



AN OVERVIEW OF RURAL AND VILLAGE INDUSTRIES

**Dr. A.
Venkatachalam**

Principal GTN Arts College Dindigul.

K. Sangeetha*

Ph.D., Research Scholar PG & Research Centre Department Of Commerce
GTN Arts College, Dindigul.*Corresponding Author

KEYWORDS :

INTRODUCTION

Development of agricultural sector is important but more emphasis should be placed on the development of industrial sector as it is only this sector which can help in solving numerous problems confronting our economy. Rural industry occupies an important position in the industrial structure of our country. In a country like India, wherein on one hand there is the acute problem of unemployment and on the other hand scarcity of capital, it is only the rural industries which are best suited under these conditions.

Developing countries are characterized as labor abundant and capital scarce. India is no exception to this phenomenon and is undergoing an acute unemployment syndrome. Large scale industries with their stress on latest technical know-how requiring enormous capital investment cannot absorb all the growing number of unemployed masses in the country. On the other hand, village and cottage crafts which employ labor intensive techniques of manufacture can provide immense employment opportunities to the masses. With any given investment, employment possibilities would be many times greater in rural industries than those in large scale industrial sector.

Developing economies have to determine the priority of their scarce capital allocation among various activities such as the setting up of consumer goods industries, basic industries, transportation and power. Basic industries, transportation and power are highly capital intensive and there is no alternative to them. In the case of consumer goods industries, these economies can make a choice between small industries of a capital sparing nature and large industries which are generally capital intensive. Underemployment is a serious problem in agrarian economies. Agriculture does not provide full employment to the rural population. This keeps majority of them in the mire of poverty. The nation is also at a loss as it is not able to make use of the available manpower resources. Rural industries make use of local know-how. But large scale industries generally necessitate the import of machinery, materials and technical guidance from advanced countries. This results in the outflow or precious foreign exchange. The tight foreign exchange position experienced by the developing nations goad them to turn towards village, cottage and small industries.

A decentralized set up in the industrial development of a nation ensures more or less equitable distribution of national cake and thus preserves the economic equality among all.

In view of the above mentioned features of developing economies like India, giving weightage to rural industries for their industrial development will be appropriate. The Government of India has been taking a number of measures to promote and develop the village and cottage industries since Independence. It had established All India Organizations to advise the Government on measures to be

taken for their proper development. Steps were also initiated to protect them from competition by the large organized sector. In order to ensure the flow of finance to artisans, schematic lending like Differential Rate of Interest Scheme, Composite Loan scheme etc. were formulated and are being implemented. For upgrading the quality and quantity of goods produced, the Government had helped the formation of a number of research institutes. To improve the skill of artisans, training programs were being held frequently.

Industries such as coir, handloom and handicrafts belonging to village and cottage industries sector in Tamilnadu have a hoary past. Local availability of the skill and raw materials were the factors responsible for their development in the State. The constitution of Khadi and Village Industries Board speeded up the setting up of new ventures in many other areas of this sector. In addition to this, various other institutions were established in the State for village and cottage industries to enable the Government implement its programs of development. Regulatory measures have been initiated to ensure availability of raw materials to these industries. The State level organizations were also concerned with the modernizing of the techniques of manufacture. With the object of liberating artisans from the clutches of middleman in marketing, the Government had helped the formation of a number of retail outlets. Today, the village and cottage crafts along with modern small scale industries account for a major portion of the industrial employment in Tamilnadu.

THE INDIAN CONCEPT

The concept as it has developed in India also shows confusion and lack clarity. Before independence, the term small scale industry was meant to denote the village based and / urban cottage industry, manufacturing handicrafts. In the Industrial Policy Resolution 1948 and the document of the First Five year Plan, the only criterion to define small scale was their non-registration under the Factory Act. Thus SSI meant all units which used power and employed less than 10 workers / without power and employed up to 20 workers. Later on, during the First Five Year Plan the distinction between SSI and village industry was made. From then on, capital, employment and use of power criteria were adopted.

RURAL INDUSTRIES

The terms "village industries" and "cottage industries" are used interchangeably and sometimes simultaneously to mean traditional industries by the present day planners and administrators. They do not provide any clear cut definition for these terms.

The National Planning Committee (1948) has defined cottage industry as __an enterprise or series of operations carried on by a workman skilled in the craft on his own responsibility, the finished product of which he markets himself. He works in his own home with his own tools and materials and provides his own labour and at most the labour of such members of his

family as are able to assist. The workers work mostly by hand and personal skill with little or no aid from modern power driven machinery and in accordance with THE traditional technique. Such supplementary energy as is provided by animal power may add to the economy and efficiency of the industry. He works, finally, for a market in the immediate neighborhood that is to say in response to known demand with reference to quality as well as quantity.”

The definition is very comprehensive and it points out the characteristics of cottage industries such as limitation of employment to family members, the place of work as the cottage of artisan, avoidance of power operated equipment and production for local markets only.

Village industries have not been defined in a comprehensive manner. The Planning Commission has defined them as "those concerned with the processing of local raw materials for local markets and with simple techniques". All these are characteristics are common to the cottage industries as well. The only difference is on the stipulation of the place of work by the artisan in the case of cottage industries which of course has been changed now. The Khadi and Village Industries Commission or the Act that resulted in the creation of the KVIC had not tried to give a comprehensive definition for village industries. Instead, it lists a few industries under its jurisdiction and treated them as village industries. According to Section 2(h) of the Khadi and Village Industries Commission Act of 1956, Village Industries mean all or any of the industries specified in its schedule. The Act imposed certain restrictions on the industries under its purview such as avoidance of power, utilization of village raw materials, location in rural areas etc. In fact, these industries can belong to the category of cottage industries also.

With the object of enlarging the area of operation of village industries and permitting the use of power-operated equipment, the KVIC has put forward a new definition for village industries in response to Khadi and Village Industries Review Committee Report 1987. As per the new definition, village industry meant any industry located in a rural area having a population which does not exceed ten thousand, which produces any goods or renders any service with or without the use of power and in which the per capita fixed capital investment does not exceed fifteen thousand rupees. According to the new definition, village industries under the purview of KVIC are no longer confined to traditional industries category.

KHADI AND VILLAGE INDUSTRIES COMMISSION

The Gandhian concept of decentralized structure of the KVIC envisioned a structure of decentralized production processes with small units widely scattered and dispersed over large areas. KVIC as an organization had emerged over the years based on production and other processes dispersed over small villages with marketing of khadi largely carried out in urban areas.

There are eleven standing committees, which assist the Commission in the formulation of policies and problems relating to different aspects of implementation. In other words, the Commission is assisted by the following standing committees:

- 1) Certification Committee
- 2) Standing Finance Committee
- 3) Cotton Purchase Advisory Committee
- 4) Training Committee
- 5) Standardization of Khadi and Saranjam Committee
- 6) Khadi Experiments Grants Committee
- 7) Government Supplies Committee
- 8) Cooperative Advisory Committee

SUPPORT ORGANIZATIONS

Most of the Institutions have a feeling that the support organizations such as the KVIC, KVIBs and DICs, over the years, had developed more as a bureaucratic organization than a facilitating agency of the khadi programme There seems to be no linkages between supporting organisations and Institutions regarding marketing, research and development (R &D), training and exports. It is reported that the institutions had misutilised the supporting organisations only as a disbursement instrument of loans, grants and rebates. There had been no effort on the part of the institutions to pressurize the KVIC to cater to their needs as and when required.

The dissemination of the information regarding R & D activities and exports, by the support organisations was also lacking. The same could have been done by the large institutions through their state federations for expansion of khadi with the changing times. But this was not implemented.

CONCLUSION

Development of these rural industries is the responsibility of the State Governments under the framework of the Indian Constitution. Therefore, the state governments along with the Central Government had taken steps for developing rural industries on sound lines.

REFERENCES:

1. Reddy J.P —Problems and Development of Small Scale Industries in India| Asia Publishing House, p.122
2. Mukesh Gulati, —The Changing complexion of Small Industry in India| Liberal Times, February 1994.
3. www.kvic.com