehta G.S., 2002).

Rural Industrialization is a means to solve the problems of villages; it stimulates rural economy and has the potentials of increasing agricultural production, individual production, development of agro based and rural small scale industries for creating employment opportunities in rural areas. Thus these potentials of rural industry has become an indispensable part for rural development.

Since time immemorial Khadi and Village Industries have played an important role in the development of our economy. Historical analysis of the evolution of village industries in India is necessary to have a clear understanding of its place during various periods. For valid reasons the growth of village industries over the years can be studied under their heads, namely pre British and post independence periods.

Chart No. 1.1 displays the significance of village industries in a rural economy. Simply, village industries are the conglomeration of locally available raw materials, simple equipments and rural people who are generally unemployed. Village industries are operated with the support from both the government and non government organization.
SIGNIFICANCE OF VILLAGE INDUSTRIES

Chart No. 1.1.

ECONOMIC INDEPENDENCE  EXTERNAL MARKETING

RURAL EMPLOYMENT  MEETING LOCAL DEMAND  MARKETING WITHIN STATE

SUPPORT FROM GOVT.  SUPPORT FROM NGOs

TECHNOLOGY  MARGIN MONEY  LOANS  SKILLS  KNOWLEDGE  PROMOTIONAL ACTIVITIES

RURAL UNEMPLOYMENT  LOCAL RAW MATERIAL  SIMPLE EQUIPMENT

VILLAGE INDUSTRIES
The support services or assistance includes mainly technology, margin money, loans, skills, knowledge and other promotional activities, which enable them to market their products for the local demand at the initial stage. Marketing may be extended to other states with the additional products while providing rural employment and make a self-reliant or independent rural economy.

1.4 EVOLUTION OF VILLAGE INDUSTRIES

Village industries have been playing an important role in the socio economic development of Indian society, since time immemorial. Therefore, it is also necessary to recapture its role of village industries in different periods of Indian history. Thus a brief discussion is made on the village industries during Pre Independence and Post Independence periods.

1.4.1 PRE INDEPENDENCE

History of India signifies a glorious past of Indian village industries in its civilization. India was one of the chief manufacturing centres of the world. R.C. Majumdar (1997) had commented that, among the industrial arts and crafts, spinning of wool and cotton seems to have been very popular both among the poor and rich, for the whorls made of cheap as well as costly materials have been found that the dyeing of the fabrics was well known is proved by the actual find of dyers vats. Fine wheel made wares, its various shapes and designs show the high development of potter’s arts. He had also added that, both men and women were engaged in this work as well as in the subsidiary process of dyeing and embroidery net came the carpenter who constructed houses and supplied household utensils and furniture. They also built chariots, carts, boats ships. Many of them were skilled in wood carving and produced artistic caps.
They supplied various necessities of life, from the fine needles and razors to the sickles, plough, shares, spears and swords. The leader workers tamed leader and made out of it articles such as bow string and cases for liquor (Majumdar, 1977).

At that time Indian were able to produce more than the sufficient to meet their local demands. In other words, the human skill could produce a surplus over consumption, but this wants could not, however be satisfied within the household productions.

During the period of Maurya and Gupta, village industries were flourishing. At that time, the principal industries were mining weaving, manufacture of liquor and ship building. The art of carpenter and that of the stone cutter were well developed. The other industries were shoe making, dyeing, pottery, fishing, manufacturing of flour and sugar and extraction of oil. The traditional organization of industry and trade in the form of guilds remained untouched and continued to function during Mughal period. "The state gave full encouragement to industry and ran extension workshops of its own. It was therefore possible to give employment to hundred of weavers of silk and to other people in connection with production of articles needed at the court" (K.A. Nilanatasastri, 1980). Among other principal crafts, mention could be made of making of wooden bedsteads, chests, stools and boxes, leather goods, paper, pottery and bricks.

At these periods, Indian looms had a practical monopoly of the home market for cloth and in addition had export markets. India supplied cotton goods to the east coast of Africa, Arabia, Egypt, Burma, Malacca, the Straits and other Asiatic
markets. In the course of the 17th century, the European demand for cotton goods led to increased production and Madras Calicus become a leading item of the export trade of the eastern coast (K. A. Nilanatasastri, 1980).

Thus the skill and work of Indian artisans got approval and appreciation in various parts of the world. But the importance of guilds system of industries decline during the emergence of British rule in India.

In 1870 the many leaders had began to investigate into the economic affairs of the society, as a matter of facts almost every Indian publicists of the day wrote articles or books on the economic situation in India or declaimed on the subject from the public platforms or in the council of chambers and practically the whole field of Indian political literature of the period was concerned mainly with economic affairs" (Bipin Chandra, 1977).

At this time Indian leaders paid highest importance of many discussions to economic problems. It was at this time that Gandhiji entered into Indian politics and he realized the urgency of reviving traditional handicrafts. Indian were suffered from deprivation, they need foods, cloths and housing. He realized that the poor Indian could not be organized for the freedom struggle, unless the problem of hunger, poverty and unemployment are mitigated.

Gandhiji spearheaded the movement of Charkha to meet the twin objective of self-reliance through local production and seeking active participation of the poor in the struggle for Independence through removal of hunger and unemployment. The All India Khadi Board was constituted in December 1923. The Branches of this Board were also correspondingly set up in the states.
The Board could hardly meet the various requirements and obligations for the movement. Accordingly, All India Spinner Association called Akhil Bharat Charkha Sangh was established in 1925 with the following objectives.

1. Relief to the poor by providing employment
2. Secure for a living wage.
3. Provide them educational, medical and other facilities.
4. Aid to institutions for carrying on research in processes of hand spinning and the manufacture and distribution of khaddar and all other processes.

In Harijan, Gandhiji (1936) was of the opinion that "Industrialization on a mass scale will necessarily lead to passive or active exploitation of the villages". He asserted the importance of Khadi and village industries in the country like ours teeming with millions of unemployed and consequently with this intension, he started khadi movement in 1918. In this time Gandhi turned his attention to other village Industries and established All India village Industries Association (AIVCA) in 1935. The main objective of All India Village Industries Association was the resuscitation of languishing industries through improvement in tools and training. Joju S.K. in the history of All India Spinner Association (Sewagram), has asserted that, it is very encouraging to note that in the mid thirties Gandhiji turn his attention also to the village industries. It becomes so clear that the Khadi and Village Industries could be undertaken simultaneously to fulfill the objectives of the Swadeshi movement.

Gandhiji was not entirely satisfied with the progress of the two organizations called Akhil Bharat Sarva Seva Sangh (ABSSS). He was of the opinion that khadi
is the central sun around which other village industries revolve the planet, they
have no independent existence, nor khadi can exist without other village
industries. They are absolutely interdependent (M. K. Gandhi, 1955). In the
latter half of the forties he realized an imperative need for a new approach and
thus incorporated the development programmes of khadi and village industries
as a part of the rural reconstruction programme. He named it a Samagra Seva
and advocated khadi for the economic up liftmen of Indian villages.

In a country like India where capital is scarce and labour is abundant the
strongest argument along the lines of employment can be put forward through
village industries. "In view of the management of capital resources, there is no
possibility in the short run for creating much employment through the factory
industries. Now consider the household or cottage Industries. They require
very little capital.

In India the course of village Industries was initiated by Mahatma Gandhi.
Village Industries is a way of life rather than a means of life, "the idea behind
village industries scheme is that we should look to the village for the supply of
our daily needs", he realized that, “village economy cannot be complete without
the essential village industries, such as hand grinding, hand pounding, tanning,
etc. Given the demand, there is no doubt that most of country’s events can be
supplied from its own villages.

Thus, on the eve of independence the necessary steps were taken towards a
comprehensive programme of the Khadi and Village Industries in India.
1.4.2 POST INDEPENDENCE PERIOD

Report of Khadi and Village Industries Review Committee (1987), states that, with the formation of Planning Commission, the role of khadi and village industries were reassessed. Thus the second period in the history of revival of the village industries starts with the participation of the Government in Khadi Movement. As a part of this "the Government of Madras deputed a senior officer to obtain advice from Gandhiji to set up a department of Khadi. This was followed by the central Government's recognition of the importance of rural cottage industries in Industrial Policy Resolution of 1948". In many aspects the frame work for the execution of programmes for individual village industries is made in accordance with policy of the Central Government. The state government may have an organization which would give close attention to the programmes of these industries (Planning Commission, 1955). The constituent assembly also included development of Principles of the Constitution in Articles 43. Realizing the role of village industries in our national economy, the planners give prime importance to the development of village industries in our national planning.

Real planning consists in the best utilization of the whole man power of India and the distribution of the raw products of India in her numerous villages instead of sending them outside and re buying finished articles at fabulous prices (M. K. Gandhi, 1947). India is a country where most of its areas are village. The majority of her population lives in rural areas. Their main occupations are agriculture and its allied activities. The occupational structure of the country was drastically destroyed by replacement of agriculture and craftsman production by the superimposed colonial mode of production. The
root cause of economic crisis which subsequently increased in unemployment. The problem of India is the destruction of agriculture and domestic industries.

Necessary helps were extended to the creation of the favourable conditions, for various activities such as organizations, production and marketing. Accordingly the Government of India set up the All India Khadi and Village Industries Board in January 1953. The main functions of the Board were to prepare and organize programmes for the development of khadi and village industries, including training of personnel, manufactures, supply of equipment, raw materials, marketing, research and study of the economic problems of different village industries.

It was observed that the Board could not make much progress. The benefits of financial arrangement could not be available in time. It was therefore decided in 1955 that the Board should be replaced by a statutory body. A bill was accordingly introduced in the parliament proposing the establishment of a Commission with executive and administrative power.

It is found in the KVIC Review Committee Report (1987), that with the passing of the above Bill and the promulgation of Act No. LXI of 1956, the Khadi and Village Industries Commission come into being in April 1956. The All India Khadi and Village Industries Boards however continued as an advisory body.

1.5 KHADI AND VILLAGE INDUSTRIES DURING PLAN PERIODS

1.5.1 FIRST FIVE YEAR PLAN

In five year plan, planners in India have implemented various strategies to reduce the problem of unemployment and eradicate the poverty and improved living standard of people. However these programme do not solve the real problems of India, i.e., mass poverty. Because the strategies so far implemented
are development oriented rather than human centered, human welfare is a least concern. In this regard the development strategy as visualized by the Father of the Nation seems to be the need of the hour.

In the 1st five year plan, for giving close attention to the programmes of village industries and to create favourable condition for action, the Government of India set up All India Village Industries Board. In the First Five Year Plan Draft, the planning commission has stated.

While the organization in village industries requires drive and direction from the central and state Government the primary responsibilities for carrying out programmes for village industries rests with the state Government, but in many aspects, the framework, within which they execute the programmes for individuals' village industries is set by policies followed by the central Government. In the central Government, therefore there is a need for organizing, which will give close attention to the programme of these industries and help to create favorable conditions for action by state Government Constructive organizations and village co operations (Planning Commission, 1953).

1.5.2 SECOND FIVE YEAR PLAN

The second five year plan (1956-61) gave high priority to the development of heavy industry, but a large investment of public funds was utilized for the promotion of village industries. It was observed that the khadi and village Industries Board was suffering from several procedural handicaps including the lack of proper financing arrangement. It was therefore, decided in 1955 that
the Board should be replaced by a statutory body. A bill was accordingly introduced in Parliament, proposing the establishment of a commission with the power of executive as well as administrative for proper development of khadi and village Industries.

1.5.3 THIRD FIVE YEAR PLAN

Third Five Year Plan (1961-66) laid emphasis on improvement of skills, supply of technical guidance, better equipment and liberalized credit, with a view to reduce cost of production and achieve high productivity. It is also suggested to take necessary measures to ensure subsidies and other financial assistance so as to motivate production units to achieve economic viability even from the initial years.

1.5.4 FOURTH FIVE YEAR PLAN

The main emphasis of the Fourth Five Year Plan (1969-74) was to narrow down the regional disparities in the development of khadi and village industries and the special attention was therefore given to the development of backward areas. The plan highlighted the need to increase productivity through reduction of costs. Thus the basic objectives of and approach to the development of khadi and village industries in the fourth plan represented a departure from the previous plans (KVIC Annual Report, 1969-70).

The emphasis was shifted from one of protection to positive forms of assistance such as improving skills, supplying technical guidance and better equipment and credit. Policies were to be adjusted in the light of the new expectations. At the same time, it stressed the adoption of intermediate or appropriate
technology to ensure quality of production (Report of KVIC Review Committee, 1987).

1.5.5 FIFTH FIVE YEAR PLAN

The Fifth Five Year Plan (1974-79), highlighted the needs of traditional artisans who were getting displaced, suggested larger employment of institutional finance for village industries in the wake of the expansion of the banking structure after nationalization. At the rising unemployment in rural areas and special programmes like Crash Schemes for Rural Employment (CSRE) and Drought Prone Areas Programme (DPAP) were introduced, they remained confined to land based activities oriented to agriculture. Khadi and Village Industries Commission with its charter for skill based activities oriented to artisans were, by and large not drawn into these special employment programmes.

1.5.6 SIXTH FIVE YEAR PLAN

During the Sixth Five Year Plan (1980-85), Indian economy experienced the problems of rapid expansion in labour, population growth, lack of opportunities in small farmers, displacement of workers etc. In this period the Integrated Rural Development Programme commenced. Under this programme 600 poor families were to be raised above the poverty line within a span of five years in a block. Skill formation and assets creation were the strategies (Khadi gramodyog, 1982). They are to be employed in industry, services and business depending upon their skill and aptitudes.

1.5.7 SEVENTH FIVE YEAR PLAN

The Seventh Five Year Plan (1985-90), gave stress for the generation of productive employment in rural areas. During 1986-87, the Government of India reconstituted the All India Khadi and Village Industries Board which was constituted in 1953. A committee called the Khadi and Village Industries Review Committee was appointed by the Government of India. The major recommendations of the committee are:

1. Need for the restructure of Khadi and Village Industries Commission to strengthen its activities.

2. Inclusion of new activities and creation of independent Marketing Corporation.

3. By the year 2000, coverage of all the viable clusters of villages through the programmes of khadi and village industries. It implies to bring 20 to 30 percent of the artisans under the developmental fold with the income level of at least equal to that of the non peak season in farming through technology.

4. Emphasis on Research and Development for a healthy growth of KVI sector with technical research, marketing, economics, training for providing expertise and leadership to the programme of KVI.
5. Recommended for a separately demarcation of KVI sector with small scale industries and also encourage hand spinning activity and undertake techno economic feasibility of powered charkha.

6. KVI should be an integral part of the mainstream of the rural economy and the administrative structure of the KVIC should be improved with a scheme of greater delegation of powers and functions at lower levels.

1.5.8 EIGHTTH FIVE YEAR PLAN

Eighth Five Year Plan (1992-97) announce a policy package for tiny, small and village industries, in August 1991, with the primary objective of imparting more vitality and growth impetus. The ceiling of investment in the case of tiny enterprises has been raised to Rs. 5 lakhs, location restrictions on setting of these enterprises have been removed and their scope has been enlarged to include all industry related service and business enterprises.

One of the priority areas of the Eight Five Year Plan is generation of adequate employment to achieve near full employment level by the turn of this century. Several activities pertaining to this sector like processing of agricultural produce in rural areas, sericulture and allied activities have been identified as critical goals in priority sectors. Initiative were made to dovetail the programmes of khadi and village industries, handlooms, sericulture and handicrafts to integrated local area development programme for selected villages for poverty alleviation through increase in employment. It is also envisaged that entry into the service sector, which is expected to play a major role in generating employment during the eight plans, and the informal sector are made free of innumerable rules, regulation and bureaucratic controls.
Further research and innovation in the tools and techniques of traditional occupations, including those of rural artisans are encouraged and new approaches are also induced.

1.5.9 NINTH FIVE YEAR PLAN

Ninth Five Year Plan (1997-02) revitalize the potential of increasing exports of the products of handlooms, handicrafts, khadi and village industries, wool (unorganized sector) and coir industry. Enhancement of design inputs, adoption of new production techniques and information about trends in export markets regarding products, utility aspects, prices, demand, etc, would help these sub-sectors to improve their performance and to achieve higher export targets.

In the unorganized sector, provision of training, upgradation of skills and improvement in tool kits, equipment and production techniques would go a long way in increasing production, productivity and income levels of artisans, crafts persons, weavers, spinners and workers, etc.

The Informal Group constituted by the Planning Commission to examine and recommend ways and means of increasing the availability of bank credit to SSIs and village and tiny units has recommended that the volume of credit available to SSI and village and tiny units should be in proportion to the contribution of SSI sector to the output of the manufacturing sector. The Reserve Bank of India should examine the feasibility of implementing this recommendation.
1.5.10 TENTH FIVE YEAR PLAN

In the Tenth Plan of the Planning Commission of India (2002-07), proposed to set up rural industrial estates and artisan clusters to provide necessary infrastructure and support services to the village industries. Developed land, power, water, common facility centres, training and skill up gradation centres, design and quality inputs and common packaging facilities would be provided at such clusters. The Common Facility Centres would be managed by the implementing agency for the industrial estate. Financial assistance would be provided to Common Facility Centres by KVIC or by agencies like the National Bank for Agriculture and Rural Development (NABARD), Small Industries Development Bank of India (SIDBI), Council for the Advancement of People's Action and Rural Technology (CAPART), etc. The Tenth Plan strategies for the khadi and village industries sector would include: (a) generation of additional employment in rural areas; (b) adoption of market-oriented production plan; (c) creation of self-employment in rural areas and building up of rural communities by fully utilizing local resources, raw materials and manpower; and (d) adoption of 'no loss' practice by khadi and village industries units instead of the present 'no profit' policy.

Rural industrial estates are proposed to be set up in the Tenth Plan to provide the required infrastructure and support services to village industries and artisan units. Growth of khadi cloth is expected to be 8 per cent in value terms and the sector is expected to see a 3 per cent growth in employment generation. Khadi producing institutions would need to be strengthened to become economically viable by developing backward and forward linkages. Cluster development
approach would be adopted for the growth of village industries to achieve the Tenth Plan targets. A network of quality control laboratories would be necessary to provide testing facilities and standardization of quality for village industries. Setting up of technology interfaces to serve as information dissemination and technology adoption centres would also be required for village industries.

More rural/village industry clusters would be taken up under the NPRI for higher production and employment generation in these clusters. The cluster development programme would envisage the establishment of backward and forward linkages, setting up of common facility centres and common service network support for satellite cluster units.

1.5.11 ELEVENTH FIVE YEAR PLAN

The Eleventh Plan of Planning Commission (2007-12), recommend to make KVIC more professional, like a modern corporate body, introduce a permanent consultative mechanism at the zonal level and include enabling provisions in the law to get the programmes and activities implemented through selected nongovernmental professional agencies.

It emphasizes the need for rejuvenating the khadi programme and to enlist new khadi institutions by relaxing the restrictions on registration, particularly in general areas. Attempts were made to revive the defunct/ dormant societies under ‘D’ categories. Raw materials supply has to be strengthened and the existing infrastructure of six sliver plants expanded to meet raw material requirements. Old charkha and looms require attention during this plan.
KVIC introduced the Product Development Design Intervention and Packaging (PRODIP) Scheme to provide incentives, designs, and better packaging of both khadi and village industry products. The scheme of Fund for Regeneration of Traditional Industries (SFRUTI) such as khadi, village and coir industries approved in October 2005 will be continued in the Eleventh Plan.

Packaging of khadi products will be improved. A mechanism to ensure the quality of khadi products will be evolved. Advertising campaign in India and abroad will be carried out to make people aware of khadi and to project it as a fashion statement for the youth.

Table No. 1.1

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<td>52.00</td>
<td>39.08</td>
<td>40.41</td>
<td>52.90</td>
</tr>
</tbody>
</table>

Sources: Khadi and Village Industries Commission, Ministry of MSME

1.6 RATIONALITY AND SCOPE OF RESEARCH PROBLEMS:

Rural Industrialization has the potentials to solve many of the problems of Indian villages. It stimulates rural economic growth and overall development of the rural areas by increasing agricultural production, increasing capabilities of individual production, inducing the development of agro and rural/village
industries, which in turn creates employment opportunities in rural areas. Khadi and Village industries have become an indispensable option for the upliftment of rural people with its potentialities for gearing rural development and employment opportunities.

More than three fourth of the population in the state (to be exact, 73.57 per cent as per the Census report 1981, 72.47 per cent as per the Census report of 1991, 74.89 per cent as per the Census Report of 2001 and 69.79 per cent as per 2011 Census report) still lives in villages; and therefore, realization of the dream of desired socio-economic development of the state also depends upon the development of its villages. It does not need any proof to say that national development is synonymous with village development. The experience gained all over the world has amply shown that industrialization is essential for development as it ensures the supply of goods and services required for improving the quality of life and provides opportunities for employment. This is equally essentials for the development of rural areas as it is for the entire country.

It is tend to agree that both rural development and industrialization are necessary for the economic development of our country. But the experience from, highly developed countries of the world suggests that heavy industries run by highly sophisticated technology create many problems endangering happiness and peace of people in the society and on the other hand it adversely affect the nature by poor system of the waste management. Therefore there is need for promoting small industrial units using intermediate technology, laying emphasis on human beings, having common ownership and utilizing locally available resources. There is a need for production by masses, rather than mass production.
The development of the khadi and village industries may induce to mitigate the problems of poverty and unemployment on the one hand and reduce the social unrest on the other. Khadi and village industries may play a vital role in the upliftment of the state economy. And it is also necessary to study the potentials of mass human resources in village industries.

The government of India has been putting a lot of effort and endeavours to evaluate the activities of khadi and village industries in national and state level. Therefore it is important to study, the historical approach of the khadi and village industries movement is made. Industrial Policy Resolution of Manipur is analyze to highlight its significance in the IPR. Further the progress of Khadi and village industries during the plan period of India is studied with relate to Manipur. For an in-depth study, profile of village artisans, their views, functions of implementing agencies, their performance, problems of village industries and its image in the society is significant to highlight.

1.7 REVIEW OF LITERATURE

Several authors, khadi lovers, freedom fighter, economist, researchers and writers have expressed their view regarding the potential and prospects of Khadi and Village industries in India. In some cases the study are concern with the relativity of rural development and industrialization. It is worthwhile to refer different quotations and findings of their research works for review.

Mahatma Gandhi wrote in Harijan (1937), that there is no doubt in my mind that in a country like ours, teeming with millions of unemployed, something is needed to keep their hands and feet engaged in order that they may earn an honest living. It is for them that khadi and cottage industries are needed.
Rancho Prasad (1998), analyze that rural development cannot be treated in isolation, as it is a part of the overall development of the state. Since the overwhelming population in the state resides in rural areas, our plea is that all development should be geared to rural development. Such a plea was forcefully voiced by the famous Tanzanian leaders Julius Nyrere for the third world countries several years back.

Kayatha (1985) elaborate the area of rural industry as, the term rural industry is used for the manufacturing of goods through local industrial sector including cottage industry consists of the establishment of leather, foot wear, pottery, fruit preservation, carpentry, black smithy, Oil ghani and such other small industry non edible oil and soap making industry, dyeing, printing and Gobar gas plants. These rural industries have undergone certain changes.

Rural Industrialization (Jain 1974), has to be differentiated from the approaches followed so far. It involves full participation of the local factors and agents in the establishment of industries. The villages will be the growth centers, and agriculture will be the kingpin on the base. The mode of rural industrialization depend upon the nature of industrial activity, access to resources and availability of marketing opportunities to individual enterprise as well as the level of skill and enterprise.

Any judgment on new technology should be arrived at by looking interrelated aspect of cost of scale and employment, remarked by Agarwal (1993). Research in involving suitable technology supported with training facility to use the technology much received a high priority the rural industrial units facing no competition from urban organized industries should be promoted by strengthening the marketing arrangement easy credit supply an adequate supply
of inputs at reasonable prices. The emergence of new industries also depends on network of science and technology, availability of basic infrastructure like power, communication and transport.

K.L. Narasimha Murthy (1999) in Industrial Geography justifies that, Rural Industrialization is a forward step towards Industrialization and it seeks to utilize local resources (raw material and men) to maximum possible extent. It may provide them not to face artificial congestion in those areas in future and also to mitigate their needs.

P. Rama Rao and S. Rama Krishna (2007) presented that in the country, the growth rates of KVI in term of production, employment and output elasticity are significant. The entire KVI sector was mentioned having higher growth rate than other organized industries. However, the importance of khadi sector is against growth rate.

Planning Commission (1968), the committee of experts on unemployment estimated had recommended, “Neither agriculture nor large scale industry nor even both of them together can absorb the growing number of employment in villages. The committee expressed their opinion that decentralized industries like KVI can absorb the increasing unemployment and underemployment in Indian villages.

In the view of Hoshiar Singh (2001), the administrative set up for executing the rural industrial development programme has been manifested with certain problems, such as the multiplicity of agencies (which result in the overlapping of the organizational structure, function, programme and schemes etc., particularly
at field level, and defying of the principle of integration of efforts), absence of adequate coordination, inconsistent personnel system (such as lack of adequate staff, particularly at the field level, maladjusted officials, lack of motivation among personnel), bureaucratization, red tapism, corruption, favouritism and nepotism, the prevailing inefficiency, rigidity and delay in decision making.

Nagarjuna (2001) observed that government policies and five year plans laid lot of hope in rural industrialization, but in reality the small entrepreneurs are still feel scared to start an industry, due to the prevailing problems in this sector i.e., sickness which is very much prone to SSI units than large and medium industries. Due to these sickness problems the expected plans and policies to some extent did not realize.

Misra B.(2004), advocate the development of rural industries to relieve pressure on land, establish linkage between agriculture and industry, increase employment opportunities, improve the economic well being of rural people by increasing their income and prevent migration of rural population to cities which increases slums. There are some spheres in which large scale industries are inevitable like iron steel, chemicals fertilizers, locomotive etc. where economies of scale are important. But in view of the sophisticated technology applied in these industries, we cannot generate adequate employment through the factory industries. He further added that, it would be very unfortunate to have an economy consisting of a few big enterprises and a vast multitude of undeveloped farms and crafts. This will not transform the economy of India.

In accordance to Jha Jagnanand (1990), there has occurred a big gap between the living standards of rural and urban areas and centres of monopolies and
consequently concentration of economic power and wealth has emerged many
great distributional injustices. Further, he added that village industries tend to
transfer the amount of total income and wages to the poorer and similar persons
and act against concentration of economic power and wealth.

Rao Koteswara (2000), made an attempt in a study, the changes in the pattern of
employment in the non farm sector in India over time. He studied that, in India
the nonfarm rural employment has witnessed a steady expansion during the last
two decades. The work force in rural areas is gradually moving out of
agriculture. This process of structural change would lead to the emergence of
problems of farm nonfarm relations especially from the point of employment for
the rural household.

M.K. Ramchandran (2009) expressed that the surplus force from agriculture is to
be diverted to village industries. These transferred labour forces should be
provided improved technology based on existing tools and skills. The best
technology is that poor should be able to handle it. For better and efficient
utilization of technology at various levels of rural industrialization, an ideal
organizational structure which can take care of all vertical linkages, backward
linkages like production, processing and forward linkages like marketing of
products) as well as horizontal linkages (supply of better tools and raw
materials, inputs, up gradation of skills and services) is an essential pre
requisites.

Mandal R.K. (2012) in a paper concludes that employment is the surest way to
enable the vast numbers of people living below poverty level to raise them above
it. The village and small industries is capable of offering employment
opportunities at the place of residence to a large section of population. He further commented that it has the capacity to correct regional imbalances by initiating industrial activities on dispersed basis in the most neglected, backward inaccessible areas like most of the areas of North-East States where perhaps large scale sector is unable to penetrate.

The literature found so far has been concentrated in one or other parts of India, but do not cover the role of KVIC in generating employment opportunities in Manipur. Therefore the study has been taken up in view to cover the context of Manipur.

1.8 OBJECTIVES OF THE STUDY

The general objectives of this study are to measure, how far the KVIC is successful in planning, implementing and organizing village industries. The study will indicate the area where necessary action should be taken up. The study will enhance towards finding the reasons for industrial backwardness in Manipur.

The specific objectives of the study can be cited as follows.

I. To study the significance of rural industries in our society.

II. To elaborate socio economic profile and activities of KVI in Manipur.

III. To study the role of KVIC in employment and income generation.

IV. To examine the socio- economic and demographic profile of village artisans

V. To suggest remedial measures for successful implementation of rural industries in Manipur.
1.9 SOURCES OF DATA

Both and Primary and secondary data are collected for the study. Primary data is collected through personal interaction, interview and discussion with the officials of KVIC, State Khadi Board, Co-Ordinate Bank and District Employment Exchange.

A pre tested schedule was administered to the entrepreneurs in such a way to cover the objectives of the study. The observation during the field work gives a deep insight into the attitudes, beliefs and opinion of the respondents on related issues.

The secondary data were collected from various publications, reports, journals, annual reports, websites, economic survey, Agencies functioning at different levels and official records etc.

The primary as well as secondary data collected from the various sources was tabulated and analysis was done with the help of appropriate statistical tools and technique, wherever found necessary. Other statistical tools and technique including Karl Pearson's coefficient of correlation, ANOVA, chi square test of significance, average, mean etc. are used whenever found necessary.

1.10 UNIVERSE AND SAMPLE SIZE

The study will cover all the Nine Districts of Manipur namely, Imphal East, Imphal West, Thoubal, Bishnupur, Chandel, Churachandpur, Senapati, Ukhrul and Tamenglong districts. Stratified Random Sampling Method was used for collection of data and other information related to village industries. The size of
the population is 1293 KVI units i.e., 314 from REGP projects and 979 from PMEGP projects. A sample of 150 units from different units registered as village industries scattered in nine districts of Manipur is collected. Out of the 150 units, 50 were assisted through Rural Employment Generation Programme (REGP), and 100 with Prime Ministers Employment Generation Programme (PMEGP). Sampling design was made in the following ways to cover at least 70 percent as OBC/GENERAL, 20 percent as ST and 10 percent as SC from KVI entrepreneur. Chart No. 1.2 display the sample design of the study.

1.11 DATA ANALYSIS

The collected data using interview schedule were classified and edited in order to facilitate the analysis. The classified data are entered in a master chart and tabulated for statistical presentation. In addition to statistical presentation the tabulated figures are presented in the form of bar graphs, line charts pie charts etc.
Chart No. 1.2

SAMPLING DESIGN

<table>
<thead>
<tr>
<th>DISTRICTS</th>
<th>PMEGP (100)</th>
<th>REGP (50)</th>
<th>TOTAL UNITS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>OBC/GEN (70)</td>
<td>ST (20)</td>
<td>SC (10)</td>
</tr>
<tr>
<td>IMPHAL E</td>
<td>20</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>IMPHAL W</td>
<td>20</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>THOUBAL</td>
<td>15</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>BISHENPUR</td>
<td>15</td>
<td>2</td>
<td>8</td>
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<td>CCPUR</td>
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<td>SENAPATI</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UKHRUL</td>
<td>4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1.12 STATISTICAL TOOLS

The testing of hypothesis are done through statistical tools like frequency table, averages, percentage, Karl Pearson's coefficient of correlation, ANOVA and chi square test, whenever it is found applicable in the study.
1.13 **Hypothesis of the Study**

The study is based on the following assumption.

i. Schemes of KVIC are more convenient than other employment generation programmes.

ii. Employment generation and assistance from KVIC are not independent.

iii. Selection of beneficiaries is justified.

iv. Services of KVIC are aware to the rural entrepreneur is not unbiased.

1.14 **PERIOD OF STUDY**

The research work has covered a period of 10 years, from the year 2002-03 to 2011-12.

1.15 **LIMITATION OF THE STUDY**

The study has many problems in spite of following a well design and approved scientific methodology and technique. The study focus on certain pre defined objectives and survey were made in a stipulated duration, so it cannot covers many areas which are related with the present study. The survey covers those units which are registered as village industry in the different District Industries Centres (DICs), Government of Manipur, but failed to covers those units in the informal sector which are not registered. But, these sectors are also very significant for further study.

Since, many of the units are located in interior part of hilly areas, illiterate respondent and difficulty in communication was indeed a problem in gathering information through scheduled questionnaire. Again, some of the government
officials are also reluctant to give accurate data due to the uncertainty of law and order situation, as the many of the information are related with financial matters.

In the course of the survey, the following limitations were also observed.

1. Many of the units do not maintain systematic records of the books of Accounts.

2. Some respondents are not willing to give proper answer to the scheduled questionnaire.

3. It is very difficult to measure the level of income generated by a unit and the number of employment generated by them.

4. Due to the law and order situation many of the respondents do not disclose their progress and information related with financial matter.

But, these limitations do not make any severe consequence, as the study mainly focus on the views, opinion and behaviours of the respondents.

1.16 SCHEME OF CHAPTERS

The research work has been divided into five chapters for the clear and precise presentation and understanding. The chapter outline of the present study is briefly presented as follows:

Chapter I: Introduction

Highlight the concept of rural industry as an integral part of rural development, significance of village industries is analyze with the evolution in the freedom struggle movement in India, role of five year plan in Indian and methodology of study.
Chapter II: Significance of KVI in Manipur

This chapter devoted to the brief profile of socio and economic profile including the demographic features, economic activities in view of various resources available, industrial profile with regard to various industrial policies and its implementation, urban changes and potentials of industry in context of Manipur. It highlights the various schemes and programmes laid down by the government of India for the implementation of KVI in the state. It also critically analyzes the pros and cons of the implementation of programme including its viability and feasibility.

Chapter III: Performance of KVI in Manipur

Secondary data are analyzed in this chapter to study the performance of KVI in the state. This chapter is divided into two parts one for REGP and another for PMEGP. The data collected from various sources of implementing agencies are analyzed with statistical tools.

Chapter IV: Profile of Village Entrepreneur

In this chapter main devotion is given to primary data analysis, an effort is made to prove hypothesis by using tools of statistics. It highlights the background, views, behavior, attitude and prospects of the respondents.

Chapter V: Finding, Suggestion and Conclusion

Finding is classified into inference from the review of past study, inferences from the study of secondary data and inference from primary data. Some suggestions are also given to entrepreneurs, implementing agencies, and general public’s for the improvement and progress of KVI sectors in the state.
1.17 EXPECTED CONTRIBUTION OF THE STUDY

The studies laid down the importance of khadi and village industries in our economy. It highlights the feasibility and viability for undertaking KVI units as measures to eradicate educated unemployed youth in the state. The interpretation of the analysis will benefit people at different level including entrepreneurs, general public's, research scholars academician and government agencies in the state.

Problems and progress in the KVI units in the study will enable planners and implementing agencies in setting future plans. Academicians and Research scholars may refers the study for further research. Entrepreneurs in KVI units identified and understand the problems they are encountering and make strategies for further progress in the field. While educated unemployed people may refer the study and undertake KVI as their own ventures.
References:


Gandhi, M.K. (1937). Harijan (2.1.).


