Chapter 24: VILLAGE INDUSTRIES

Village industries have a central place in rural development programmes. Diminishing opportunities for gainful employment account to some extent for the reduction in the standard of life of some sections of the rural population. Products of large-scale industries have increasingly limited the market for several classes of artisans. Their occupations now give them only partial employment, so that they tend to join the ranks of agricultural workers. Development outside the rural sector has not been rapid enough to arrest the increasing pressure of population on the land. The development of village industries should, therefore, be as much a matter of State action as the increase of agricultural production. Indeed, one cannot be separated from the other, for, increase in agricultural production presupposes fuller utilisation of the available manpower and release of surplus workers for other occupations. Village industries, therefore, call for programmes which will develop a great deal of locifal initiative and co-operation, and an economic environment in which they have a reasonable chance of succeeding. If the measures to be undertaken are to be effective in dealing with so difficult a problem, it is essential that they should be commensurate with its size and importance.

2. Village industries are concerned, in the main, with the processing of local raw materials for local markets and with simple techniques. The scope for such industries depends, in part, on their relation to the corresponding large-scale industry, in part, on the development of agriculture and the growth of rural amenities. As agriculture becomes more intensive, there will be greater demand for certain articles of consumption and tools and implements which could be met by village industries. Amenities in rural life such as supply of pure drinking water, street lighting, sanitation, hospitals, recreation grounds, community centres and roads increase the field for village industries. The possibility of turning wastes into wealth, for instance, production of gas from cow dung and other refuse of the village through gas plants in so far as the operations prove economic, production of bone manure through bone digesters, soap making out of non-edible oils, etc., will further provide scope for the development of village industries.

3. We may refer here also to rural arts and crafts which have both social and economic significance. Village printing, embroidery and pottery and the crafts of tribal people, for instance, have not only a long tradition but have also been essential-elements in the organic unity and culture of the villages. In any programme for the revival of village industries, these crafts which have suffered much from the economic development of the past few decades, will deserve special attention.

4. If village industries are to be developed, it is necessary to deal with the deficiencies which have led to their decline. These relate to (i) Organisation, (2) State policy, (3) Finance, (4) Raw materials, (5) Research, (6) Technical guidance, (7) Supply of equipment, and (8) Marketing.

Organisation

5. So long as villages worked largely as self-sufficient units, goods and services were mutually exchanged within a group and there was a great deal of inter-dependence and identity of interests within the village. One effect of new large-scale industry and of imports was to reduce steadily the demand for the products of local artisans. It follows, therefore, that village industries have the best chance of growing on the basis of local demand, that is, increase in mutual exchange. The village organisation has to be rebuilt to suit changed conditions. It can hardly function now in the form of a loose organisation in which individuals work as largely distinct units; it has instead to function as a fairly compact unit. The exact pattern of the village organisation can only evolve after a series of experiments, but with assistance from the Government, the village should become capable to a large extent of discharging the obligation of providing employment to all the workers in the village, whether they are farmers, landless labourers or artisans. It is in this context that village industries become all-important in village development. They have, therefore, to become the concern of the village community functioning as an organised group. While artisans may form associations on the basis of single craft or multi-craft cooperatives, preferably the latter, carrying on operations connected with their crafts, they are likely to derive the maximum benefits in respect of finance, raw materials and demand for the finished goods if the village organisation takes upon itself the principal responsibility of developing village industries.

6. There are a number of institutions in India such as the All-India Village Industries Association, the All-India Spinners Association and the Khadi Pratishthan, Sodepur, which have a long record of valuable work and considerable experience in the field of village industries. In addition to organising industrial co-operatives, a useful method of developing village industries would be to give a measure of assistance to such associations so that, in turn, their workers can assist village artisans.

7. While organisation in the village provides the base, the development of village industries requires drive and direction from the Central and State Governments. The primary responsibility for carrying out programmes for village industries rests with State Governments, but in many aspects the framework within which they can execute programmes for individual village industries is set by the policies followed by the Central Government. In the Central Government, there is, therefore, need for an organisation which will give close attention to the problems of village industries and help to create favourable conditions for action by State Governments, constructive organisations and village Co-operatives. In view of the growing importance of the problem of employment, the Central Government must now give the same attention to village and small-scale industries as it has undertaken, in view of the shortage of food and raw materials, to give to agriculture.

8. The Central Government is shortly constituting a Khadi and Village Industries Development Board for executing programmes of khadi and village industries. Experience will indicate whether these two sets of industries should in practice be handled separately or together. The board is intended to be an organisation outside the departmental machinery of the Government and is to be composed of experienced workers in the field of khadi and village industries and a few representatives of the Central Government. Some members of the board might devote their entire time towards its work, some only part of their time. The board would be responsible for preparing and organising programmes for the production and development of khadi and village industries, including training of personnel, manufacture and supply of equipment, supply of raw materials and marketing, research and study of the economic problems of different industries. The board would also be in executive charge of village industries schemes suggested later in this chapter. New schemes for village industries, for which assistance may be needed from the Central Government would also be considered by the board. The board is expected also to function as a clearing house of information and experience relating to the progress of cottage industries. Training programmes too would be within the purview of the board.

9. In the States also there is need for similar organisations working in collaboration with the Central organisation. In Bombay, for instance, there is already a Village Industries Committee which consists of experienced social workers and has executive responsibility for certain industries for which the funds are provided by the Government. In many States there are Cottage Industries Boards, but these function as a rule in an advisory capacity. This factor limits their value considerably. In addition to any non-official organisation that may be proposed, it is essential to have well-staffed departmental organisations as well. At present village industries do not receive as much attention from State departments of Industries as they require. The arrangements in any State will depend upon its own requirements and the nature of the industries for which the State Government has to provide. For instance, in Uttar Pradesh, there is a separate Director of Cottage Industries. On the other hand, in Bombay, where the role of industrial co-operatives has been emphasised, there is a separate officer designated as Joint Registrar of Industrial Co-operatives and Village Industries.
State Policy

10. A programme of village industries, such as is suggested later in this chapter, has to be supported both by specific measures of assistance as well as by appropriate State policy. In addition to the emphasis on technical improvements, research and other measures for improving efficiency, the primary objective of policy should be to provide a field within which each cottage industry may be able to organise itself. Wherever a large-scale industry competes with a cottage industry, the appropriate course to adopt would be to try and formulate a common production programme. To this end, a common production programme, account would have to be taken of the factors determining the efficiency of large-scale and small-scale production. The scope for development through small-scale production, the extent to which the social aspect has to be emphasised and the value of any particular course for increasing rural employment. The aspect of employment will naturally receive special emphasis in considering the details of any common production programme. Common production programmes, which included cottage industries within their scope, have necessarily to be worked out in general terms, because these industries are still more or less unorganised. Gradually, however, as organisation develops, the programme for cottage industry could be integrated more closely with that for a corresponding large-scale industry. In addition to a determination of the overall conditions of supply and demand one or more of the following elements may enter into a common production programme for the related large-scale and small-scale industries—

1. reservation of spheres of production,
2. non-expansion of the capacity of a large-scale industry,
3. imposition of a cess on a large-scale industry,
4. arrangement for the supply of raw materials, and
5. co-ordination for research, training, etc.

A common production programme for an industry necessarily implies a measure of control by the Government, especially over the organised side of the industry. The subject is considered further in the following chapter.

11. The general principle underlying common production programmes can, as a rule, be applied only after detailed study and investigation with reference to the conditions of a particular industry. What is certain is that unless the planning and development of village industries and many small-scale industries be conceived as part of the process of formulating policies and programmes for the related large-scale industries, it will be extremely difficult to promote the smaller industries and almost every technical and economic factor will weigh against them. Reservation of spheres has, for instance, been already attempted on a small-scale between the organised textile industry and handloom weavers. In view of the unemancipation which has become a fairly constant feature of the handloom industry, there is scope for the extension of this principle. The principle can also be applied to a number of other industries. For instance, in the oil industry the policy could be adopted of developing the production of edible oils through the village industry and the production of non-edible oils through oil mills.

12. In the sphere of food processing industries the stage appears to have been reached when further expansion of large-scale industry should not be permitted, except under certain conditions such as, for instance, establishment of a unit by the government or by a co-operative organisation. Rural employment has been affected directly by the growth of privately owned units in this field. For example, in the paddy growing areas rice pounding was always a substantial source of employment, both whole-time and part-time, especially for women. The recovery of rice from paddy by hand processes was also satisfactory. The introduction of rice mills of the huller type greatly diminished this employment and was also wasteful in various ways. It appears to us that in the interest of rural employment and to ensure better nutrition, the Government should now formulate a programme for replacing the huller type of rice mills by organised hand-pounding of rice.

13. The imposition of a cess on a large-scale industry for the benefit of the corresponding cottage industry may have two objects. The first object may be to equalise the difference in their costs of production. We believe that the scope for the imposition of a cess for achieving this object is limited and, in any event, such a measure should only be taken after careful investigations by an appropriate body. On the other hand, if the problems of the large-scale industry and the cottage industry are viewed in terms of a common production programme and it is recognised that improvement in the efficiency and growth of the cottage industry are basically in the interest of the development of the industry as a whole, it is legitimate to suggest that the organised sector of the industry may provide, by means of a small cess, the means for promoting technical improvement and organisation in the weaker and the unorganised sector. It is for this reason that the Central Government has recently decided to impose a cess on all mill-made cloth so as to raise funds for the development of the khadi and handloom industries. On similar grounds, we recommend the imposition of a small cess on mill oil for the benefit of the village oil industry.

14. The Government is directly in a position to assure the supply of raw material for the cottage industries only in those cases in which it is itself in control of it. It, therefore, follows that in industries in which a common production programme is adopted or is considered necessary for the related large-scale and cottage industries, either a suitable machinery of control over the raw materials should be maintained, or some other arrangements to ensure the supply of raw materials should be made. The outstanding cases of distribution of a controlled raw material by the Government is of course yam for handloom weavers. The difficulties are no doubt greater where the raw material is an agricultural commodity which is not subject to procurement. In such cases, the only means at the disposal of government can be supply of finance and, when this course is justified, resort to requisitioning.

Research And Training

15. While it is essential that village industries should receive the maximum support in terms of State policy and specific assistance from the Government, these measures cannot have more than short-term value unless the techniques of cottage production improve rapidly. The utmost importance must, therefore, be attached to arrangements for research and training in village industries. There are a number of institutions already engaged in research in the problems of village industries but, by and large, they are not adequately equipped and staffed, their programmes are not co-ordinated with one another and, so far, their problems have not become actively linked with research work in the National Laboratories. One of the first results of an intensive programme for the development of village industries will be to bring to light the problems on which research is most needed. Some of these problems are already known. For instance, in the direction of improved tools, the need has been felt for suitable ginning machines, delinting and decorticating machines for cotton seed, better hand-carding machines, improved spinning machines, a small carbonising machine for removing vegetable matter from indigenous wool etc. Similarly, for paddy husking, improved implements are needed for reducing the proportion of broken rice and for separating unhusked paddy. Some work has already been done on improved types of hand presses. Another field in which, for want of research and adaptation, the artisan is being steadily reduced is that of village pottery. In addition to tools and implements which are operated by hand or foot, there is need for evolving machines worked by power which may be suitable for small-scale operations. The prospect of rural electrification in several parts of the country during the next few years emphasises the importance of investigations of this kind.

16. These illustrations suggest the need for an institute for village technology which could carry out investigations into problems of small industries, especially those pointed towards rural areas. Such an institute could itself try out new ideas, adaptations and designs and indicate directions in which artisans could be trained and guided. The institute would have to maintain close contact, on the one hand, with the existing organisations in different parts of the country and, on the other, could present problems to the National Laboratories and other centres of
advanced research. It could also communicate its experience and results to the smaller research centres and to artisan groups in different parts of the country. The proposal has to be worked out by a group of experts. We suggest that the proposal for an institute of village technology should receive high priority in the Central Government’s programme for the development of village and small-scale industries.

17. In the past there was no organised system of training for village artisans. For the greater part, crafts were chosen on the basis of caste, and skills were passed on from one person to another. These methods proved inadequate against the competition which village crafts had to face, so that new products came into the village market and tended to replace the old. With tools of new types coming into increasing use, for instance, in agricultural operations, the demand for the services of local artisans has further diminished. Training programmes have now to be organised on a large scale if the process of adaptation on the part of village artisans is to be expedited. For many years State Governments have relied on demonstration parties and peripatetic parties for achieving this result. It has been found that demonstration parties are unable to provide continuous guidance. On the other hand, peripatetic parties, which give longer training, are unable to maintain any system of follow-up after they have imparted training. In Uttar Pradesh a system of training-cum-production centres known as ‘tuitional classes’ appears to have yielded useful results. In these centres training is provided under normal working conditions side by side with trained artisans who work either as instructors or as employees. Another recent development in Uttar Pradesh which deserves study relates to the establishment of pilot workshops for training village blacksmiths and artisans in the more advanced skills such as smithy, tin work, casting, etc. New types of machines which a village gradually adapts to its way into the villages are also repaired at these workshops so that the artisans trained by them enter the field with much greater ability to hold their own and to develop their crafts than the ordinary type of village artisan. With better training arrangements, it might also become possible to arrange for the manufacture of standard tools and equipment for work in the villages.

Finance

18. Village artisans have scarcely any financial resources of their own, nor have they any security to offer. They produce mainly for local demand and, if they manufacture for a market outside the village, finance is generally found by some middle-man. Finance for the development of village industries has to be viewed as a problem inseparable from finance for agriculture. The formation of industrial co-operatives is essential if the Government and the co-operative movement are to be able to render substantial assistance to village artisans. Given the necessary organisation, it should not only be possible to extend financial assistance, but also to initiate organised development programmes and, if need be, in the process, to assist co-operative societies which lend money through guarantees and in other ways. The operations of State Governments under legislation relating to State aid for industry have not touched village artisans to any extent. These again depend upon the existence of suitable organisations such as industrial co-operatives being available. With the establishment of Industrial Finance Corporations in different States—a process which itself should be hastened—it should be possible to render much greater assistance to village industries, if departments of industries and rural extension workers give special attention in the immediate future to the organisation of industrial co-operatives in villages.

19. While the development of co-operative organisations has to be expedited to the maximum extent possible, in the immediate future the responsibility for revitalising village industries devolves upon the Central and State Governments. In the States the Five Year Plan makes a total provision of Rs. 12 crores for cottage and small-scale industries which represents a doubling of the level of development expenditure in this field prior to the Plan. Realising that the resources of the State have to be substantially complemented if the progress is to be at all commensurate, in the plan of the Central Government a total provision of Rs. 15 crores has been made. In undertaking programmes for village and small-scale industries, finance is perhaps not the major obstacle. Organisation, both on the side of the Government and on behalf of artisans and the determination of fields of work in which small-scale operations can be sustained continuously raise the more difficult problems.

Village Industry Programmes

20. We summarise below the programmes which have been drawn up by the Planning Commission in consultation with a number of experts, for the following village industries:

(i) village oil industry
(ii) soap-making with neem oil
(iii) paddy husking
(iv) palm gur industry
(v) gur and khandisari

(6) leather industry
(7) woollen blankets
(8) high-grade hand-made paper
(9) bee-keeping, and
(10) cottage match industry.

It is proposed that the Khadi and Village Industries Board should take further action on these programmes in consultation with State Governments and other organisations engaged in the field of village industries. The programmes have been prepared on the basis of a period of four years being available for their implementation.

1. Village oil industry—The programme for this industry envisages a common production programme for village oil presses and for oil mills. The production of palm gur is proposed to be raised from 10 to 13-8 lakh tons of seed pressing. This will involve some diversion of seeds now pressed by mills and substitution of them by cotton seeds. It is suggested that 1,200 village oil centres, each serving a group of 40 to 50 villages and about 50 village oil presses may be organised. Inefficient types of village oil presses are to be replaced by efficient types. A research and training institute and five regional training centres are proposed for training artisans in the manufacture and repair of improved oil presses and for generally improving the efficiency of the village oil industry. Apart from giving greater employment to village artisans, this industry is expected to improve the nutrition of the rural population by supplying fresh and pure oil which has become difficult to obtain owing to the widespread practice of adulteration in the mill oil.

2. Soap-making with neem oil—This is a small scheme, the main object of which is to utilise material now going waste. The scheme aims at establishing production-cum-demonstration centres in different States where neem oil will be produced and utilised in soap manufacture. It provides for 11 neem units, each consisting of i soapery and 7 neem pressing centres producing a total of 1260 maunds of neem oil and utilising it for the production of about 78 tons of soap per year.

3. Paddy husking—Hand-pounding of rice is an important village industry even to this day. It processes about 65 per cent of the paddy, the mills processing the remaining 35 per cent. The programme aims at improving the hand process for increased recovery of rice and production of bran in a pure form by the introduction of paddy husking stone chakkis in place of the pounding method. It is recommended that over a period of four years the distribution of about 50,000 chakkis in rice pounding areas might be subsidised. Research is proposed to be carried out for evolving suitable implements for paddy husking such as paddy separator, a better type of chakki which can reduce breakage etc. It is also proposed that rice mills of the huller type should be gradually eliminated.

4. Palm gur—The scheme for the development of palm gur envisages increase in production to the extent of about 80,000 tons of Gur. This will afford employment to about 60,000 rural workers. The scheme provides for training and research and an element of subsidy may...
also be necessary.

5. Gur and khandsari—These are well-established village industries. The object of the programme is to extend the use of improved types of cane crushers to obtain a higher percentage of extraction. It is proposed that over a period of four years about 100,000 improved cane crushers should be introduced. The introduction of small centrifugals for the manufacture of khandsari is also suggested.

6. Leather—The object of this scheme is to minimise waste due to the incomplete utilisation of dead animals. The four-year programme provides for recovery work, tanning, leather craft in municipal areas and in adjoining rural areas and also for the organisation of co-operatives of village leather workers.

7. Woollen blankets—It is proposed that four wool spinning and weaving centres may be established for developing hand-spinning and hand-weaving for the production of woollen blankets required by the defence services. The centres may be run by State Governments or by co-operatives. It is suggested that carding and finishing should be done by machinery operated by power, but the spinning and weaving should be done by hand.

8. Hand-made paper—The programme suggests the production at 11 existing centres of the varieties of high-grade hand-made paper which are at present imported. These centres should be assisted in respect of equipment, training and research. Pulp-making is proposed to be done by power-operated machines, while other processes will be done by hand.

9. Bee-keeping—The intensive development of bee-keeping is proposed in selected areas in States in which the industry has already made some progress, for instance, Madras, Bombay, Uttar Pradesh, Punjab, Mysore, Travancore-Cochin and Coorg. In each selected area there may be a sub-station serving a group of 20 to 30 villages. The scheme provides for training of staff and bee-keepers and for supply at subsidised rates of bee-hives and other appliances. Co-operatives of bee-keepers are envisaged in each sub-station for collecting and marketing of the honey produced by the members.

10. Cottage match industry—The scheme aims at increasing the production of the cottage match industry from about 0.6 million gross to about 1.8 million gross at the end of four years. This result is to be achieved through provision of training and certain concessions as also financial assistance to cottage match manufacturers.

11. Khadi—Certain tentative proposals for the khadi programme have been prepared, but these have to be considered by the proposed Khadi and Village Industries Board.

12. Coir—The depressed state of the coir industry in Travancore-Cochin calls for special action for the reorganisation of the industry on co-operative basis. A programme for this purpose has been indicated in the State Government's Five Year Plan.

18. An illustrative statement summarising the programmes for the village industries mentioned above, other than khadi and coir, is given in the Appendix. It is expected that finance for the village oil industry and soap-making from neem oil will be found by means of the cess mentioned earlier and for the remaining industries assistance will be extended to the States by the Central Government from the allotment for Rs. 15 crores made in the Five Year Plan.