Our clear duty is, therefore, to investigate the possibility of keeping in existence the village wheel, the village crusher and the village pounder and advertising their products, discovering their qualities, ascertaining the condition of the workers and the number displaced by the power driven machinery and discovering the methods of improving them, whilst retaining their village character to enable them to stand the competition of the mills.


CHAPTER - VIII

FINDINGS AND SUGGESTIONS

8.1 Findings
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8.1 Findings

India's development strategy aims at the removal of rural poverty through removal of unemployment. Though agriculture forms the main occupation of the masses in India, the increasing population pressure and declining holdings have already made it increasingly difficult to provide gainful employment even to those who presently depend on it. It is realised that rural industries, outside the fold of agriculture can offer greater scope for labour absorption in villages. Therefore serious efforts were made in the Five Year Plans to revive, protect and promote village industries.

It is in this context, that the present study which analyses the nature, administration, status, problems and prospects of village industries with special reference to Kerala has been carried out. This empirical study is chiefly based on the primary data collected through personal interviews of the workers and entrepreneurs of village industrial units in Thiruvananthapuram and Kottayam districts. For this purpose 51 village industrial units comprising of two districts were selected for detailed investigation using simple random method. Selection of sample units were made in accordance with classifications and the registers maintained by
the Khadi and Village Industries Board. Sample units were selected in such a way as to give at least 15% representation to all types of village industries in the selected districts.

Apart from the primary data, secondary data also were collected by the researcher from various publications of Khadi and Village Industries Commission, Kerala Khadi and Village Industries Board, Bureau of Economics and Statistics, Planning Board and also the unpublished data from the records of Khadi and Village Industries Board.

As revealed by the survey of literature, no academic research study yet has been made in search of problems and prospects of village industries in Kerala, with the Gandhian perspective of village industries for village development. The present study undoubtedly proves that khadi and village industries play an important role in the village development of Kerala. This sector has remarkable potentialities in providing employment to the rural folk and at present 1.89 lakhs persons are employed in khadi and village industries under the state Board.

Management of village industry is a tedious task. The functions involved in the management of village industry are similar to that of a large industry, which involves planning, organising, staffing, controlling, financing and marketing.

The sample selected for the study constitute 25 co-operative societies, 16 charitable societies and 10 proprietorship units.
Entrepreneurs of these units are belonging to local area and monetary benefit is the motivation behind the selection of this choice. 51 percent of the entrepreneurs are in their middle age of 41-50. All the entrepreneurs are literate and the majority of them have college education. Male representation is dominated among the entrepreneurs in the sample units. 53 percent of the entrepreneurs are christians and no muslim entrepreneur is represented in the sample. Though it is found that financial motive plays a major role in the selection of village industry, the entrepreneurs are getting very low income from village industry.

49 percent of the units under study came into existence during 1980-90. This is because, during this period, the Government with the aid of Khadi and Village Industries Board conducted a vigourous programme with the following objectives:

1. Providing employment to the rural unemployed.
2. Revival and Promotion of khadi and village industries throughout the state.

The capital investment in these units varied from 18,000 rupees to 2 lakh rupees. Though paucity of raw material is observed as a serious problem in village industry, 51 percent of the units are obtaining raw materials from different parts of Kerala. Rest of them are bringing raw materials from other states like Tamilnadu, Karnataka etc. Statistics reveals that on an average there are 9 workers per unit. Among the workers female
representation is dominated and 76 percent of the total workforce in the sample units are women.

Though power driven machines have entered in the production field of village industries sector, 80 percent of the units are still using hand driven machines.

The workers in village industries differ considerably in their occupational background. To most of the workers the meagre income from the village industry is the only means of livelihood. What drew them into the village industry sector is the problem of acute unemployment in Kerala. Only 35% of the workers are drawn from the same occupational background of their family.

The present study found that youth participation is higher in village industries and the average age of workers is 24 years. Female domination is noticed among the workers in village industries i.e., 59% of the workers are women. The special characteristics like less bodily exerision, more leisure, nearness to home and means for contributing to the family income make the village industries more attractive to women workers. At the same time it is observed that the underrepresentation of men in this sector is mainly due to its less remunerative nature.

Kerala is the most literate state in the country. This is reflected in the level of literacy of the workers in village industries. Almost all are literate. It is further observed that
the literacy rate among the selected workers in village industries is higher than that of the total population in Kerala. The majority of the selected workers have completed high school education. However, educational qualification is not an eligibility criterion for the entry into village industries.

(The economic status of the workers in village industries is not satisfactory.) Most of the workers are getting very low remuneration from village industries. The average monthly wage of a worker in this sector is only Rs. 190/-. The maximum wage obtained by a seniormost worker in this sector is only Rs.600/- per month. It is pertinent to note that this amount is not sufficient to meet even the primary needs of a family.

An examination of the size of the land holdings of workers shows that their holding is less than the state average. All the workers have their own holding and are living in their own houses which are very close to their work place while difference is noticed in the nature of the houses. All of them live under tiled roofs or under tatched roofs.

The average family size of a worker in village industries is 5, which is less than the size of an average Kerala family. The average family income of the worker per month is calculated as Rs.537/-. The analysis revealed that the percapita income of the worker is Rs.2,156/- which is less than the percapita income of the state viz. Rs. 3,451/-.
The study shows that trade unionism backed by political parties has entered into village industries sector though it is not as strong as in the other industrial sectors in Kerala.

Job security is a serious problem faced by the workers in village industries. It was noticed that due to nonavailability of raw materials, piling up of finished stocks etc., most of the village industries find it very difficult to offer work to the employers throughout the year. An encouraging sign observed in the present study is that the reaction of the society towards village industry is satisfactory. The women workers revealed that as they become contributing members in the family, their status in the family as well as in society is enhanced considerably.

On the whole, the majority of the workers in village industries are not satisfied with their wage, welfare facilities and future prospects. They generally do not have any feeling of inferiority in the status of their job, but compared to their counterparts in other sectors, have great concern with the wage structure and welfare facilities prevalent in village industries sector. Almost all the workers expressed dissatisfaction on the present rate of remuneration.

As the remuneration from village industries is too small to sustain their livelihood, the traditional workers do not like to suggest this occupation to their younger generation, which would result in the gradual decline of traditional industries in the state.
8.2 Problems of Village Industries in Kerala

Broadly the problems of village industries can be divided into two types - external and internal. External problems are those which result from factors beyond the control of entrepreneurs, while internal problems are inherent in the enterprise. Apart from the various external problems, the village industries suffer from a number of handicaps, starting from the establishment of industry to marketing. The internal problems of village industries include lack of finance, shortage of raw materials, lack of infrastructural facilities, lack of proper management, problem of skilled labour and lack of proper marketing facilities. These are interrelated as seen in figure - 8.1.

8.2.1 Lack of Finance

The basic requirement for the establishment of any industry is finance. The initial investment for village industries comes mainly from within. Most of the entrepreneurs invest their own funds or borrowed funds, in the starting period. Though Khadi and Village Industries Board is extending financial assistance it is not sufficient. The entrepreneurs in this sector are not in a position to offer the security required by the banking sector. The procedures for availing of financial support from banks and government agencies are so cumbersome that most of the entrepreneurs are hesitant to make use of these facilities. The procedural delay in extending financial assistance is another problem. It was observed in some cases that it takes more than 6
Directly Affecting Factors

Indirectly Affecting Factors

FIGURE 8.1
Intertwined Factors in Village Industry
months to sanction the loan for establishing the unit. The lack of proper exposure to elementary financial management also makes it difficult for the entrepreneur to avail of financial assistance for the development of their industries. Some of the entrepreneurs are not even aware of all sources of financial assistance to make use of it. This general lack of capital creates, in turn, a whole group of problems relating to size and site of the enterprise, the quality of labour, market coverage and purchase of raw material leading to low and poor quality of production.

8.2.2 Paucity of Raw Materials

(Inadequacy or non-availability of raw materials of proper quality at reasonable price is a major problem facing a number of units. The quantum of raw material is not large. However they require it at proper time.) Because of the weak financial position, the entrepreneurs village industries have to utilise the services of middle men to get raw materials on credit. Such an arrangement however, results in higher costs and it is disadvantageous as the profit margin of middlemen are rather high. Their financial constraints induce the entrepreneurs to use cheap and inferior raw materials, which naturally affect the quality of finished products. The temporary suspension of the supply of raw materials due to climatic changes also affects the production. This problem is not only of fibre unit but many other industries such as Hand made paper, Cane and Bamboo, Non-edible oil, Cottage match etc., are
confronting similar problems. Khadi and other village industries like pottery, edible oils, blacksmithy, fruits and vegetable processing, processing of cereals and pulses are obtaining raw materials from different places in Kerala. Non-availability of raw materials at required time in required quality throughout the year act as a hindrance in production.

8.2.3 Lack of Infrastructural Facilities

It is not easy to decide on location, for the choice involves considerations of the availability of infrastructural facilities, the cost and tenure of acquisition, the availability of labour, local availability of raw materials and marketing facilities. It is observed that availability of financial assistance is also a crucial factor in the decision with regard to location.

The Khadi and Village Industries Board extends financial assistance to the entrepreneurs for the construction and maintenance of the units. But it is found that many of the units lack basic facilities such as necessary space for the artisans to work, a secure godown to store the articles produced etc. In some cases, the buildings are even leaking during rainy season, which destroys the goods produced.

8.2.4 Problem of Skilled Labour

It is evident that the labour resources in Kerala is higher than the capital resources and the number of unemployed are increasing year to year. According to the register of employment
exchanges there are 31.03 lakhs job seekers in the state. But the village industry sector sometimes are faces with the problem of getting talented and skilled workers for the appropriate work. The poor income from village industry is the main factor which creates an aversion to village industries among the unemployed. As mentioned in Chapter VII, poor remuneration is a factor affecting job dissatisfaction. Another factor which creates disinterest to village industries in the 'status' consideration of these workers in society.

As far as the educated youth are concerned, they are desperate as the work in village industries sector is unfit to their education. Therefore, all are in search of more remunerative white collar jobs. Some of the traditional artisans like 'potters' are unwilling to follow the hereditary occupational pattern; because, they feel that the income from their occupation is a meagre amount, by which it is hard to sustain their life in the present socio-economic condition. Therefore they send their children to the school to have formal education. They believe that the formal education could provide their children with a more prestigious and satisfactory occupation. However what is happening is that most of them are added to the educated unemployed in the state. It is sure that this trend will put an end to the traditional skilled occupational pattern in Kerala. This is not in conformity with Gandhian ideas of dignity of labour. This has happened due to the change in the concepts of education, occupation, dignity of labour and to a large extent the change in the value system of society.
8.2.5 **Problems of Marketing**

A serious handicap for village industries is the problem of marketing. Though there are Khadi Gramodyog Bhavans under Khadi and Village Industries Commission and Khadi Bhavan under Kerala Khadi and Village Industries Board for the marketing of products from khadi and village industries, these facilities are inadequate for the efficient marketing of the products. Due to the absence of proper marketing facilities, some of the entrepreneurs have to take their products from door to door to sell their items. Some of them depend on middlemen to sell their products. They are even forced to sell their products at unremunerative prices. These constraints in marketing adversely affects production.

Competition with large scale industries is a major obstacle in the marketing field. There is a notion among the consumers that the machine-made products have more finish and are of low price. Therefore they prefer machine made goods. It is evident that the price of handmade goods are usually higher in comparison with the machine made goods. This is because, in village industries production is by masses and therefore labour cost is higher and productivity is less. Here the remuneration of the worker depends upon the price of the product and hence the price of the product has increased automatically. While in the case of large industry productivity is higher than labour cost. Therefore, they could sell the products at lower price.
Other problems noticed in the marketing of village industries are lack of quality control, poor bargaining power, lack of service after sales, financial weakness, ignorance of potential markets and lack of knowledge of marketing.

8.2.6 Problems of Management

The area in which village industries have encountered the greatest difficulty is that of management. The entrepreneurs are hardly in a position to pilot their undertaking due to various problems such as insufficient finance, paucity of raw material, lack of marketing facilities, lack of technical guidance and managerial ability.

The poor economic background of the entrepreneurs and the ignorance resulting in non-availability and non-accessibility of various financial assistance for the development of their unit creates financial crisis. Moreover, the income and profit from village industrial units are very low. Some entrepreneurs resort to unfair practices and corruptions which ultimately lead to the shrinkage of the industrial units.

8.2.7 Lack of Consumer Preference:

The survival and development of all production units depend upon the demand for their products. It is found that there is not much demand for village industry products. This is happening because of two factors. Village industries proposed by Gandhiji
meant for the production of necessary goods needed by the people for fulfilling their need, and not their greed, i.e., production should be in concomitance with consumer preference. However at present the goods produced in village industry sector are production oriented than need based. Therefore they lack consumer preference. Another reason for lack of consumer preference is the change in the value system. In the present society the basis of selection of goods is economic profit rather than humanistic concern. As the machine made goods are cheaply available people ignore the costly handmade articles. People also believe that machine made goods are more durable and have more finish than handmade goods.

8.3 Prospects of Village Industries

Despite its problems, the prospects of village industries are wide. There is no doubt that the potentiality of village industries in providing employment is very high. It is evident that the main reason for unemployment is the replacement of human labour by machines in agriculture as well as in large scale industries. Though the number of large industrial units in Kerala are increasing only a few people have got employment in this sector. This results in mass production instead of production by the masses. Gandhiji realised this demerit of large-scale industries and asserted that "the big industries can never, they do not hope to, overtake the unemployed millions. Their aim is primarily to make money for the few owners, never the direct one of finding
employment for the unemployed millions".¹ In this regard the employment potentiality of village industries is quite appreciable. (As the women constitute the majority of unemployed in the state, village industries offer a hopeful choice for them. There is an accentuation that the remuneration from khadi and village industries is low. However as the unemployed are concerned, the meagre amount from village industries is a contribution to their personal income. As the wage payment in village industries is on piece rate the earning of a worker in this sector is related to his skill and capacity to produce.)

Statistics reveal that the number of khadi and village industrial units are increasing every year. The Kerala Khadi and Village Industries Board is giving financial assistance to establish the units at reasonable credit. For starting khadi units the Board provides credit-less loan and for village industries a 4 percent credit loan. The entrepreneurs are not fully satisfied with this aid as they have to fulfil certain formal requisites for availing of financial assistance. However this financial assistance serves as an incentive for the unemployed to start a village industry.

Considering the problems in obtaining raw materials the Board has consolidated various federations such as soap federation,

match federation, etc. The tasky collection and distribution of raw materials for the soap unit and match units is vested on these federations. It is observed that some of the village industries are bringing raw materials from other states. This is clearly a distortion of the concept of village industries, which means 'the conversion of locally available raw materials into useful products by using man power. These difficulties arise because of the inappropriate selection of the industry. Before starting an industry the entrepreneur should ascertain the local availability of raw materials. This will eliminate the need for dependence to the sources for raw materials.

8.4 Village Industries in Kerala - A Gandhian Critique

Originally village industries by concept and practice was meant for creating a new mode of life for facilitating a welfare society. Gandhiji started the programme for the development of village industries as a strategy for village self-sufficiency. His idea behind village industries is that one should look to the villages for the satisfaction of one's daily needs. To him village industry connotes a way of life rather than a means of earning.

However at present village industries are considered as a means of income rather than a way of life. The motivation behind the selection of village industry as an occupation is reduced to monetary benefits alone. The wake of village industries under KVIB necessitated some element of entrepreneurship in village industries.
Gandhiji envisaged that the management of any production unit should be a co-operative effort of both the owner and the worker. Both of them should work as trustees, the owner as the trustee of his wealth and the worker as the trustee of his skill. Therefore there is no channel for exploitation and capital labour disputes. Though at present the management of village industrial units are on the co-operative basis, what is happening is that the owner is considered as the authority of the unit and the worker as a tool for production. This will not justify Gandhian idea of village industry for village development, because in his ideal society there is no distinction between the employer and employee.

In the Gandhian scheme of village industries both village industry and agriculture are interrelated. The agriculturists provide raw materials required by the local artisans in return to which they produce necessary goods required by the villages. Therefore the artisans can make use of the locally available raw materials. But in Kerala the situation is different. The entrepreneur has to depend on distant places or on other states for the fulfilment of their raw material requirements. Some industries in Kerala are availing of raw materials from neighbouring villages while others depend on neighbouring states like Tamil Nadu, Karanataka etc., for raw materials. The main reason is that the agricultural sector in Kerala is not capable of providing necessary raw materials for village industries. However to a certain extent these industries convert
natural resources and waste materials into useful products thereby fulfilling Gandhiji's idea of village industries.

The production in village industry, as proposed by Gandhiji, is need based and therefore the demand for the product is high. However, at present, the demand for the products from village industry is low. This is because, necessary goods produced by small scale and large scale industries are available at cheap rate. Therefore, the KVIB has made an attempt to improve production through the diversification of the products.

Gandhiji suggested the idea of a living wage to the workers. This is recognized as the basis of wage system in khadi and village industries. The study revealed that the average monthly income of a worker in village industry is Rs. 190/=. It is evident that in the present socio-economic condition this amount is not sufficient to satisfy the basic needs of an individual.

As noticed in previous chapters, some sort of simple machinery are used in production in which the consumption of electricity is less. Here machinery is used not for increasing the quantity of production but for improving the quality of the product and avoiding hard labour of workers. Gandhiji was not against these simple machinery in which negligence of human labour is limited. It is observed that these industries fulfill certain aspects of Gandhiji's idea of village industries, viz.
1. An engagement to solve the boredom of idle hours.
2. As a means for bodily labour.

Figure 8.2 presents this schematically.

8.5 Suggestions

The analysis so far conducted reveal that the programmes and policies implemented by the Government help to revive the village industries in Kerala. However they have not yet achieved the desired result due to various problems confronting the sector. The problems, which act as hindrances in the development of village industries are pointed out in preceding discussions. Though suggestions have already been made at appropriate places with a view to improve the conditions of each industry, the venture to suggest suitable solutions to solve the problems in village industry sector in general is important. Based on the analysis and problems identified in the study following suggestions are made to ensure the betterment and prospects of village industries in Kerala.

1. The motive behind the implementation of the unit should be the service of the society, rather than the monetary benefits.
2. Before starting an industry, the entrepreneurs should be convinced of the locally available resources both material and human.
3. Measures should be taken to avoid unnecessary delay in extending financial assistance for the establishment and revival of village industries.
Figure 8.2

Role of Village Industries in the Development of Individual and Society

Village Industries

Employment  Self-reliance, Income  Social-Service  Body Labour

Means

A

This will help to improve

Social Status  Economic condition  Social condition  Physical and mental condition

which ultimately leads to

Development of Individual and Society.
4. The infrastructural facilities of the buildings should be improved in such a way that it will facilitate the working conditions of artisans.

5. As the remuneration from village industry is very low measures should be taken to improve the wage structure of artisans.

6. To solve the problem of paucity of raw material and to improve production provide them with necessary raw material at required time.

7. To raise the labour productivity and earnings upgrade the skill of artisans through training.

8. Introduce the welfare measures suggested for improving the living conditions of artisans.

9. Training should be given to the entrepreneurs for proper management of village industries.

10. The Government should take necessary steps to entrust the monopoly of the production of certain goods such as match, soap, agarbathy, leather goods, decorative items, processing of cereals, pulses, fruits, vegetables etc., on village industries sector and prevent the large scale sector from laying their hold on these goods.

11. Attempts should be made to promote traditional craftsmanship so as to solve the problem of skilled labour.

12. Measures should be taken to avoid the contradiction in the promotion of certain types of industries so as to make the
functions of Khadi and Village Industries Board more effective.

13. Action should be taken to eliminate corruption at all levels in khadi and village industry sector.

14. Measures should be taken to attract the consumer's preference to the products from village industry. For that following precisions should be taken:
   a. Standardisation of products wherever possible.
   b. Quality improvement of products.
   c. Better designing.
   d. The price of the product should be controlled so that it does not exceed the price of the mill products.
   e. Proper advertisement, as the people are not aware of the materials produced by village industries sector.

15. Conscientise the public regarding the Gandhian vision of village industries and village self-sufficiency. This will help the public to be aware of the role of village industries in the attainment of village self sufficiency and thereby to give preference to village industrial products.

8.6 Conclusion

The present study was a modest attempt to analyse the problems and prospects of village industries in Kerala. It is revealed that village industries play an important role in the village development of Kerala. There is no doubt that the clearing out of the problems as evolved from the study will help the
development of village industries in Kerala, which can ultimately contribute to the process of village development. The study also found the need for a more concrete study in this area, which will facilitate the functioning and promotion of village industry sector.

The study leads to the conclusion that it will take time to achieve Gandhiji's idea of village self sufficiency through village industries. The present socio-economic and political environment seems to be sceptical regarding the legacy of Gandhiji's ideas in the upliftment or rural folk. Therefore what is needed is an ardent and earnest attempt to come back to realise Gandhian vision of village industries for village development.

The goal of Gandhian ideology is the attainment of 'Sarvodaya' or welfare of all, not only of human beings but also of all the living organisms in the universe. However the basic trend in the present society shows a deviation from Gandhian ideology and the motive behind all programmes is more selfish rather than social. This occurs because of the attitudinal change and change in the value system of the present society. Hence there is the need to have a basic change in the motives and values which can reactivate a positive spirit of real development model in man and society. Considering the peculiar characteristics of India, there is no doubt that Gandhian ideologies still have its relevance. It is certain that the proper implementation and application of all programmes imbibing the true spirit of Gandhian ideology alone will
help in solving many of the problems confronting the nation. Flourishing of such a value system will lead us a long way in the fulfilment of Gandhian vision of village industries for village development.