

**ESTIMATES COMMITTEE
1961-62**

HUNDRED AND SIXTY-FIRST REPORT
(SECOND LOK SABHA)

MINISTRY OF COMMERCE AND INDUSTRY

**All India Handicrafts Board
and
Indian Handicrafts Development Corporation Ltd.**



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 1962/Phalguna 1883 (S)

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(1961-62)

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Shri N. N. Mallya—Deputy Secretary.

INTRODUCTION

I, the Chairman of the Estimates Committee, having been authorised by the Committee to submit the Report on their behalf, present this Hundred and Sixty-First Report on the Ministry of Commerce and Industry-All India Handicrafts Board and Indian Handicrafts Development Corporation Ltd.

2. A general examination of the published Annual Reports of the All India Handicrafts Board and Reports and Accounts of the Indian Handicrafts Development Corporation Ltd. for the year ending 31st March, 1960 was conducted by the Sub-Committee of the Estimates Committee on Public Undertakings whose Report thereon was finally approved by the whole Committee.

3. A statement showing an analysis of the recommendations contained in this Report is also appended (Appendix XII).

4. The Committee wish to express their thanks to the Officers of the Ministry of Commerce and Industry All India Handicrafts Board and the Indian Handicrafts Development Corporation Ltd. for placing before them all the material and information that they wanted in connection with the examination.

NEW DELHI;
The 19th March, 1962

The 28th Phalguna, 1883 (S.)

H. C. DASAPPA,
Chairman,
Estimates Committee.

ALL INDIA HANDICRAFTS BOARD

I

INTRODUCTORY

A. *Historical Background*

Handicrafts* have been aptly described as "the material symbols of India's unique cultural ethos". They flourished from time immemorial and at one time achieved world fame for their artistic and aesthetic value. During the British regime, handicrafts received little encouragement. They were in a decaying state. After Independence, a separate Board was set up for the promotion of cottage industries including handicrafts. As a result the declining handicrafts are being revived and favourable conditions for providing stable and full employment to the craftsmen and suitable markets for their products both in and outside the country are being created. Today handicrafts, apart from preserving the country's cultural heritage, occupy an important place in the national economy. They provide employment to a large number of artisans and earn valuable foreign exchange. During 1960 alone handicrafts earned foreign exchange worth Rs. 7.72 crores.

Revival of Handicrafts.

2. To revive and develop the cottage industries including handicrafts, a Central Cottage Industries Board was set up in 1948. The Board during the First Five Year Plan was reorganised and separate Boards were set up for promoting the development of handicrafts, khadi and village industries†, handloom industry, small scale industries, sericulture and coir industries.

Cottage Industries Board formed in 1948.

3. The All India Handicrafts Board (hereinafter called the Board) was set up by Government Resolution in November, 1952. It has since been reconstituted thrice in 1954, 1957 and in 1960 and its membership enlarged from 21 to 35.

All India Handicrafts Board set up in 1952.

B. *Functions*

4. The functions of the Board as originally set out in 1952 as well as those which are now entrusted to it are given

*Handicrafts are those industries which require artistic skill. They represent traditional skills and artistic tastes of the craftsmen where the product is often a combination of utility and beauty e.g. filigree, wood carving and inlay, pottery and earthenware ivory carvings carpets and druggets, etc.

†Khadi & Village Industries Board was transformed into a Statutory Commission in 1956.

in Appendix I. It will be seen that over the years, the functions of the Board have been enlarged. The main emphasis, however, continues to be on its advisory and consultative character.

Board functioning as an executive wing of the Ministry.

5. The Board has undertaken the implementation of certain Central schemes formulated by it. In evidence, the Committee were informed that whatever the genesis of the Board, it was today the executive wing of the Ministry.

Question regarding status & functions of the Board needs examination.

6. *It is not common for advisory Boards to be invested with executive functions. If they are, the system is open to criticism on the grounds that neither the discipline of a Government Department nor the responsibility and accountability of a statutory or corporate body attaches to it. The Secretary of the Ministry admitted that it was not normal for an advisory Board to be invested with executive functions and that such an arrangement was open to a number of objections but the system had worked well in practice. The Committee recommend that the question regarding the status and functions of the advisory Board may now be examined by Government so that they conform to the normal and accepted pattern.*

II

ORGANISATION

A. Composition and Organisational set-up of the Board

(i) Composition

7. A statement showing the present composition of the Board as also the year from which the members continue to serve on the Board is given in Appendix II. There are 15 non-officials (including the Chairman, two Vice-Chairmen and Member-Secretary) and 20 officials of whom 15 are representatives of the State Governments. Among the non-officials, three are Members of Parliament and the others have been selected on the basis of their knowledge and interest in handicrafts, arts and co-operatives. It was stated that artisans & craftsmen were represented on eleven crafts Committees set up by the Board. *It is thus seen that the handicrafts producers or artisans are not represented on the Board. To bring practical experience to bear on the policies and programmes of the Board, the Committee would suggest that the representatives of the handicrafts producers should be associated with the Board.*

Desirability of associating handicrafts producers with the Board.

(ii) Tenure

8. *The tenure of non-official members of the Board has varied from time to time. It is rather surprising to note that at the initial constitution of the Board in 1952 and its reconstitution in 1954 no tenure was fixed. In 1957 the tenure was prescribed at three years. In 1960 it was changed to two years. The Committee would recommend that a suitable tenure for the membership of the Board may be fixed which would also enable the introduction of fresh blood from time to time. The Secretary of the Ministry agreed that a definite tenure was desirable.*

Need to lay down a suitable tenure for membership of the Board.

(iii) Standing Committee

9. The Board has a Standing Committee of nine members, appointed by the Government, for the expeditious examination of schemes and proposals. It consists of the Chairman, the two Vice-Chairmen, Member-Secretary, Chief Executive Officer, Chairman & the Managing Director of the Indian Handicrafts Development Corporation and a representative each of the Ministries of Commerce & Industry and Finance. This Committee takes all decisions on

Standing Committee exercises executive powers.

behalf of the Board and is empowered to appoint Sub-Committees/panels of experts to deal with specific problems or groups of problems. The schemes and sanctions for expenditure accorded by the Chief Executive Officer under the powers delegated to him are also required to be approved by this Committee. No formal delegation of any powers has been made to it.

10. *It is not common for an advisory Board to have a Standing Committee nor is it common for such a Standing Committee to be appointed by Government and in practice to exercise powers which are not possessed by the parent body. The Secretary of the Ministry agreed that the position was to that extent anomalous. He also admitted that it was not necessary for the Standing Committee to approve schemes sanctioned by the Chief Executive Officer. The Committee suggest that these anomalies should be removed.*

Functions & powers of the Member-Secretary and the Chief Executive Officer.

(iv) *Member-Secretary vis-a-vis the Chief Executive Officer*

11. The Board has a Member-Secretary who is a non-official. He is paid an honorarium of Rs. 500 p.m. It was stated that a Member-Secretary was needed to maintain liaison with the other organisations, etc.

12. The functions of the Member-Secretary and the Chief Executive Officer of the Board are given in Appendix III. The Member-Secretary acts as Secretary of the Board and its Committees and maintains contact and liaison with other all India Boards and with State Governments at the ministerial level on behalf of the Board. The Chief Executive Officer is responsible for the implementation of the decisions of the Board and its proper functions etc. It was stated that the Member-Secretary had no administrative or financial powers. These powers vested in the Chief Executive Officer who was the head of the Department. In actual practice, however, the Board functions as an executive wing of the Ministry and the Chief Executive Officer has no separate entity from the Board.

Committee's Observation.

13. *The Committee feel that the system of having two parallel functionaries is not always conducive to smooth and harmonious working of any organisation and may on occasions cause avoidable delays. As the Secretary of the Ministry agreed there could be deadlocks in the present set up and it would be better to have an Assistant Secretary instead of the Chief Executive Officer. In this connection the Com-*

mittee understand that in the case of the Small Scale Industries Board, the Member-Secretary of the Board is an official under the Development Commissioner, Small Scale Industries, who is the Chief Executive Officer of that body. The Committee regret that such an anomaly should have been allowed to arise and continue for so long and suggest that it may be remedied without delay.

• 14. Where there are advisory Boards, the responsibility for approval and implementation of the development schemes formulated by them rests with the Ministry. For example, ~~the~~ various decisions and recommendations of the Small Scale Industries Board are acted upon by the organisation of the Development Commissioner, Small Scale Industries—an attached office of the Ministry of Commerce and Industry. During evidence the Secretary of the Ministry stated that though the Board was not a statutory body, it was treated as such by the Ministry for all purposes.

Organisa-
tional setup
of the Board
needs to be
placed on
proper
footing.

15. Thus the organisational set up of the Board does not conform to normal pattern and stands virtually sui-generis. The Committee would urge that the organisational set up of the Board should be placed on a proper footing.

B. Secretariat

16. The Secretariat of the Board consists of 12 service/craft unit wings and a crafts museum at the Headquarters Office, New Delhi, five regional offices and two administrative units in different parts of the country. A chart showing the Secretarial set-up and a statement indicating the strength and scales of pay of various categories of staff are given in Appendix IV.

(i) Headquarters Office

17. It will be seen that at the Headquarters Office there are 38 Gazetted and 175 Non-gazetted staff. The head of the organisation is the Chief Executive Officer who is assisted by three Directors. The service units are headed by a Deputy Director each, assisted by Assistant Directors or Assistant Development Officers in most cases. At the lower level, most of the posts were stated to be technical. The existence of the large technical staff was attributed to the fact that the Board had to provide technical assistance to State Governments etc., to carry out surveys/studies of various crafts, organise exhibitions, publicity, etc. During evidence it trans-

Staff at the
Headquar-
ters Office.

pired that the technical assistants were doing mostly routine administrative work.

18. *Out of a total expenditure of Rs. 205.48 lakhs incurred by the Board during the Second Plan period, the expenditure on establishment alone was Rs. 45.12 lakhs, i.e. 21.96%. The table below shows the rise of expenditure under various heads during the Plan period:—*

Head	Actual expenditure incurred in 1955-56	Actual expenditure incurred in 1960-61	Percentage rise
(i) Pay of Officers	54,720	3,53,498	546%
(ii) Pay of Establishments	88,042	4,02,351	357%
(iii) Allowances Hon. etc.	99,361	4,06,106	309%
(iv) Other Charges	30,072	1,24,563	314%
(v) Expenditure on experts . . . . .	..	1,54,807	..
TOTAL	2,72,195	14,41,325	429%

It will be seen that the annual expenditure on establishment has gone up from Rs. 2.72 lakhs in 1955-56 to Rs. 14.41 lakhs in 1960-61 i.e. a rise of 429%. The increase is most marked under 'Pay of Officers'.

Establishment at the Headquarters Office requires to be reviewed.

19. *The Committee feel that the staff in the Headquarters Office is on the high side and that there is scope for reduction. Further there is no rationale in the nomenclature of various posts at the lower level. They, therefore, recommend that the establishment of the Headquarters Office may be reviewed with a view to placing it on a rational basis and eliminating unnecessary staff.*

(ii) Regional Offices

Functions and staff strength of the regional offices.

20. The Board has five regional offices at Madras, Calcutta, Bombay, Lucknow and New Delhi for looking after the development of handicrafts in their respective regions. Their total staff strength is 5 gazetted and 57 non-gazetted personnel. The regional offices were set up due to lack of proper organisations at the State level, the need for field examination of State schemes submitted for Central assistance, for watching their progress and conducting surveys and studies of crafts practised in a region.

21. Most of the State Governments have since assigned special staff for looking after the development of handicrafts.

Substantial powers have also been delegated by the Central Government to State Governments for sanctioning of schemes. The main function of the regional offices is now stated to be to keep in touch with the State schemes and registration of handicrafts exporters etc. In evidence the Secretary of the Ministry stated that there was an advantage in retaining the regional set up. They were, however, reviewing whether any economy could be effected in their staff.

* 22. *Since the States have strengthened their development organisations and the progress of their schemes could be watched through periodical reports and inspections, the continuance of the regional offices of the Board needs to be closely examined.*

Continuance of regional offices needs examination *

23. *There is a general tendency among the various all-India organisations to set up their own regional offices. Apart from entailing heavy expenditure by way of rent and contingent charges etc., the outlook of the regional offices is likely to be confined to looking after the interests of the areas where they are located rather than to those of the whole of their region. The Secretary of the Ministry admitted that there was this danger. The Committee feel that with the strengthening of the State organisations and the availability of quick means of communications these days, it should not be difficult to do away with the regional offices and for the States to discharge all their functions. They would suggest that the matter may be examined by Government and the need for different regional offices set up by various organisations for development of industries may be reviewed.*

Need for different regional offices set-up by various organisations for development of industries requires to be reviewed.

(iii) Administrative Units

24. The Board has set up two Administrative Units, one each at Madras and Bombay since 1958. These units were created to assist the Pilot Centres in financial and administrative work as the latter were manned by professional people who were not conversant with Government financial and administrative rules. The total staff strength of these units is two Administrative Officers and 13 other categories of staff. *The Committee are not convinced of the necessity for setting up these two administrative units especially when there were regional offices of the Board at those places which could have performed their functions. The representative of the Ministry agreed that the units could be merged with the regional offices of the Board at those places. In this connection, it was added that orders had recently been passed to revert the two Administrative Officers to their parent offices. The Committee trust that urgent steps would now be taken to merge these units with the regional offices.*

Merger of administrative units with regional offices.

III

PLAN PROVISIONS AND EXPENDITURE ON STATE & CENTRAL SCHEMES

A. Second Plan Provision

25. In the First Five Year Plan an expenditure of Rs. 25·87 lakhs was incurred on handicrafts. The Second Five Year Plan provided for an outlay of Rs. 9 crores for handicrafts—Rs. 6 crores for State Schemes and Rs. 3 crores for Central Schemes. On reappraisal of the Plan in 1958, the provision was reduced to Rs. 5 crores—Rs. 3·3 crores for State Schemes and Rs. 1·7 crores for Central Schemes.

B. State Schemes

26. The following table gives the State-wise allocation of the original Plan provision of Rs. 6 crores, allocation made as a result of annual Plan discussions and the actual expenditure incurred:—

(Rs. in lakhs.)					
State	State-wise allocation of original Plan Provision of Rs.6 crores	State-wise allocation made as a result of annual Plan discussion	Actual expen- diture incurred		
(1)	(2)	(3)	(4)		
1. Andhra Pradesh	20·00	27·10	20·27		
2. Assam	20·00	10·50	4·66		
3. Bihar	35·00	22·44	9·54		
4. Bombay	35·00	29·27	14·96		
5. J. & K.	54·00	27·73	14·67		
6. Kerala	15·00	19·43	8·56		
7. Madhya Pradesh	45·00	21·30	11·12		
8. Madras	40·00	39·92	38·69		
9. Mysore	60·00	25·10	13·31		

	(1)	(2)	(3)	(4)
10. Orissa		20·00	20·25	13·47
11. Punjab		25·00	28·82	17·38
12. Rajasthan		50·00	29·75	14·17
13. U. P.		48·00	44·10	34·45
14. West Bengal		25·00	30·64	23·49
15. Delhi		8·00	2·73	N.A.
16. Himachal Pradesh		3·00	3·01	N.A.
17. Manipur		3·00	2·70	0·40
18. Tripura		1·00	1·46	0·10
19. Pondicherry		2·00	0·30	N.A.
20. Andaman & Nicobar		2·00	0·20	0·10
21. NEFA		1·00	N.A.	N.A.
22. Unallocated		88·00	..	..
TOTAL		600·00	386·75	238·44

27. The Committee were informed that the allocation of Rs. 6 crores was made with due regard to population and concentration of handicrafts in the States. A portion was however kept unallocated for subsequent distribution to meet the varying need of development.

Basis of State-wise allocation of Plan provision.

28. Though the provision for State Schemes was reduced by 45% from Rs. 6 crores to Rs. 3·3 crores in 1958, no State-wise re-allocation of the reduced provision was made. The procedure followed was to decide the allocation for each State, on an annual basis, after discussion between the Planning Commission, the State Governments and the Government of India. The resultant State-wise allocation did not conform to the original pattern as will be apparent from the above table. In the case of five States, *i.e.* Andhra Pradesh, Kerala, Orissa, Punjab and West Bengal, the revised allocation was even larger than the original. It was explained that these States had larger expenditure potentiality and that the Schemes which had been started by these States prior to the reappraisal of the Plan, had to be continued and assisted. The representative of the Ministry admitted that State-wise distribution of the revised provision should have been made. *The Committee would sug-*

Need to set out principles re-allocation & re-allocation of resources.

gest that the principles that should normally guide allocation and re-allocation of resources to the States need to be set up.

Shortfall in expenditure.

29. The total expenditure incurred on State Schemes during the Second Plan was Rs. 238·44 lakhs against the allocation of Rs. 386·75 lakhs *i.e.* 62% of the allotted amount. The expenditure during the last 2 years of the Plan amounted to Rs. 129·74 lakhs against Rs. 108·70 lakhs incurred during the first 3 years. The slow progress of expenditure during the first 3 years of the Plan was attributed to the involved and dilatory procedure for sanction of schemes by the Central Government. The procedure was changed from 1959-60 onwards in that the State Governments were permitted to incur expenditure on continuation schemes without specific sanction from the Central Government and on new schemes only after their technical approval subject to the ceiling fixed for each State.

Prompt solution of procedural difficulties or problems suggested.

30. *The Central Government has been giving financial assistance to the States for handicrafts as also other small industries schemes since the beginning of the First Plan. The procedure of receipt and examination of development schemes for handicrafts had been in operation since 1952. The experience gained should have been adequate enough for the Board to indicate the lines on which the schemes were to be formulated by the States and submitted for approval. It is surprising that it took six years for the Government to simplify the procedure. The Committee trust that Government would take adequate steps to ensure that any procedural difficulties or problems that are thrown up in future are solved promptly.*

Special measures to assist and guide States which are still lagging behind to be taken by the Board.

31. *It will be seen from the table given in para 26 that while the actual expenditure in the States of Andhra Pradesh and Madras has been equal to the allocation, in other States especially Assam, Bihar, Kerala, Mysore and Orissa, it has been far below the allocation. The low expenditure in these States was ascribed to lack of administrative and technical organisation, time taken in sanctioning the schemes, delay in recruitment of staff, acquisition/renting of premises, etc. Success in the small industries sector depends on the full cooperation of the State Governments and their expeditious implementation of the Schemes. The Committee hope that the Board would take special measures to assist and guide the States, particularly those which are still lagging behind in their programmes of development of handicrafts.*

32. The following table shows the break-up of Central assistance into grants and loans to the various States for the development of handicrafts:—

Grants and loans given to various States.

(Rs. in lakhs)

	Central Assistance		States Share	Ratio of (1) to (2)
	Grant	Loan		
	(1)	(2)	(3)	(4)
1. Andhra Pradesh	7.54	8.49	4.24	47.53
2. Assam	1.71	1.08	1.87	61.39
3. Bihar	5.13	2.75	1.66	65.35
4. Bombay	6.89	3.24	3.93	68.32
5. J. & K.	5.34	8.43	3.90	39.61
6. Kerala	2.25	2.87	3.44	44.56
7. Madhya Pradesh	4.06	3.75	3.31	52.48
8. Madras	18.53	13.56	6.60	58.42
9. Mysore	4.46	5.21	3.64	48.52
10. Orissa	4.24	7.22	2.01	37.63
11. Punjab	6.22	7.56	3.60	45.55
12. Rajasthan	5.30	6.15	2.72	46.54
13. U.P.	18.61	14.40	1.44	56.44
14. West Bengal	8.84	6.55	8.10	57.43
15. Delhi	NA	NA	NA	..
16. Himachal Pradesh	NA	NA	NA	..
17. Manipur	0.20	0.20	..	..
18. Tripura	0.10	..	..	..
19. Pondicherry . . . . .	..	..	..	..
20. Andaman & Nicobar	0.10	..	..	..
21. NEFA	NA	NA	NA	..
TOTAL	99.52	91.46	47.46	..

33. It will be observed that while the States of Assam, Bihar, Bombay, Madras, U.P. and West Bengal received nearly 60% of grants and 40% of loans from Central Government, the States of J. & K., Kerala and Orissa received about 60% of loans and 40% of grants. It was stated that the pattern of financial assistance* varied according to the

*For the Second Plan, the following pattern of financial assistance for various development schemes was prescribed:—

- (a) Development Schemes 100% of non-recurring and recurring expenditure (excluding the cos. of land and building) as grant.
- (b) Commercial Schemes 50% of recurring and non-recurring expenditure as grant and 100% working capital as loan.
- (c) Industrial Cooperatives 75% of share capital and working capital as a two years and 10 years loan respectively. 50% of recurring expenditure on special supervisory staff as grant.

type of the schemes. The States which could sponsor more grant earning schemes obviously received larger grants than others.

Desirability of maintaining the overall proportion of grants and loans for various States.

34. In evidence, the Committee were informed that the pattern of financial assistance to State Governments had been changed for the Third Five Year Plan. Under the revised procedure, the overall Central assistance to each State will be divided into loans and grants annually without reference to the type of schemes sponsored by a State. *The Committee hope that the overall proportion of grants and loans fixed for the various States will be maintained in actual practice during the Third Plan period and that the States will take full advantage of the revised procedure.*

Scheme-wise expenditure.

35. The Committee were informed that no scheme-wise distribution of the Plan allocation was made. The actual expenditure incurred scheme-wise during the Second Plan is given below:—

Schemes	Total expenditure (Rs. in lakhs)	Percentage utilisation
1. Training	61.1	29.17
2. Marketing (including expert promotion)	56.7	27.08
3. Production	26.7	12.75
4. Cooperative	28.2	13.47
5. Common Facility Centres	13.9	6.64
6. Research & Surveys (including Technology)	1.5	0.72
7. Designs	9.5	4.54
8. Demonstration	0.2	0.09
9. Publicity	4.4	2.10
10. Quality Marking	3.6	1.72
11. Museums	2.2	1.05
12. Administration	1.0	0.48
13. General Schemes	0.4	0.19
TOTAL	209.4	100.00
14. Amount not broken up as above	29.0	..
TOTAL	238.4	..

36. It will be seen that while the percentage of expenditure on training and marketing to the total expenditure was 29.17% and 27.08% respectively, it was 4.54% on designs and 1.72% on quality marking. In regard to the development priorities followed by the Board, it was stated in evidence that the programmes of marketing, quality control, design development were given the first priority and institutional changes, training etc. came next. *Apparently these priorities do not seem to have been followed at the time of examining the State schemes.*

37. The Committee feel that the Board should have a clear appreciation of the problems relating to the handicrafts in each State and on that basis should indicate, in consultation with the State Governments, the lines on which development of handicrafts ought to be achieved in the various States so that there is no haphazard formulation of the development schemes by the States. It is also necessary that physical and financial targets for schemes are laid down and the progress watched periodically.

Need for indicating the lines of development in various States, laying down physical and financial targets and watching progress periodically.

C. Central Schemes

(i) Expenditure

38. As already stated in para 25, the final allocation for Central and State Schemes was Rs. 1.7 crores and Rs. 3.3 crores respectively i.e. in the proportion of about 1:2. The intention as indicated in the Second Plan was that majority of the schemes would be implemented by the State Governments and the schemes to be centrally implemented were to be generally those which were of an all-India character. The total expenditure actually incurred on Central schemes has been of the order of Rs. 205.48 lakhs. It has exceeded the Plan allocation by Rs. 35.48 lakhs.

Actual expenditure in excess of the final Plan allocation.

39. The reason advanced for excess expenditure was that the Plan allocation was not rigid and the Government provided extra funds depending on the overall annual budgetary position. The Committee have discussed the various Central schemes in detail in the report later on. They have commented on the need and desirability for starting the various schemes by the Board. Since the development of small industries, including handicrafts, is the primary responsibility of the State Governments, the actual execution of the schemes relating thereto should be left to the State Governments as far as possible.

Desirability of leaving actual execution of development schemes to State Govts.

40. The table below gives break-up of expenditure incurred on Central schemes:—

(In lakhs of Rupees)

Scheme	Expenditure incurred during the Second Plan			Percentage to total
	Departmentally	Through Private institutions	Total	
(1)	(2)	(3)	(4)	(5)
1. Establishment	45.12	..	45.12	21.96
2. Pilot Centres	22.17	4.67	26.84	13.06
3. Design Development	18.79	..	18.79	9.14

Break-up of expenditure on Central Schemes.

	(1)	(2)	(3)	(4)	(5)
4. Research		1.22	..	1.22	0.59
5. Publicity & Propaganda		2.41	..	2.41	1.17
6. Museums		3.06	..	3.06	1.49
7. Marketing Grants		2.01	14.28	16.29	21.15
Loans	27.16	27.16	
8. Training & Extension		0.90	8.57	9.47	4.61
9. Planning & Research		1.83	0.62	2.45	1.19
10. Exhibition and Export Promotion		30.31	0.31	30.62	14.91
11. Quality Control		0.10	..	0.10	0.05
TOTAL		127.92	55.61	183.53	..
12. Indian Handicrafts Development Corporation (Export Promotion)		21.95	..	21.95	10.68
GRAND TOTAL		149.87	55.61	205.48	100.00

(ii) *Implementation of schemes through private institutions*

Utilisation of co-operative and voluntary organisations for execution of development schemes.

41. It will be seen from the above table that out of an expenditure of Rs. 205.48 lakhs incurred on Central schemes, a sum of Rs. 55.61 lakhs has been spent through private institutions. The Committee were informed that the policy of the Board all along had been to utilise cooperative and voluntary organisations for the implementation of the development schemes and that this was in accordance with the general approach of the Plan which laid emphasis on public cooperation and participation of voluntary organisations. In evidence, the Secretary of the Ministry stated that it was difficult to state categorically whether the utilisation of private agencies for the execution of development schemes was right or wrong. He, however, saw no harm in utilising those which were well run.

42. A statement showing the names of the private institutions, schemes entrusted to them and grants and loans given to each is given in Appendix V. It will be seen that 19 institutions have been given grants for various purposes like management of emporia, running of training centres, research and conducting surveys etc. *Some of the purposes for which grants have been given do not appear to relate exclusively to the development of handicrafts e.g., experiments in puppet making, research in dyes, collection and survey of theatrical and allied crafts etc. Further grants have been given to meet the entire expenditure on various kinds of craft training to the private institutions which were not engaged in that type of training before.*

43. *The Committee feel that there is no well-defined criterion for the selection of private institutions for giving grants. The need for entrusting the training and other schemes to these institutions is not quite apparent, especially when the Board and the State Governments are already executing these types of schemes themselves. It is also likely that these institutions are receiving grants from various other sources for allied purposes. Further the meeting of entire expenditure by way of grant without a reasonable contribution by the institution concerned does not appear to be sound. In any case, the selection of the institutions and the schemes to be entrusted to them should be done after careful thought and investigation so as to ensure that it fulfills a definite development programme and on recommendation of the concerned State Governments. The Committee suggest the need for a clear policy in this regard.*

Committee's
suggestion.

44. It will be observed from Appendix V that out of the total financial assistance of Rs. 55.61 lakhs given by the Board to the private institutions during the Second Plan period, the amount advanced to the Indian Cooperative Union alone was Rs. 34.94 lakhs—Rs. 21.35* lakhs as loan and Rs. 13.59 lakhs as grants. The loan was given as working capital for the Central Cottage Industries Emporium and the Ashoka Hotel shop and grants for meeting expenses on account of rent, additional staff, publicity, market research, design development, training and survey etc. In addition to the above the Indian co-operative Union had also been advanced Rs. 1 lakh as loan for working capital in 1959 by the Indian Handicrafts Development Corporation.

Financial
assistance
given to
Indian
Cooperative
Union.

45. It was explained that the relations between the Government and the Union were governed by an Agreement entered into between them in October, 1952 (copy at Appendix VI) i.e. before the Board came into being. The Agreement related to the running of the Central Cottage Industries Emporium by the Society on behalf of the Government. The financial obligations were as follows:—

- (i) *Accommodation*:—Government agreed to provide rent free accommodation on a nominal rent of Re. 1 per month.
- (ii) Government also undertook to reimburse the Society reasonable loss, if any, which the Society might incur on the running of the emporium upto but not exceeding the maximum limit of Rs. 18,000 during the first year of its running and upto such lower limits for

includes a sum of Rs. 8.76 which was adjusted towards repayment.

such contingent losses in the two succeeding years as Government might reasonably determine.

- (iii) Government agreed that during 1952-53 a loan not exceeding Rs. 2 lakhs would be provided to the Society.

46. Except the rent liability of Rs. 99,739, the other grants and loans aggregating to Rs. 33.94 lakhs given to the Indian Cooperative Union are not covered by the terms of the agreement. It was explained that the development programme for handicrafts in the Second plan included assistance for the expansion of marketing throughout the country. Under this development programme, assistance was also provided to the Central Cottage Industries Emporium, which was approved by the Government in each case. The Committee were, however, given to understand that from the current year onwards the Indian Cooperative Union would not take any grants from Government.

Main office-bearers of the Board also principal functionaries of the Indian Co-operative Union.

47. *In this connection the Committee note that the Chairman of the Board, one of its Vice-Chairmen and its Member-Secretary are respectively President, Member and General-Secretary of the Indian Cooperative Union which is running the Central Cottage Industries Emporium. The two representatives of the Ministries of Finance & Commerce & Industry who are on the Standing Committee of the Board, are also members of the Managing Committee of the Central Cottage Industries Emporium. Thus the main office-bearers of the Board, on whose recommendation grants and loans are sanctioned by Government, are also the principal functionaries of the Indian Cooperative Union which is the main beneficiary. Such an arrangement is not in keeping with the canons of financial propriety.*

48. *The Secretary of the Ministry also agreed that it was not a desirable pattern. The Committee recommend that Government may examine the matter immediately to ensure that there is no inhibition in the way of the Board performing its functions with the necessary objectivity.*

D. Third Plan

49. *The Third Five Year Plan has provided for an outlay of Rs. 8.6 crores for development of handicrafts—Rs. 6.1 crores for State Schemes and Rs. 2.5 crores for Central Schemes. In this connection, the Committee understand that no targets of performance have been fixed with reference*

Desirability of laying down largest and watching progress suggested.

to the objectives laid down in the Third Five Year Plan. The representative of the Ministry agreed that it was desirable to have some targets and to watch progress with reference thereto. The Committee trust that the Board would take necessary steps in this direction without delay.*

*The Third Five Year Plan has laid down the following main objectives to be kept in view in implementing programmes for village and small industries (including handicrafts):—

- (i) to improve the productivity of the worker and reduce production costs by placing relatively greater emphasis on positive form of assistance, such as, improvement of skill, supply of technical advice, better equipment and credit etc.;
- (ii) to reduce progressively the role of subsidies, sales rebates and sheltered markets;
- (iii) to promote the growth of industries in rural and small towns;
- (iv) to promote the development of small scale industries as ancillaries to large industries; and
- (v) to organise artisans and craftsmen on cooperative lines.

IV DEVELOPMENT PROGRAMMES

A. Design Development Centres

Account
of working
of the
Design
Develop-
ment
Centres.

50. To conduct research, to restyle traditional crafts to suit changing conditions of living, as also to create new designs, the Board has set up four Regional Design Development Centres in Delhi, Bangalore, Bombay and Calcutta. The designs evolved at these centres are supplied to the craftsmen and to marketing organisations for commercial exploitation. The total expenditure incurred on these centres during the Second Plan period was stated to be Rs. 18.79 lakhs.

51. The following table gives an account of the working of these centres:—

Name of the Centre	Date of establish- ment	No. of traditional designs restyled and new designs evolved	No. of designs supplied to craftsmen and empo- ria etc. for commer- cial ex- ploitation	Percentage of (4) to (3)
1	2	3	4	5
1. Design Centre, Delhi .	2-8-55	900	500	55.5%
2. Design Centre, Bangalore	19-8-55	1,341	610	45.5%
3. Design Centre, Bombay .	6-4-56	945	200	21.1%
4. Design Centre, Calcutta .	2-6-56	1,384	556	40.2%
TOTAL . . .		4,570	1,866	40.8%

Committee's
observation.

52. It will be seen that a total number of 4,570 designs were prepared at these centres, out of which only 1,866 designs have been supplied to the craftsmen, i.e. 40.8%. As regards the marketability of the designs supplied to craftsmen, no exact information was available. It was, however, estimated that about 90% of them have been used on a commercial basis. *Thus it would appear that a large number of designs developed by these centres lie without being utilised by the industry for commercial use. Even those passed on to the craftsmen are not being followed up to see the extent to which they have been successful commercially. This was attributed to lack of an extension service which was now being organised. It is somewhat difficult to assess the impact of*

these centres in improving and developing the designs of traditional crafts.

53. The Committee observe that in addition to the four regional design centres of the Board, the various State Governments, viz. U.P., Jammu & Kashmir, Assam, Madhya Pradesh, Bihar, Rajasthan, and Punjab have also set up their own **design centres with the financial assistance** provided by the Board. There is a proposal to set up more such centres in other States also. Further some of the Board's Pilot Centres too are engaged in preparation of designs and grants have also been given to private institutions for this purpose. It was explained that there was no duplication of the functions of the regional centres of the Board and those of the State Governments. All the centres were part of a coordinated programme of extension design service. In evidence it was stated that the Board's Centres were intended to concentrate on export market while those of the State Governments catered to the requirements of the local market.

Duplication of effort in the matter of design development.

54. In this connection the Committee understand that in other countries there is one Central Design Institute and other **design centres are in States**. For instance in Japan, there is a Central Industrial Arts Institute for improvement and development of **industrial arts as a whole**. Almost every State Government has got its own technical research and designing institute. The functions of these institutes not only include study and preparation of new and better designs but also of **materials, tools and techniques** and study of market trends both in and outside that country. The Central Institute collaborates its work with the work of State Government institutes to avoid duplication and to disseminate the results of its own research. A note indicating the Design Organisation in Japan is given in Appendix VII.

Japanese example.

55. *The Committee feel that any kind of centralisation would not be favourable for the growth of the various kinds of design forms which have evolved in different parts of the country over a long period. The growth of crafts designing could take place in traditional places of the crafts and could best be fostered by the State Governments. They recommend that the Board may undertake a detailed study of the design organisation in Japan with a view to profiting by their experience and evolving a suitable design development organisation in the country. The representative of the Ministry admitted that it was worthwhile to study the Japanese system.*

Committee's suggestion.

B. Pilot Centres

56. To revive the languishing crafts, to bring new people in the trade and to impart training in improved and economical production methods etc., the Board has followed a programme of opening pilot centres. Since 1956, it has set up

Working Pilot Centres.

26 pilot centres for training, production and revival of crafts, research and marketing in different parts of the country. Eight of these pilot centres have since been closed due either to having served the purpose for which they were opened or not attaining the desired success. At present only 18 centres are functioning. A statement showing the names, aims and objects of all these Centres, expenditure incurred on each during the Second Plan period and their achievements in brief is given at Appendix VIII.

Overlapping in the functions of the Pilot Centres of Board and of State Governments.

57. In this connection the Committee observe that apart from the Pilot Centres of the Board, the State Governments have also set up a number of training and production centres and their functions overlap to a certain extent. For instance, the Board has one training centre for dolls and toy making at Bombay while that State Government has centres for training in these very crafts at Khadakvasla, Kolhapur and Amravati. In Andhra Pradesh, the Board has a centre for Kalamkari Art at Kalahasthi and the State Government has a similar centre at Masulipatam.

Desirability of transfer of Board's centres to State Governments.

58. *In evidence the representative of the Board stated that they were negotiating with the State Governments to take over their centres and that during* the Third Plan period there would be no pilot centre under the direct supervision of the Board. The Committee welcome this action and hope that the various pilot centres would be handed over to the State Governments at an early date.*

Need for effective control of expenditure on pilot centres.

59. Training is the main purpose of most of the pilot centres of the Board. In the nine centres for dolls making, Bombay, musical instruments, Madras, cane and bamboo work, Kotagiri and Burliyar packing techniques, Mysore, kalamkari art, Kalahasti, raffia work, Faridabad, terracotta pottery, Varanasi, and lacquer work, Junagadh, a total number of 511 trainees were trained during the Second Plan period. The stipend paid to the trainees varied from Rs. 30 to Rs. 75 p.m. and the period of training from six months to one year generally. The total expenditure incurred on these centres was Rs. 7.73 lakhs (Rs. 7.12 lakhs recurring and Rs. 0.61 non-recurring)—which works out to Rs. 1,513' per trainee.

60. *In evidence the representative of the Ministry admitted that at present the expenditure per trainee was high. The Committee trust that till the centres are transferred to the State Governments, the Board would take suitable steps to control effectively the expenditure on the various pilot centres and to ensure optimum utilisation of their capacity.*

*At the time of the factual verification of the Report the Ministry suggested that instead of the word "during," the words "at the end of" might be substituted.

61. Under its marketing programme, the Board had also been imparting training in management of emporia, salesmanship and co-operative organisation. A total number of 172 persons were trained during the Second Plan period on which a total expenditure of Rs. 71,549 was incurred. The trainees were drawn from various emporia and Government Departments etc. There is also a programme to train 175 persons during the Third Plan period. In this connection the Committee note that there are various organisations imparting training in management of emporia/salesmanship and co-operation e.g. the Small Scale Industries Organisation, Handloom Organisation, Ministry of Community Development and Co-operation etc. *The Committee feel that it would be desirable if the various organisations pooled their resources and provided such training on a common regional basis at different centres. They, therefore, recommend that the feasibility of having a joint programme of training in this regard may be examined by Government.*

Desirability of providing training in management of emporia, salesmanship and co-operative organisation on a common regional basis.

C. Research

62. The First Five Year Plan laid great stress on research in handicrafts. From its very inception, the Board also recognised the importance of research. In its first report for the period 1952-54, it was indicated that the aim of its research programme was to take up research in the tools and techniques employed in the various handicrafts, to develop new tools and techniques and to extend them to the handicraft industries. It was, however, not till 1959 that a Central Handicrafts Development Centre was established at Bangalore for conducting research in improved tools and techniques. The Director of the Centre was appointed in May, 1960. The delay in the setting up of the Centre was ascribed to the difficulty in finding a suitable person to direct the Centre. *The Committee regret that the Board should have taken about eight years in setting up the Research Centre and staffing it properly.*

Delay in setting up the research centre and staffing it.

63. Apart from the Research Centre at Bangalore, research in improvements and innovations of certain specific crafts is also being carried out at the four Pilot Centres of the Board for dolls making, education wooden toys and pottery crafts, Bombay and Pine-apple fibre industry, Moodbidri. Further grants have also been given to Kalkshetra, Madras for research in dyes. *In evidence the representative of the Board agreed that the Bangalore Centre would be taking over the entire research work. The Committee trust that the Board would soon take necessary steps in this direction.*

Desirability of the entire research work being undertaken by the Bangalore Centre.

Feasibility of introducing partially mechanised production methods.

64. In his survey Report on Indian Handicrafts (1959), Mr. Naitaro Fakuoka, Chief of the First Technical Division, Industrial Arts Institute, Japan, emphasised among other things the necessity to introduce partially mechanised production methods in handicrafts in the early stages as it would result in saving materials and time, reducing production costs and promoting standardisation. In its report of the Meeting on Small Scale and Handicrafts Industries (1961) the International Labour Organisation also favoured the introduction of mechanisation in handicrafts in certain preparatory and finishing stages of production. It further added that utilitarian handicrafts could be mechanised without affecting the artistic value of the product. For this purpose, it recommended that Common Facility Service for handicrafts should be organised both on a regional as well as on a national basis and a flow of information on the results of research and surveys should be ensured to keep the craftsmen abreast of developments in the field since it would assist them in improving the techniques of production. *The Committee recommend that these suggestions may be examined and effective steps taken to implement them. In this connection, the feasibility of having common facility centres both for the handicrafts and the small scale industries may be considered.*

D. Marketing

Sale through emporia and Central assistance provided therefor.

65. The Board has encouraged the setting up of emporia and sales depots for the marketing of handicrafts by State Governments and Co-operative Societies. For this purpose, grants and loans are given to them. The table below indicates the increase in the number of emporia/sales depots, total sales and the Central assistance given to them during the Second Plan period:

(Rs. in lakhs)

	No. of emporia/ Sales Depots		Total Sales		Total Central Govt. assistance given during the 2nd Plan period	
	1955-56	1960-61	1955-56	1960-61	Grants	Loans
1. Emporia/Sales Depots run by State Governments	63	127	72.92*	105.43**	38.90	29.83
2. Emporia/Sales Depots run by Co-operative Societies	5	8	19.60	59.16	12.94	15.48
Total	68	135	92.52	164.59	51.84	45.31

*of 54 emporia.

**of 98 emporia.

66. It will be seen that the total financial assistance given to the various emporia/sales depots during the Second Plan period amounted to Rs. 97.15 lakhs (Rs. 51.84 lakhs as loan and Rs. 45.31 lakhs as grants), while the increase achieved in annual sales during the same period was Rs. 72 lakhs only. Thus compared with the funds advanced, the increase achieved in annual sales does not appear to be commensurate.

Increase in annual sales not commensurate with the funds provided.

67. The low sales by the State run depots compared to the sales by Cooperative Societies is striking. 98 of the State run emporia have only a sales of Rs. 105.43 lakhs—making an average of little over Rs. 1 lakh per emporia. While 8 emporia run by Cooperative Societies have sales of Rs. 59.16 lakhs which shows an average of over Rs. 7 lakhs per emporia. It has also to be noticed that the Central assistance to these Cooperatives is very much less than to the State run emporia. This poor performance of the State run emporia receiving substantial assistance by way of grants and loans needs immediate looking into and steps being taken to remedy the situation.

68. Under the pattern of financial assistance for handicrafts, 50 per cent of the recurring and 50 per cent of non-recurring expenditure of the emporia and sales depots is met by the Central Government as a grant. Their requirements of working capital are met by loan. The Report on the Marketing of Handicrafts (1955) observed that Government emporia were incurring inordinately heavy expenses on establishment and overheads on the strength of Government grants. The Working Group on evaluation of handicrafts in their Report (1959) observed that barring a few emporia, all others were running at a loss, which was often written off against the Government grant. The Group suggested that a review should be made of the working of these emporia so as to make them commercially successful units. In evidence the representative of the Board stated that they were going to undertake the necessary review.

Review of pattern of financial assistance suggested

69. The Committee are well aware of the importance of marketing in the development of the handicrafts but they feel that assistance in this regard should be directed towards stimulating a self-sustained effort and making the emporia/sales depots self-supporting within a reasonable time rather than extending protection indefinitely which may encourage stagnation. They trust that a review of the pattern of financial assistance will be carried out with this end in view.

E. Exhibitions

Desirability of holding exhibitions in different parts of the country.

70. To popularise handicrafts among the public, the Board has been organising and participating in exhibitions in India and abroad. Since 1953-54 it has participated in 52 exhibitions in India on which a total expenditure of Rs. 15.42 lakhs was incurred. From the details furnished to the Committee, it is seen that out of 52 exhibitions, 29 had been held in Delhi alone. No exhibition has so far been held in certain States like Punjab, Madhya Pradesh and Bihar. It is desirable that exhibitions should be held in different parts of the country from time to time and not largely confined to Delhi only.

F. Survey

Comprehensive area-wise and craft-wise survey suggested.

71. Though the Board has undertaken a number of surveys, complete information about the total number of handicrafts, their activities, capital invested, production, employment, wages and level of earnings of artisans etc. is still not available. The need for collection of full and accurate statistics has been time and again emphasised in the various reports and Five Year Plans. A beginning was stated to have been made to collect some data regarding employment and production during the 1961 census. The Committee would recommend that a comprehensive area-wise and craft-wise survey of the existing as well as potential handicrafts be undertaken.

G. Credit

Credit facilities from financial institutions very meagre.

72. One of the major problems of handicrafts is the non-availability of easy and timely credit. Their total annual financial requirements are estimated at Rs. 9 crores. The table below indicates the financial assistance given to handicrafts industries by the various institutions* during the last few years.

1. By Central Government through Central Schemes.	Rs. 22.17 lakhs (loans given to two to emporia during Second Plan).
2. By State Directorates of Industries (under the State Aid to Industries Acts/Rules)	Rs. 61.27 lakhs (during the 4 years 1956-57 to 1959-60).
3. By State Financial Corporations (Kerala, Andhra Pradesh, U.P. and Orissa).	Rs. 5.30 lakhs (given to 7 parties).
4. By State Bank of India	Rs. 42.78 lakhs (cash credit and overdraft given to 32 parties).
5. By Cooperative Banks	Rs. 5.07 lakhs (given to 127 cooperatives).

*Excluding the Indian Handicrafts Development Corporation, which is discussed later in the Report.

73. *It will be seen that the credit facilities at present available to handicrafts especially from financial institutions are very meagre. In this connection, the Committee understand that in Japan credit is easily forthcoming from financial institution and no financial assistance is ordinarily given by Government Departments.*

74. The Committee were informed that a Central Financing Agencies Scheme has been introduced for small industries, including handicrafts in 1960-61, as a result of which more funds were likely to flow to handicrafts co-operatives through Co-operative Banks. Further, the Board was also persuading the Ministry of Finance and the Reserve Bank of India to cover all important handicrafts under the Credit Guarantee Scheme evolved for small scale industries so as to facilitate flow of funds from commercial banks to these industries. *The Committee hope that these measures would considerably enlarge Commercial /Co-operative bank lending facilities to handicrafts and that the provision of credit by Government Departments would be gradually done away with.*

Gradual doing away with the provision of credit by Govt. Departments suggested.

H. Raw Materials

75. The Committee were informed that the supply of raw materials was not much of a problem except in certain crafts which used the imported raw materials. To facilitate their supply, Government have now, at the instance of the Board, introduced the following two schemes under which raw material is made available against the export of finished goods manufactured out of them:—

Schemes to facilitate supply of imported raw materials.

- (i) Special Export Promotion Scheme for art brassware and zari.
- (ii) Special Export Promotion Scheme for woollen carpets, druggets and rugs.

These schemes are administered by the Board which makes recommendations to the Licensing Authorities for grant of requisite licences for the import. In regard to the checks exercised to guard against misuse of the licences and the material, it was stated that the exporters were required to nominate the producers at the time of putting in their applications, give an account of imported materials and a certificate to the effect that the material had been used in the manufacture of particular goods for exports.

Desirability of setting up raw material depots by co-operative societies or associations of artisans to be examined.

76. *As export trade in handicrafts is largely in the hands of people who are not actual manufacturers themselves and there is always a temptation to sell the imported raw material, which is in short supply, at a very high price, the Committee feel that a system should be devised whereby artisans will be able to obtain their requirement at reasonable price. This purpose can best be achieved by setting up raw material depots by Co-operative Societies or Associations of the artisans, as appears to be the case in Japan. They recommend that the matter may be examined by Government.*

I. Crafts Museums

Central crafts museum--not being fully utilised for want of suitable accommodation.

77. For the preservation and popularisation of handicrafts amongst the public, the Board decided in 1952 to set up Crafts Museums throughout the country. Pursuant to this decision, a Central Crafts Museum was set up by the Board at New Delhi in 1954. A total expenditure of about Rs. 5.40 lakhs has so far been incurred on this Museum.

78. The Committee were informed that the Central Museum could not be fully utilised to stimulate development and promotion of handicrafts due to lack of suitable accommodation. It has been shifted to four or five different places during its short existence. It is at present located in rented premises at Thapar House, Janpath. Here too the inadequacy of accommodation has placed severe restrictions on all the Museum specimens being put up for display. It was stated that a new building was being constructed to display these specimens during the Third Plan period. In evidence the Secretary of the Ministry stated that the Museum would be more like a reference library.

Committee's suggestion.

79. *It was not clear to the Committee whether these specimens could not be appropriately housed in a wing of the National Museums. In reply it was stated that National Museums were taking only articles which were more than 100 years old. This does not appear to be an insuperable difficulty. The Committee, therefore, recommend that the matter may be examined further. In case the National Museums are not able to take over the exhibits, it is necessary that a separate building should be provided for the display of these exhibits.*

Usefulness of rural crafts museums doubtful.

80. The Board has also a programme to set up 60 Crafts Museums in the rural areas at a total cost of about Rs. 5 lakhs. These Museums are to be attached with the Information Centres of the Community Development Blocks and are intended to serve the area in which they will be

located. *The Committee are doubtful of the usefulness of these Museums. The Secretary of the Ministry also admitted that these Museums might not produce Commensurate results.*

J. Quality Control

81. The First Five Year Plan recommended that quality control should be established for all important lines of handicrafts. The Working Party of the E.C.A.F.E., on Small Scale Industries and Handicrafts Marketing in their Report (1953) also recommended "the establishment of a system of inspection to ensure standard quality for handicrafts" and urged that "quality control for handicrafts should embrace control of quality of raw materials, standard dimensions and specifications as well as workmanship."

82. The Committee were informed that quality control schemes have been introduced for about six crafts in U.P. and one or two each in Rajasthan, Punjab, Jammu & Kashmir, Andhra Pradesh, Mysore, Madras and West Bengal. *Thus it would appear that so far there has not been much progress in introducing quality control for handicrafts.*

Not much progress in introducing quality control for handicrafts.

83. Compulsory quality control schemes have been introduced only for exports of namdas from Jammu & Kashmir and woollen druggets from Madras and Mysore. Schemes for other industries are on a voluntary basis. In this connection the Committee understand that in Japan quality control is compulsory for all exportable items. During evidence the representative of the Board stated that the question of introducing compulsory quality control in respect of important items of handicrafts was under examination. *In a competitive market with an alert clientele, quality control, apart from its social and moral obligation, has become a practical necessity. The Committee hope that an early decision will be taken regarding the introduction of compulsory quality control wherever it is possible.*

Desirability of introducing compulsory quality control.

K. Industrial Co-operatives

84. The Board is encouraging the development of co-operatives of artisans through State Governments by providing financial assistance. The total number of handicrafts co-operatives in the country which was 148 in 1952 and 555 in 1956 rose to 1057 at the end of 1959. Complete information regarding their membership, share

Formation of programmes for accelerated development of industrial co-operatives.

capital and production is not available. *However, considering the lakhs of craftsmen scattered all over the country, it would appear that the co-operative form of organisation has not so far made much headway.* In the Third Five Year Plan, one of the objectives of development of small industries is to promote further the growth of artisans and craftsmen's co-operatives. *The Committee trust that the Board will formulate suitable programmes for accelerated development of industrial co-operatives for handicrafts and set forth annual targets to be attained.*

L. Trade Associations

85. The Ford Foundation Team in their Report (1954) as also the Second Five Year Plan emphasised that trade associations should be organised and promoted in the small industries sector. The need for trade associations of both dealers and craftsmen was also stressed in the Report (1955) on the Marketing of Handicrafts.

Need for suitable measures to encourage formation of trade associations.

86. The Board has taken certain steps to survey and to reactivise existing associations in certain major crafts as also to form associations of exporters of handicrafts. As a result, four regional handicrafts exporters associations and about 13 associations of hand printers etc. have so far come into being. *Most of these associations are of very recent origin and are small in number. It needs no emphasis that trade associations can play a leading role in providing various kinds of common services like supply of raw materials, dissemination of technical and organisational know-how etc. to their constituent members. The Committee feel that there is considerable scope to develop trade associations in the handicrafts and recommend that suitable measures may be evolved to encourage the formation of such associations.*

INDIAN HANDICRAFTS DEVELOPMENT CORPORATION LTD.

A. Functions and Organisation

87. The Indian Handicrafts Development Corporation Limited (hereafter referred to as the Corporation) was set up by the Government of India in April, 1958. The Corporation has for its object the promotion of export of handicrafts by organising the industry at home and developing a market abroad.

88. The Board has an Export Promotion Branch in the Headquarters Office. The functions of the Corporation and the Board in regard to the export promotion of handicrafts are given below:—

Both the Corporation and the Board engaged on work relating to export promotion.

<i>Corporation</i>	<i>Board</i>
1. Setting up of Regional Centres in India for export purposes.	1. Setting up of 'Pilot Centres' for production of handicrafts including those having an export potential.
2. Rendering financial assistance to exporters by way of loans.	2. Recommending grant of foreign exchange licences, etc. in favour of exporters.
3. Pre-shipment inspection of export consignments.	3. Quality Control—Development.
4. Participation in foreign exhibitions.	4. Registration of exporters.
5. Setting up of Trade Centres abroad for permanent display of handicrafts.	5. Publication of directories.
6. Establishment of selling agencies abroad.	6. Formation of Exporters' Associations.
7. Import and distribution of essential raw materials for the industry.	7. To examine cases of drawback of import duty.
	8. To administer export promotion schemes in respect of handicrafts.
	9. To consider items for inclusion under the Export Promotion Scheme.

89. Thus it would appear that even after the setting up of the Corporation the Board continues to engage itself on work relating to export promotion of handicrafts. In

justification for having two agencies for this purpose, it was explained in evidence that difficulties were experienced by the Board in taking quick decisions about participation in fairs and exhibitions and following up the orders. Now, the Board, as a department of the Ministry, dealt with higher policy matters, whereas the Corporation concentrated on commercial transactions. The Secretary of the Ministry agreed that the Board could be made to do the functions of the Corporation. He shared the doubt of the Committee regarding the advisability of starting a separate Corporation to take care of the commercial activities. He, however, added that a decision had recently been taken to merge the Corporation and the Handloom Export Organisation under the State Trading Corporation as its subsidiary.

Committee's
observation.

90. That the Corporation is being merged with the State Trading Corporation as its subsidiary, so soon after its constitution, clearly indicates that the need for it was not fully examined at the time of its setting up. However, the Committee welcome the decision to integrate the Corporation and the Handloom Export Organisation under the State Trading Corporation and hope that it will be implemented at an early date.

Desirability
of demarcating
clearly the
functions of
the Board
and the
Corporation.

91. The Committee note that Government are not clear in their mind as to whose responsibility it is to be in charge of export promotion—whether it should be left to the Handicrafts Corporation which may become subsidiary of State Trading Corporation or whether the Handicrafts Board should continue to administer export promotion. It is time that the Government decided one way or the other instead of allowing these two agencies to perform the same function. Now that the decision to merge the Handicrafts Corporation with the State Trading Corporation had been taken, the Committee feel that the work of export of handicrafts may well be left in the hands of the Corporation. In any case the Committee consider it is time for the Government to come to a definite decision in the matter and clearly demarcate the functions of the Board and the Corporation and avoid duplication of agencies.

Board of
Directors—
feasibility of
associating
exporters

92. The present composition of the Board of Directors of the Corporation is given in Appendix IX. It will be seen that of the 5 Directors (excluding the Chairman and the Managing Director), 3 are representatives of the All India Handicrafts Board and one each of the Ministries of Commerce and Industry and Finance. No representation has been given to the exporters on the Board of Directors of the Corporation.

93. In evidence the Secretary of the Ministry stated that the composition of the Board of Directors of the Corporation would undergo a change as a result of the merger. He, however, added that at present there was no proper organisation of the handicrafts exporters and moreover it might not be possible to have on the Board persons who were directly interested in the export business. *The Committee suggest that the feasibility of associating the exporters with the working of the Corporation either directly or through advisory committees may be examined, so as to enable their problems and requirements to be fully appreciated.*

94. The Corporation has set up three regional centres at Bombay, Calcutta and Madras during the last two years. These centres are equipped with samples of Indian Handicrafts to provide a ready guide to the overseas buyers. Their main functions are to act as co-ordinating agencies between the foreign buyers and the Indian suppliers, undertake pre-shipment inspection and arrange financial and raw material assistance.

Regional
Centres.

95. In evidence the Secretary of the Ministry explained that the regional centres of the Corporation were really show rooms. He added that as a corollary to the merger of the Handicrafts and Handloom Export Organisations, the question of combining their regional centres would come up for review. *He also agreed to designate the regional centres as all-India Show Rooms. The Committee hope that necessary steps in this direction will be taken without any delay.*

96. The Corporation has set up the following three Development Centres:—

Develop-
ment
Centres.

- (i) Production-cum-training centre for dolls making, Bangalore.
- (ii) Common facility centre for brass artware industry, Moradabad.
- (iii) Ladies artistic handbag production-cum-training centre, Okhla, New Delhi.

As stated in para 57 of the Report, the Board and the State Governments also have their own production and training centres. It was explained that their centres were intended to cater to the internal demand while those of the Corporation to meet specific export requirements.

97. In evidence it was stated that there was overlapping in the case of Bangalore Centre. This Centre would, however, be shortly handed over to a Co-operative Society of the

trainees. The other centres had to be set up by the Corporation so as to produce goods with a blend of foreign tastes and Indian background. *The Committee are not happy about setting up separate development centres to meet export and internal requirements. They consider that the work relating to the organisation of production whether to meet internal or external demand should be done by the same agency which should naturally be the Board.*

B. Export Promotion

Trends in export.

98. The table below gives the value of exports of handicrafts since the year 1951-52:—

Year	Total Exports (Rs. in lakhs)
1951-52	796·98
1952-53	558·62
1953-54	692·19
1954-55	703·72
1955-56	768·86
1956-57 (9 months only)	616·62
1957	636·40
1958	667·90
1959	764·20
1960	773·00

Committee's observations.

99. *It will be seen that the annual exports of handicrafts have fluctuated between about Rs. 6 to 8 crores during the last decade. The exports have at no time even reached the level of exports in 1951-52 when it amounted to Rs. 796·98 lakhs. There has, however, been an improvement in exports since the setting up of the Corporation in 1958. While the Committee note with some amount of satisfaction the upward trend in recent years, they feel that there is yet a large leeway to make up to meet the vast market potential abroad. They hope that the Corporation would take more effective measures to boost up exports by a continuous study of foreign markets and their requirements.*

Export of woollen carpets declining.

100. A statement showing the various items of handicrafts exported since 1957 is given in Appendix X. It will be seen therefrom that the woollen carpets and druggets constitute the major item of handicrafts exports. Over 50%

of the total exports of carpets are made to the United Kingdom from where they are re-exported to various countries. The following table shows the quantity and value of the exports of woollen carpets from India to United Kingdom as well as that country's total imports of this merchandise:—

Year	Exports of woollen carpets from India to U.K.		United Kingdom's total imports of woollen carpets,	
	Quantity	Value	Quantity	Value
	In sq. yds.	In lakhs of Rs.	In sq. yds.	in £
• 1957	12,79,841	231.09	22,09,533	51,67,716
1958	13,03,055	277.89	16,77,578	42,96,234
1959	13,85,721	265.31	17,86,865	47,13,202
1960	12,72,372	251.49	9,59,811 (First half)	31,51,364

It will be seen that the quantum of exports of woollen carpets from India to United Kingdom declined from 13,85,721 sq. yds. in 1959 to 12,72,372 sq. yds. in 1960. This was attributed to competition from other countries like Pakistan. Since the carpets and druggets are the major items of exports, the Committee suggest that special measures may be taken to increase their export.

101. *The Committee suggest that information regarding volume and value of exports of handicrafts should be published in the Annual Reports of the Corporation which are presented to Parliament.*

Information regarding exports to be published in Annual Reports.

102. *No general survey to determine export potential of Indian handicrafts in the various countries of the world has so far been conducted. The Corporation through its agent at Frankfurt has conducted market surveys of West Germany and neighbouring countries. Certain trade delegations and foreign exporters had also visited India to advise on the consumer goods requirements in the USA etc. The Committee feel that there is need for a comprehensive survey to find out the potentialities of foreign markets for Indian goods including handicrafts. In evidence the Secretary of the Ministry admitted the desirability of such a survey. The Committee suggest that necessary steps to conduct such a survey may be taken.*

Desirability of comprehensive survey of foreign markets.

103. *To assist exporters in the timely execution of export orders secured by them, the Corporation started a financial assistance scheme in 1958. Under this scheme short-term loans are advanced to exporters upto 80% value of the export orders at 5½% interest. By way of security, an exporter*

Financial Assistance Scheme.

has to hypothecate his stock in trade and moveable as also deposit the Letter of Credit with the Corporation and execute a promissory note. In the absence of Letter of Credit, the Corporation insists upon the exporter taking an export insurance cover from the Export Risks Insurance Corporation.

104. The table below shows the number of parties, amount of loans advanced to them by the Corporation during the last three years and its percentage to total exports:—

Year (1)	No. of Parties (2)	Amount advanced by the corporation (In lakhs of Rs.) (3)	Total exports (In lakhs of Rs.) (4)	Percentage of (3) to (4) (5)
1958	1	·55	667·90	·08%
1959	6	5·55	764·20	·73%
1960	7	7·00	773·00	·91%

105. *It will be seen that the financial assistance rendered by the Corporation constitutes a very small fraction of the total exports. Further, the assistance has been availed of by a few parties only and all others seem to have raised the necessary resources on their own.*

Impact of financial assistance scheme negligible.

106. In evidence the Secretary of the Ministry admitted that the impact of the scheme today was negligible. He added that the Corporation had to start this scheme because the Banks were not coming forward to help the exporters. He felt that the Banks could easily take over this function. *The Committee feel that the provision of financial assistance to the industries should be left to the financial institutions. In this connection, they understand that Government have recently accepted the recommendations of a Working Group to enlarge bank lending facilities to the exporters. The Committee suggest that after this decision is implemented, Government should examine whether it is necessary for the Corporation to operate its financial assistance scheme. Meanwhile, the scheme should be given the widest publicity so that more exporters may take advantage of it in augmenting the country's exports.*

Committee's Suggestion.

Propriety of giving loan for working capital to the I. C. U. doubtful.

107. From a perusal of the list of loanees, the Committee observe that a loan of Rs. 1 lakh had been given to the Indian Cooperative Union in 1959 for working capital. It was sought to be justified on the grounds that the Memorandum of Association of the Corporation stipulated grant of loans for working capital and that it had been utilised by the Union for executing export orders.

108. *Loans under this scheme are to be given by the Corporation against definite export orders. The Committee are doubtful of the propriety of granting a loan for working capital to the Indian Co-operative Union, particularly when no such loan is being given to others. In this connection, they would refer also to para 47 of the Report.*

109. The Corporation has undertaken pre-shipment inspection of handicrafts meant for export to ensure that the merchandise conformed to approved samples, specifications, photographs or drawings prescribed in the order. For this service, the Corporation charges 1% of the invoice value as fee. The inspection under this scheme is purely voluntary. Since its introduction in 1960, only 20 parties (including 3 importers) have got their goods inspected by the Corporation.

Pre-shipment inspection.

110. Regarding the desirability of making pre-shipment inspection compulsory, as is the case in Japan, it was stated during evidence that India was a vast country and the points of pre-shipment inspection would have to be too many. The exporters might feel shy to subject their goods to such an inspection and it might also involve some additional cost. The Secretary of the Ministry agreed that pre-shipment inspection was desirable and stated that a decision had recently been taken to make the scheme compulsory in respect of carpets and brassware. *The Committee feel that to obviate complaints from foreign importers, pre-shipment inspection is necessary. They suggest that the desirability of making it compulsory for as many products as possible may be examined.*

Desirability of making pre-shipment inspection compulsory.

111. To study and develop foreign markets, the Corporation has established a selling agency at Frankfurt (West Germany). The annual expenditure thereon had been about Rs. 60,000. It has plans to establish a network of agencies at other important centres abroad. In fact, there are various Government agencies and private institutions engaged on export promotion, such as the State Trading Corporation, the Indian Handicrafts Development Corporation, the National Small Industries Corporation, the All India Handloom Fabrics Marketing Co-operative Society and a number of Export Promotion Councils. Each of these organisations appears to be working in separate compartments and there does not seem to be a coordinated effort in the matter.

Various agencies engaged on export promotion.

112. In this connection the Committee understand that in Japan there is only one Export Promotion Organisation i.e. the Japanese External Trade Recovery Organisation (JETRO) which handles products of cottage industries, small

Japanese organisation for export promotion.

enterprises and large industries. It has branches in foreign countries which display various Japanese products, study reaction of purchasers and furnish information to manufacturers/exporters. It seems to have been able to handle several commodities with a measure of success.

Review of working of various organisations for export promotion suggested.

113. *In evidence the Secretary of the Ministry admitted the effectiveness of the Japanese pattern of organisation. He agreed that it was possible to have common sales organisations and show rooms in foreign countries which apart from economy would have many other advantages. He added that after the new Handicrafts and Handloom Export Organisation had worked for some time, the question of combining small scale industries with it could be considered. The Committee recommend that Government may examine the matter and review the working of various organisations operating in the field of export promotion with a view to reducing their multiplicity and bringing about coordination and thus effecting economy and efficiency.*

C. Financial Position and Trends of Operation

114. The table below shows the important items relating to the financial position and trends of operation of the Corporation during the last three years:—

(In lakhs of Rs.)

Particulars	1958-59	1959-60	1960-61
1. Paid-up Capital . . .	10	10	10
2. Total Income . . .	04	19	28
3. Total Expenses . . .	3.37	2.72	4.76
4. Grants given by Government	3.20	3.25	3.90
5. Loans and Advances	1.2	1.55	4.16
6. Cash & Bank Balances . . .	9.17	8.59	1.38

115. The Corporation is functioning as a developmental and promotional body. Its paid-up capital, which had been raised from Rs. 10 lakhs to Rs. 12 lakhs in 1961-62, is being utilised for advancing loans to exporters as well as for importing raw materials for supply to them. *Till 1959-60, however, major portion of the paid-up capital remained unutilised and there were large cash and bank balances.*

Expenses being borne by way of annual grants.

116. *The income of the Corporation is very meagre and the difference between its income and expenses is borne by the Government by way of annual grants which amounted to Rs. 10.35 lakhs during the last three years.*

117. *It will thus be seen that the expenses of the Corporation are being met by Government grants and its working capital requirements are being met from the share capital. There is thus no incentive for the Corporation to economise and operate on business principles. In evidence the Secretary of the Ministry admitted that the working capital requirements of the Corporation should have been financed by way of loans. The Financial Adviser, however, stated that if the working capital had been given as a loan, the net financial effect would have been to increase grants being given to the Corporation. In this connection, the following statement made in the First Annual Report of the Corporation is also noteworthy:—*

“Although the Corporation was registered as a limited company, its aim and objects would primarily be promotional in the initial stages. As such, the working deficits would have to be met with Government grants from year to year”.

118. *The Committee do not appreciate why developmental and promotional functions should be entrusted to an organisation set up under the Companies Act, as performance of such an organisation can be evaluated only if it works on business and commercial principles. They feel that the Company form of organisation, which has its own share capital, is not a proper device for undertaking developmental and promotional activities. In this connection, the Committee would also refer to para 7* of their 80th Report (2nd Lok Sabha) wherein they have suggested that the Company form should be resorted to for organisations of a specified nature.*

Company Form of Organisation not a proper device for developmental and promotional activities.

NEW DELHI;

The 19th March, 1962.
The 28th Phalguna, 1883 (S).

H. C. DASAPPA,

Chairman,
Estimates Committee.

*“7. The Committee.....consider that all wholly State-owned Public Undertakings should generally be in the form of statutory corporations, or, where necessitated by special reasons, in the form of departmental undertakings and the company form should be an exception to be resorted to only for organisations of a specified nature..... They recommend that an expert committee be appointed to examine the whole question and to advise the Government on the principles which should determine the appropriate form of organisation for the various types of undertakings.”

APPENDIX I

(vide para 4)

Functions of the all India Handicrafts Board

Functions as originally set out vide Min. of C & I Resolution dt. the 5th November, 1952

I

Functions as now entrusted to the Board vide Min. of C & I Resolution dt. the 12th August, 1960

2

The functions of the Board will be to advise Government generally on the problems of the handicrafts industry and, in particular, to improve and develop production and promote sales in India and abroad. The Board will also advise Government on grants and loans to State Governments and private Organisations and Institutions for financing activities necessary for the development and improvement of handicrafts.

Among the purposes for which the grants or loans may be made are :—

- (a) Introduction of better technique and improved equipment;
- (b) Prescribing of standards of quality and arrangements for their enforcement;
- (c) training of personnel;
- (d) promotion of research;
- (e) improvements in design and introduction of new patterns;
- (f) publications on cottage industries products in the form of catalogue, directory, guide books on industries, pictorial posters;
- (g) procuring and supply of raw materials for 'Handicrafts' and to suggest ways and means of marketing products both in India and abroad.
- (h) to set up all-India Handicrafts Museums for the purpose of

The functions of the Board will be generally to advise Government on the problems of the handicrafts industry with a view to adoption of measures which are necessary to assist in the improvement and development of these industries and, in particular :

- (a) to study the technical, financial, organisational, artistic and other aspects of these industries and to formulate plans for their development ;
- (b) to assist the State Governments in planning and executing schemes for the development of handicrafts and to co-ordinate such developmental efforts among various State Governments ;
- (c) to examine the proposals received from the State Governments and other institutions for Central financial assistance and to make recommendations to the Government of India in such cases ;
- (d) to formulate schemes to be undertaken directly by the Central Government and to assist in their execution ;
- (e) to initiate active measures for expansion and promotion of sales of handicrafts in India and abroad ; and

-
- | | |
|--|--|
| displaying and popularising
the goods ; and | |
| (i) conduct of economic surveys
and collection of statistics. | |
| • | |
| •• | |
| | (f) to recommend any other mea-
sures necessary for the develop-
ment of handicrafts by such
means as technological im-
provement, design develop-
ment, quality control, research,
training and extension, pub-
licity, organisation of muse-
ums, co-operatives, and allied
institutions, securing of raw
materials and credit and hous-
ing and welfare of craftsmen |
-

APPENDIX II

(vide para 7)

Present Composition of all India Handicrafts Board and the year from which Members continue to serve on the Board

Year from which Members continue to serve on the Board

Chairman

1. Shrimati Kamala Devi Chattopadhyay. 1952

Vice-Chairmen

2. Shrimati Kitty Shiva Rao 1952

3. Shri U.S. Malliah, M.P. 1952

Members

4. Shri Rameshwar Rao, M.P. 1957

5. Dr. Nihar Rajan Ray, M.P. 1960

6. Shri N. Ranganadhan 1957

7. Shrimati Bina Dass 1952

8. Shrimati Kamala Dongerkerry 1957

9. Shrimati Manjubhashini 1952

10. Prof. P. N. Dhar 1960

11. Dr. Roy Chaudhry (Madras) 1960

12. Shri G. Venkatachalam 1954

13. Shri C. M. Sukhia 1952

14. Shrimati Prabha Shah 1960

15. Shri L. C. Jain 1957

16. Chairman, Indian Handicrafts Development Corporation, New Delhi. 1960

17. Managing Director, Indian Handicrafts Development Corporation, New Delhi. 1960

18. Chief Executive Officer, All India Handicrafts Board, New Delhi. 1960

19. One representative of Ministry of Commerce and Industry. 1952

20. One representative of Ministry of Finance. 1952

21—35. One representative of each of the following States :— 1957

Andhra Pradesh, Assam, Bihar, Gujarat, Jammu and Kashmir, Kerala, Madhya Pradesh, Madras, Mysore, Orissa, Punjab, Rajasthan, Maharashtra, Uttar Pradesh and West Bengal.

Shri L. C. Jain acts as Member-Secretary of the Board.

APPENDIX III

(vide para 12)

Statement showing functions of the Member-Secretary and the Chief Executive Officer of the All India Handicrafts Board

Functions of the Member-Secretary

Functions of the Chief Executive Officer

He will act as Secretary of the All India Handicrafts Board and also as Secretary for all the Committees of the Board except the Staff Committee.

He will carry out all administrative work which would include implementation of all decisions of the Board and its Committees subject to the general direction of the Ministry of Production (Now Ministry of Commerce and Industry).

He will maintain contact and liaison with other Boards in the field of small-scale and village industries.

He will obtain sanctions of Government, where necessary, in regard to the decisions of the Board and its Committees.

He will maintain contact and liaison with the Cottage Industries Boards in different States and with State Governments at the ministerial level on behalf of the All India Handicrafts Board.

He will be responsible for preparing annual budgets for the consideration of the Board.

He will be responsible for matters relating to establishment, administration, finance and accounts of the Board. He will have supervisory powers over the entire staff.

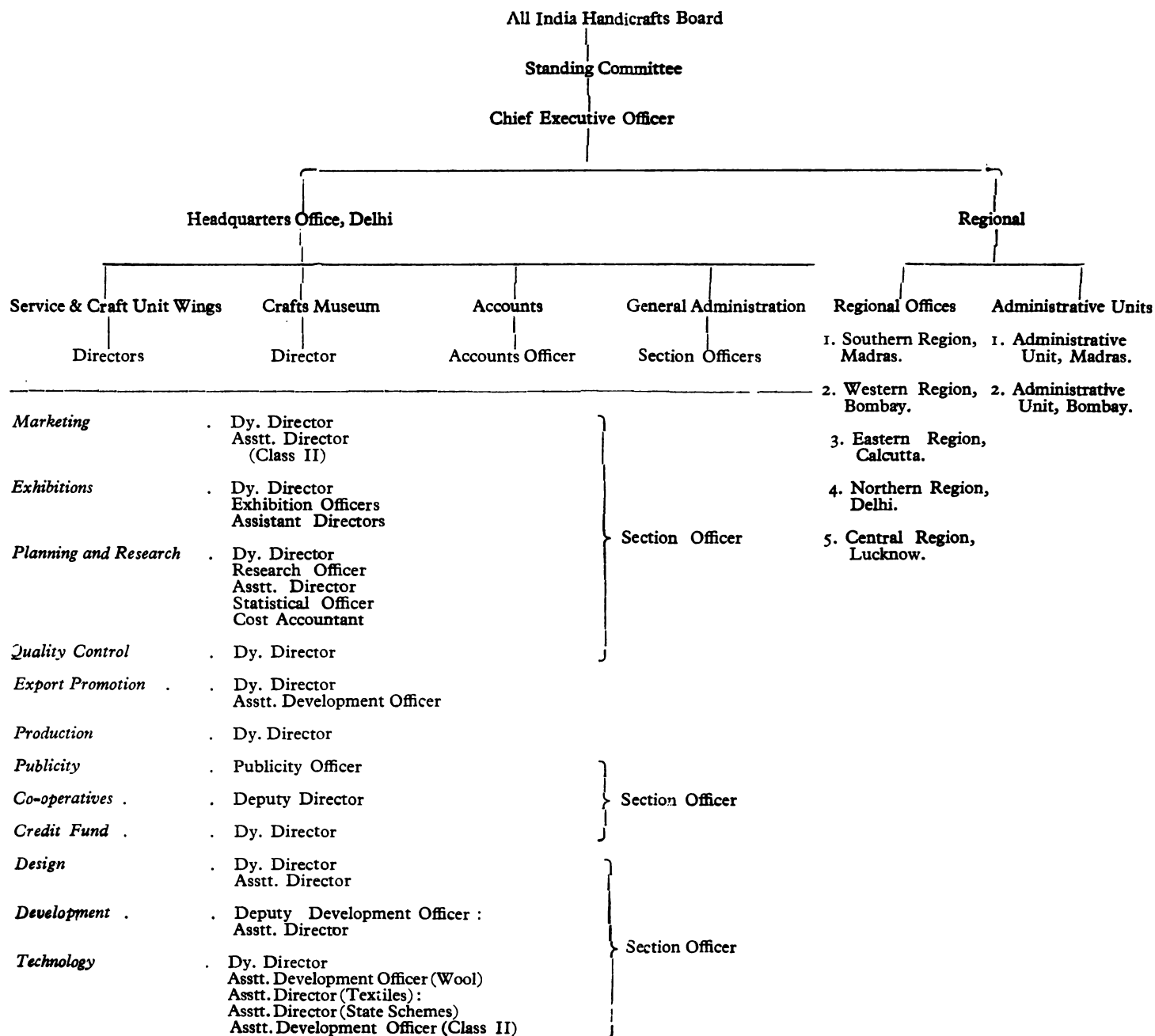
He will be *ex-officio* Member of all Committees of the Board and will also attend all meetings of the Board and the Standing Committee of the Board.

Any proposal involving financial commitments or implications will be examined by him in the first instance before it is referred to the Board or its Committees. He will, however, neither withhold a proposal nor delay its submission.

APPENDIX IV

(vide para 17)

Chart showing the Organisational set up of All India Handicrafts Board



*Statement showing strength & scales of pay of various categories of staff
of All India Handicrafts Board*

Posts No.	Designations	Scale of Pay
1	2	3
Headquarters Office		
<i>Gazetted</i>		
		Rs.
1	Chief Executive Officer	1100—50—1300—60—1600—100—1800
3	Directors	1300—60—1600
10	Deputy Directors	700—40—1100—50/2—1250
1	Deputy Development Officer	Do.
1	Publicity Officer	Do.
2	Assistant Development Officers	400—400—450—30—600—35—670—EB—35—950.
7	Assistant Directors	Do.
1	Research Officer	Do.
2	Exhibition Officers	Do.
1	Statistical Officer	Do.
1	Cost Accountant	Do.
1	Accounts Officer	590—30—830—35—900
1	Asst. Director (Class II)	350—25—500—30—590—EB—30—800—EB—30—830—35—900
1	Assistant Development Officer (Class II)	Do.
5	Section Officers	Do.
38	Total Gazetted	
<i>Non-Gazetted</i>		
1	Commercial Artist	325—15—475—EB—20—575
1	Technical Officer (Librarian)	320—15—470—EB—15—530
1	Asst. Publication Officer	325—15—475—EB—20—575
3	Senior Investigators	325—15—475—EB—20—575
3	Assistants	210—10—290—15—320—EB—15—425—EB—15—530
2	Accounts Assistants	Do.
13	Stenographers	Do.
17	Junior Field Officers	325—15—475—EB—20—575
1	S.A.S. Accountant	270—15—435—EB—20—575 (<i>plus 20% of basic pay as Special Pay</i>).

1	2	3
<i>Non—Gazetted—contd.</i>		Rs.
1	Design Artist	325—15—475—EB—20—575
5	Junior Investigators	210—10—290—15—320—EB—15—425.
5	Investigators	Do.
2	Statistical Assistants	Do.
2	Economic Investigators	Do.
1	Marketing Analyst	Do.
2	Stores Supervisors	Do.
1	Assistant Manager (M.E.U.)	Do.
1	Reception Clerk	Do.
1	Assistant Design Artist	Do.
7	Junior Accountants	Do.
1	Preservation Assistant	Do.
15	Technical Assistants	Do.
1	Draftsman— <i>cum</i> —Artist	205—7—240—8—280
1	Sales Assistant	130—5—160—8—200—EB—8—256—EB—8—280—10—300
8	Upper Division Clerks	130—5—160—8—200—EB—8—256—EB—8—280
1	Upper Division Clerk (Cashier)	130—5—160—8—200—EB—8—256—EB—8—280—10—300 <i>plus</i> Rs. 30/—Special Pay.
31	Lower Division Clerks	110—3—131—4—155—EB—4—175—5—180
2	Stores Clerks	Do.
9	Steno-typists	110—3—131—4—155—EB—4—175—5—180 <i>plus</i> Rs. 20/—Special Pay.
1	Preservation Assistant (Operator)	110—4—150—EB—4—170—5—180—EB—5—200
2	Binders	100—3—130
1	Staff Car Driver	110—3—131—4—139
1	Gestetner Operator	80—1—85—2—95—EB—3—110
3	Daftries	75—1—85—EB—2—95
13	Peons	70—1—80—EB—1—85
9	Chowkidars	70—1—80—EB—1—85
3	Farash	70—1—80—EB—1—85
3	Sweepers	70—1—80—EB—1—85

175 Total Non-Gazetted

Posts No.	Designations	Scale of Pay
Regional Offices		
<i>Gazetted</i>		
		Rs.
5	Deputy Directors	700—40—1100—50/2—1250
<i>Non-Gazetted</i>		
2	Superintendents	350—20—450—25—575
14	Junior Field Officers	325—15—475—EB—20—575
9	Investigators	210—10—290—15—320—EB—15—425
10	Upper Division Clerks	130—5—160—8—200—EB—8—256—EB—8—280—10—300
3	Stenographers	Do.
6	Lower Division Clerks	100—3—131—4—155—EB—4—175—180
5	Daftries	75—1—85—EB—2—95
4	Peons	70—1—80—EB—1—85
4	Chowkidars	Do.
57	<u>Total Non-Gazetted</u>	
Administrative Units		
<i>Gazetted</i>		
2	Administrative Officers	275—500
<i>Non-gazetted</i>		
2	Accountants	160—330
2	Technical Assistants	160—330
3	U.D.Cs. . . .	80—220
1	Accounts Clerk	80—220
1	Typist	60—130
2	Peons	30—1/2—35
2	Chowkidars	30—1/2—35
13	<u>Total Non-Gazetted</u>	

APPENDIX V

(Vide para 42)

Statement showing the names of the private institutions, schemes entrusted to them and grants and loans given to each during the Second Plan period.

Sl. No.	Name of the Institution	Schemes/Purpose	Financial aid given during the 2nd Plan period		Remarks
			Grant	Loan	
1. Indian Co-operative Union, New Delhi.					
		(i) <i>Marketing Expansion and Development—</i>			
		(a) For Central Cottage Industries Emporium:—	Rs.	Rs.	
		(i) Working Capital	99,739	20,85,000*	*Rs. 10.09 lakhs paid with interest at 3½%.
		(ii) Rent	38,800		Balance Rs. 10.76 lakhs.
		(iii) Display	2,43,875		
		(iv) Additional Staff			
		(v) Foreign Tourist Promotion	37,600		
		(vi) Renovation	51,032		
		(vii) Management Study by IBCON	15,750		
		(viii) Relief against Flood damages	56,321		
		(ix) Queen's Visit	20,000		
		(x) Publicity	2,88,584		
		(xi) Market Research	84,570		

(xii) Crafts promotion (including preparation of designs)	2,01,294	
(xiii) Training and Extension	53,423	••
(b) For show cases at Railway Stations and Airports	58,310	
(c) For Ashoka Hotel Shop :		
(i) Working Capital	70,290	50,000*
(ii) Losses		..
(2) <i>Surveys</i> Survey of associations of artisans, dealers and exporters	40,000	..
	13,59,588	21,35,000
2. Madras Handicrafts Emporium, Madras (a registered society).		
	<i>eting Expansion & Development</i>	
	For Handicrafts Emporium, Madras:	
		1,32,000
	(i) Working Capital	
	(ii) To obtain better premises etc.	1,59,564
3. The Arts and Crafts Education Society, Bombay.		
	For Handicrafts Teachers Train- ing College, Bombay:	
	To provide training to Craft Instructors	6,10,585*
4. Andhra Mahila Sabha, Hydera- bad.		
	For Regional Handicrafts Training Institute, Hyderabad :	
	Training of women in various crafts.	3,35,000
5. All India Women's Conference, Calcutta Branch, Calcutta.		
	For Regional Training Insti- tute, Calcutta:	
	Training of women in various crafts.	10,000

*Includes Rs. 95,000 for construction of building.

Sl. No.	Name of the Institution	Schemes/Purpose	Financial aid given during the 2nd Plan Period		Remarks
			Grant	Loan	
6.	Janata Shikshana Samiti, Dharwar.	<i>Training</i> For Vocational School of Arts and Crafts, Dharwar ; Training of Hereditary and Professional Artisans.	Rs. 2,54,700		
7.	Indian Conference of Social Work, Delhi Branch, Delhi.	<i>Surveys</i> Survey of levels of living of artisans in Delhi.	17,750		
8.	The Bhartiya Natya Sangh, New Delhi.	<i>Surveys</i> Collection and Survey of theatrical and allied crafts.	71,320		
9.	U.P. Industrial Co-operative Association Ltd., Kanpur.	<i>Surveys</i> Survey of industrial co-operatives in U.P.	8,392	..	
10.	The Indian National Theatre, Delhi. (a Cultural Group)	<i>Exhibitions and Fairs</i> For exhibition of crafts during Diwali Mela.	33,010		
11.	Shri Shanker Pillai	<i>Exhibitions</i> For organising exhibitions at Trivandrum and Madras.	1,000		
12.	Handicrafts Exporters Association, New Delhi.	<i>Export Promotion</i> For meeting administrative expenses of the Association.	15,000		

13.	Rupayatan Society, Junagadh	<i>Production</i> For production unit of lacquer-ware at Junagadh.	9,860	• • •
14.	Central Social Welfare Board.	<i>Survey and Extension</i> For development of crafts in welfare extension projects.	120,450	•
15.	National Library, Calcutta	<i>Research</i> Preparation of bibliography on old handicrafts.	34,936	•
16.	Kalakhshetra, Madras	<i>Research</i> For Kalakhshetra Dye Research Laboratory : Research in Dyes.	2,10,816*	•
17.	Bharatiya Kala Kendra, Delhi	<i>Research</i> Experiments in puppet-making.	52,300	•
18.	Bharat Kala Bhavan, Banaras	<i>Museum</i> For opening Textile section in their museum.	1,08,693	•
19.	Institute of Art-in-Industry, Calcutta.	<i>Craft Promotion and development</i> For exhibitions, setting up Crafts Museum, survey etc.	2,26,847	•

*Includes Rs. 56,753 for building. (In addition to above Rs. 1,08,200 were given for building during the 1st Plan period).

APPENDIX VI

(Vide Para 45)

AN AGREEMENT MADE the thirtieth day of October, nineteen hundred and fifty-two BETWEEN the President of India (hereinafter called "the Government" which expression shall, where the context so admits, include his successors and assigns) of the one part and the Indian Co-operative Union Limited, New Delhi a society registered under the Cooperative Societies Act, 1912 (II of 1912) (hereinafter called "the Society") of the other part.

WHEREAS the Ministry of Commerce and Industry are running departmentally a Central Cottage Industries Emporium located in the Queensway Barracks, New Delhi, since the year 1949.

AND WHEREAS the Government have agreed at the request of the Society that the establishment known as the Central Cottage Industries Emporium (hereinafter called "the said Emporium") shall be run by the Society AND WHEREAS for the purposes of running the said Emporium the Government and the usual offices more particularly described in the Schedule hereunder written furnished as noted in the list attached—Appendix I (hereinafter called "the said premises") AND WHEREAS THE SOCIETY have offered to hire the said premises and furniture for the purpose of running the said Emporium and Government have agreed to their doing so on the terms and conditions hereinafter mentioned :

NOW THIS DEED WITNESSES and the parties hereto hereby agree as follows :—

I. The Government have let and the Society have taken on lease the said premises from the first November nineteen hundred and fifty-two to the *thirty-first October nineteen hundred and fifty-five.*

II. The Society covenants with the Government as follows:—

(1) The Society shall pay to the Government monthly by way of rent during the term hereby granted for the said premises a sum of Re. 1/- (Rupee one only) per month. The rent shall be paid at the close of each month to the Estate Officer, Government of India, or as may be directed by the Government.

(2) The Society shall pay to the Estate Officer or as may be directed by the Government, charges for caretaking and for supply of electric current and water consumed in the premises let to the Society once a month at the rates prescribed from time to time.

(3) The Government will be responsible for the normal maintenance of the said premises according to the Central Public Works Department standards and the Society shall permit the officers and staff of the Central Public Works Department to enter the premises for this purpose as and when

required. The Society shall further permit the officers of the Central Public Works Department as may, from time to time, be deputed by the Government to conduct quarterly inspections of the premises as also special inspections whenever unusual climatic conditions render such inspections necessary.

(4) The Society shall make additions and alterations and instal fixtures and fittings in the said premises by way of temporary or permanent constructions only after obtaining the previous consent of the Government in writing and any such addition, alteration or installation shall be carried out by the Society at their own cost together with the cost of their restoration.

The said premises including fixtures and fittings are to be restored to the Government in as good condition as originally received (fair wear and tear, acts of God, riots or other civil commotion or enemy action excepted) at the expiration or sooner determination of the lease, if so required by the Government or otherwise the materials used in the additions, etc. will become the property of the Government.

(5) The Society shall be responsible for the repair and maintenance of the furniture and other fittings belonging to Government to the satisfaction of Government.

(6) The Society shall also be responsible for all damages or losses to the Government property in their use and shall be liable to make good any such losses or damages excepting those due to reasonable wear and tear or such as are caused by Storm, earthquake or any other irresistible force.

(7) The Society shall observe rigidly the rules for prevention and extinction of fire prescribed by the Chief Commissioner of Delhi.

(8) The Society shall not, during the continuance of these presents, commit or suffer to be committed, any waste, spoil or destruction in or of the said premises or the furniture and fixtures attached thereto.

(9) The Society shall not use or permit to be used the premises for any purpose other than the purposes of the Emporium only and shall not exhibit or sell anything which in the opinion of the Government might injure the religious sentiments of any person.

(10) The Society shall not do or permit to be done anything on the premises which shall in the judgement of the Government (which shall be final) be a nuisance, annoyance or disturbance to the Government or to the occupiers of any adjoining premises.

(11) The Society shall make no additions or alterations whatsoever to the premises or the furniture or assign, transfer, underlet or otherwise part with the said premises or any part thereof without the previous consent in writing of the Government.

(12) The Emporium will bear the same title as at present, namely the Central Cottage Industries Emporium, New Delhi and the Society will continue business with the main object of facilitating marketing of Cottage Industries products in India and abroad. The Society will take steps to merge into the Emporium within one month the activities of Refugee Handicrafts run by them except such of the activities which are beyond the purview of the Emporium.

(13) The Society shall take over such stocks in trade of merchandise at present held at the Emporium on consignment basis as the Society considers desirable on payment in full of the value of the stocks so taken. The full value of the stocks shall be calculated on the basis of selling price *minus* commission. The other stocks will be held by the Government until such time as the parties concerned have given assent to let the Society have their stocks on consignment basis as before.

(14) The Society shall also take over on payment at book value all the merchandise belonging to the Government kept at the Emporium for sale. The list of such goods with prices is indicated in Appendix II.

(15) The Society shall accept two Members nominated by Government on the Committee to be formed for the management of the Emporium. The Society shall at all times during the continuance of these presents endeavour to give effect to reasonable directions and instructions given to them by Government through their representatives or otherwise and by the Cottage Industries Board, with the object of facilitating marketing of cottage industries products in India and abroad.

(16) The Society shall keep proper accounts of all goods and merchandise received by them and of the particulars of the sale thereof and of all sums of moneys received by them and of all credits given on account of any such goods and of all other matters and transactions concerning the sale of such goods or merchandise and such accounts shall at all times be open to the inspection of the Government who shall have liberty to take copies or extracts of or from the same or any of them.

(17) Either party may at any time terminate this agreement by giving to the other three calendar months' notice in writing.

When the arrangements are so terminated, the Society shall hand over the said premises, furniture and fittings back to Government in the same condition as they were in when originally given to them.

III. (a) The Government shall reimburse to the Society the reasonable loss, if any, which the Society may incur on the running of the Emporium upto but not exceeding the maximum limit of Rs. 18,000/- (Rupees eighteen thousand) during the first year of its running and upto such lower limits for such contingent losses in the two succeeding years as Government may reasonably determine. The profit and loss accounts prepared by the Society's auditors will be subject to Government scrutiny.

(b) During the current financial year, namely 1952-1953 Government will consider the Society's request for the grant of a loan not exceeding a sum of Rs. 2 lakhs (Rupees two lakhs only) on terms and conditions to be mutually agreed upon.

IV. In the event of the Society being dissolved and wound up under the provisions of the Co-operative Societies Act, Government shall have the power to terminate the agreement forthwith without previous notice.

SCHEDULE ABOVE REFERRED TO

All that premises which is now occupied by the Central Cottage Industries Emporium and located in the ground floor of what is known as Block 'A' of Queensway Barracks situate at Queensway, New Delhi, containing by admeasurement 4921 sq. ft.

IN WITNESS WHEREOF the parties hereto have set their hands the day and year first above written.

Signed by

for and on behalf of the President of India in the presence of

1. ••

2.

Signed by

in the presence of

1.

2.

APPENDIX VII

(Vide para 54)

Note on the Design Organisation for Handicrafts in Japan

Improvement and development of designs of products of small scale industries including handicrafts in Japan is being looked after by the Government and for this purpose the Central and State (Prefectural) Governments have set up design centres. Almost every local Government has its own technical research and designing institute where studies as well as propagation of scientific and artistic improvement of industrial arts and designing are undertaken particularly on these products which have traditionally been produced in the state and also which due either to the existence of raw materials and traditional skills combined with them or to the possibilities of adoption of methods of production from outside, are expected to open up new market both domestically and abroad.

In 1928, the Government of Japan, Ministry of Trade and Industry, established an Industrial Arts Institute in SENDAI City for the purpose of improving and developing designs of traditional crafts practised in the North-Eastern region of Japan. In 1936, the scope was extended to industrial arts as a whole. In 1940, the Head Office was moved to TOKYO. Since then, its activities have increased manifold and at present the Institute has two branches—the one in Sendai and the other in Kurume city in the West-South of Japan. The institutes are extensively equipped with machines, instruments, laboratories for conducting research and experimentation in tools, techniques, materials, and designs of improved type and are managed by experienced master-craftsmen, technicians, design-artists and scientists. The main functions of these institutes are :—

(a) *Studies on domestic and foreign industrial arts*

The institutes communicate and exchange the information with foreign organisations connected with industrial designing and prepare samples of products, these central Government Institutes collaborate their work on technical research and designing with the work of the State Government research institutes to avoid duplication of work and to disseminate the results of the research carried out by the institutes.

(b) *Studies in Designing*

The institutes study all types of products from both aspects ; functional as well as outward appearance. In order to find out the costs of improved designs evolved studies of production techniques are also carried out.

(c) *Studies on "Good Designs" and trial manufacture of samples*

The institutes conduct studies in "Good Designs" that make full use of Japanese characteristics and will become products of export trade. They make trial samples, send them to foreign importers to see their reaction and give suggestions to domestic manufacturers and traders.

(d) *Studies on work techniques*

The institutes make exhaustive study of the production techniques and suggest improved and new type of materials and production techniques to the manufacturers. They also admit trainees from amongst both Government officials and private concerns, foreign trainees inclusive.

(e) *Studies in Analysis of Products*

In order to make clear the points of improvement and show the way to produce really creative products to the craftsmen, the institutes conduct comparative analysis of domestic and foreign products and data thus obtained are made available to all the interested parties.

(f) *Testing and studying of raw materials*

The institutes carry out scientific study of materials both on physical and chemical aspects with the help of testing and measuring instruments particularly in regard to the surfacing materials.

(g) *Studies on packaging techniques*

The institutes at Tokyo conduct testing and research in all types of packaging materials and suggest the designs and structure of packages.

(h) *Propagation of guidance work*

The propagation of the research achievements of the institutes is promoted through exhibitions, study courses etc. while consultation service on designs and technical aspects is conducted at the institutes so that the queries can be replied with the aid of machines, charts, demonstration, etc.

(i) *Trade Promotion*

These institutes send designer artists abroad (generally to US and Europe) to study trends in designs. Foreign Designers are also invited to Japan to give on-the-spot design assistance to the manufacturers and help them in producing articles which will find sizeable demand in foreign centres. There are about 100 Government design centres spread throughout the country which are financed by the Central/State Govts./Municipalities. The designers and scientists of all these institutes meet once a year with a view to knowing the progress made by the other institutes and discuss common problems.

Thus, the main functions of these Government Industrial Arts Institutes are to study and prepare new and better designs, materials, tools and techniques. These institutes study the market trends at home directly and follow up the foreign market trends through the publications and notes prepared by JETRO (Japan Export Trade Promotion Agency). Export promotion of Japanese products in the light of discussions held and suggestions received from foreign buyers at the time of exhibitions held in foreign countries is one of the important functions of JETRO. JETRO is a semi-Government organisation. Since the time of resumption of export trade after the war till 1958, the Government of Japan had given 6 million dollars to this organisation towards

fund-capital. JETRO is not allowed to use this fund-capital but can utilise the interest on the capital amount. Japan Government's budget for JETRO in the year 1958 was 3 million dollars including dues and contributions received from industrialists, State Governments, banks, shipping, transport companies etc.

JETRO has branches in the foreign countries. Its overseas offices display Japanese products, study the reaction of the purchasers and furnish information on exports to Japanese manufacturers/exporters. For evolving new and better designs for exports, JETRO invites foreign designers who work in collaboration with Industrial Arts Institutes at Tokyo, Sendai and Kurume. Foreign designers are also taken to artisans' workshops for apprising them of the modern tastes and trends in designing and to provide suggestions for more exportable production of the articles. For making samples with new and better designs, JETRO provides grants and subsidies to the artisans and sends the samples to Departmental Stores for approval.

Every year JETRO deposes 3—4 designers to Arts Centre School, Los Angeles (US) and 3—4 designers to Design Institutes in Europe, one to Stockholm (Sweden), one to Copenhagen (Denmark), one to West Germany and one to Milano in Italy (Brera Technical College) for higher training in designing ; 50% of the cost of training is paid by JETRO and the remaining 50% is borne by the selected candidates or his employers.

APPENDIX VIII
(Vide PARA. 56)

Statement showing the names, aims & objects of Pilot centres of the Board, expenditure incurred on each during the Second Plan period and their achievements in brief

Name of the Centre	Location and date of starting	Aims and objects	Expenditure incurred during the 2nd Plan period	Main achievements	Remarks
1	2	3	4	5	6
<i>Training</i>					
1. Pilot Centre for doll making	Bombay 1-4-1955	To train women in the manufacture of typical Indian faces and forms making of doll's clothes, and doll's jewellery.	Rs. 2,37,600	203 trainees were trained.	
2. Development Centre for cane and bamboo work.	Kotagiri (Nilgiris) 26-6-58	To train in wood carving and bamboo crafts.	47,332	47 trainees were trained.	
3. Development Centre for cane and bamboo work.	Burliar 6-6-60	To train the Kurumbhas in cane and bamboo work.	18,210	22 trainees were trained.	

1	2	3	4	5	6
---	---	---	---	---	---

- | | | | | | |
|--|---|--|----------|---------------------------------|--------------------|
| 4. Pilot centre for packing techniques. | Mysore
25-8-58 | To train students in packing techniques. | 50,940 | 36 trainees were trained. | |
| 5. Training Centre for Raffia Work. | Faridabad
19-10-56 | To train women in Raffia work. | 8,235 | 45 trainees were trained. | Closed on 30-6-59 |
| 6. Pilot Centre for Terra-cotta Pottery | Varanasi
1-8-58 | To train artisans in Terracotta pottery. | 44,867 | 9 trainees were trained.
N.K | Closed on 30-7-60 |
| 7. Training Centre for Blue Pottery | Delhi
14-9-1955 | To impart theoretical and practical training in blue pottery. | 5,024 | Since closed. | |
| 8. Development Centre for Musical Instruments. | Madras
(at Sangeet Vidyalyaya)
16-11-55 | To review old traditional instruments, introduce new types and to raise standard governing production. | 2,68,489 | 130 trainees were trained. | |
| 9. Development Centre for Kalamkari Art | Kalahasti
(Andhra)
15-7-57 | To train artisans in Kalamkari printing of temple cloth etc. | 64,388 | 4 trainees were trained. | |
| 10. Pilot Centre for Lacquerware training | Junagadh
1-9-57 | To train artisans in traditional lacquerware. | 33,311 | 15 trainees were trained. | Closed on 4-12-60. |

Since closed.

4-769 14 trainees were trained.

To impart training to artisans in the making of famous Kondapalli toys.

Kondapalli
May, 1955

Design development and Production etc.

1. Pilot Centre for Brocade Weaving
Surat 1-7-55
1,76,872 Upto March, 1959, 30 old designs were reproduced and 20 weavers and 20 helpers were trained. The Centre had orders for 1066 yards of cloth of the value of Rs. 34,551 for its products up to March, 1962.

2. Development Centre for weaving of cotton and silk sarees.
Kanchipuram 1-4-55
1,31,128 Produced 400 designs of sarees which have resulted in big demand for South Indian Sarees in other parts of the country.

3. Development Centre for educational wooden toys.
Bombay 1-11-1956
2,38,591 During 1957-58 and 1959-60 toys worth Rs. 51,259 produced. Subsequent position not known.

1	2	3	4	5	6
4.	Pilot Centre for Madurai Tie and Die Industry 20-12-1956	To introduce different motifs taken from "Kolam" designs with colour combinations.	1,02,605	3184 sarees etc. worth Rs. 64,841 produced.	
5.	Development Centre for cotton sarees Kothakota (Andhra) 11-5-1957	To revive the art of making distinct Vanarpathy sarees and induce weavers to take up weaving of traditional designs.	66,109	NK	
6.	Development Centre in embroidery work for Toda women Nargachimund (Nilgiris) 19-6-1958	To revive the traditional art of embroidery work.	43,628	NK	
7.	Pilot Centre for Wall and Pot Paintings Varanasi 12-7-1957	To revive traditional styles of folk paintings on walls and pots.	26,369	Produced 335 wall and pot paintings, 138 design paintings on clay pots and 43 design curtains and bed sheets.	Closed on 30-9-59.
8.	Pilot Centre for Character Indian dolls Bombay 1-11-56	To meet the popular demand for dolls of typical Indian features, costumes and drapery and to train women to take up commercial work.	90,621	Dolls worth Rs. 15,100 produced during 1957-58 and 1959-60. Subsequent position not known.	
9.	Bronze Centre Production Bangalore 15-9-1958	To organise production quality figures in Bronze casting.	76,215	NK	

10. Production Centre for Raffia Work	Faridabad 19-10-56	To provide employment to the trainees.	36,707	NK	Closed on 31-3-1960
<i>Research</i>					
1. Development Centre for Pottery Crafts	Bombay (at Prajapati Sahakari Ut-padak Mandal) June, 1954. In October 56 the Board took over the Centre.	To conduct research and experimentation in different clays, slips and strains etc.	71,804	NK	
2. Pilot Centre for pine-apple fibre industry	Moodbidri/ Mysore 1-2-56	To develop an industry from pine-apple leaves which generally go waste and to give employment to people in the area.	63,151	NK	
3. Research Section at Development Centre for Educational wooden toys	Bombay 16-5-58	Research in educational wooden toys and supply of improved designs.	42,491	NK	
4. Research Section at Pilot Centre for doll making	Bombay 16-5-58	To undertake experiments in regard to new compositions for making faces, form and designs of clothing and ornaments for dolls.	26,368	NK	
<i>Marketing</i>					
1. Pilot Centre for marketing of black pottery.	Nizamabad 15-7-57	To assist potters co-operative Society, Nizamabad in the sale of their products.	55,702	Pottery introduced in various parts of the country.	Closed on 31-3-60.

APPENDIX IX

(Para 92)

Composition of the Board of Directors of the Indian Handicrafts Development Corporation Ltd.

Chairman

1. Shri Govind Narain, Chairman, State Trading Corporation of India Ltd

Directors

2. Shri S. N. Dandona, Chief Executive Officer, All India Handicrafts Board.
3. Shri L. C. Jain, Member-Secretary, All India Handicrafts Board (non-official).
4. Shrimati K. Shiva Rao, Vice-Chairman, All India Handicrafts Board (non-official).
5. Shri C. V. R. Panikar, Dy. Secretary, Ministry of Finance.
6. Shri A. Visvanath, Deputy Secretary, Ministry of Commerce & Industry.
7. Shri B. N. Chatterjee, *Managing Director*.

APPENDIX X*(Vide Para 100)*

(Rs. in lakhs)

	1957	1958	1959	1960
Woollen Carpets and Druggets	419.0	451.6	492.5	484.0
Art Brassware	96.2	99.6	144.2	163.3
Wood Carvings	11.3	12.8	15.1	18.1
Woollen Shawls and Lohis Travelling	11.7	9.7	12.3	16.9
Synthetic Stones	16.4	14.3	8.8	4.6
Ivory Manufactures	5.1	4.9	10.5	4.9
Textile Fabrics	11.7	12.9	7.7	5.9
Bangles & Beads	3.4	2.1	6.0	6.9
Other items	61.6	60.0	67.1	68.5
	<u>636.4</u>	<u>667.9</u>	<u>764.2</u>	<u>773.1</u>

APPENDIX XI

Summary of Conclusions/Recommendations

Serial No.	Reference to Para No. of the Report	Summary of Conclusions/Recommendations
1	2	3
1	4-6	The All India Handicrafts Board is an advisory and consultative body. It has undertaken the implementation of certain central schemes formulated by it and is functioning as an executive wing of the Ministry. It is not common for advisory Boards to be invested with executive functions. If they are, the system is open to criticism on the grounds that neither the discipline of a Government Department nor the responsibility and accountability of a statutory or corporate body attaches to it. The Secretary of the Ministry admitted that it was not normal for an advisory Board to be invested with executive functions & that such an arrangement was open to a number of objections but the system had worked well in practice. The Committee recommend that the question regarding the status and functions of the advisory Board may now be examined by Government so that they conform to the normal and accepted pattern.
2	7	It is seen that the handicrafts producers or artisans are not represented on the Board. To bring practical experience to bear on the policies and programmes of the Board, the Committee would suggest that the representatives of the handicrafts producers should be associated with the Board.
3	8	The tenure of non-official members of the Board has varied from time to time. It is rather surprising to note that at the initial constitution of the Board in 1952 and its reconstitution in 1954, no tenure was fixed. In 1957, the tenure was prescribed at 3 years. In 1960, it was changed to two years. The Committee would recommend that a suitable tenure for the membership of the Board may be fixed which would also enable the introduction of fresh blood from time to time. The Secretary of the Ministry agreed that a definite tenure was desirable.

1	2	3
4	9-10	<p>The Board has a Standing Committee for the expeditious examination of schemes and proposals. This committee takes all decisions on behalf of the Board and is empowered to appoint sub-committees/panels of experts to deal with specific problems or groups of problems. The schemes and sanctions for expenditure accorded by the Chief Executive officer under the powers delegated to him are also required to be approved by this Committee. No formal delegation of any powers has been made to it. It is not common for an advisory Board to have a Standing Committee nor is it common for such a Standing Committee to be appointed by Government and in practice to exercise powers which are not possessed by the parent body. The Secretary of the Ministry agreed that the position was to that extent anomalous and that it was not necessary for the Standing Committee to approve schemes sanctioned by the Chief Executive Officer. The Committee suggest that these anomalies should be removed.</p>
5	12-13	<p>The Board has a non-official Member-Secretary and a Chief Executive Officer. The Member-Secretary acts as Secretary of the Board and its Committees and maintains contact & liaison with other all-India Boards and with State Govts. at the ministerial level on behalf of the Board. The Chief Executive officer is responsible for the implementation of the decisions of the Board and its proper functioning etc. The Committee feel that the system of having two parallel functionaries is not always conducive to smooth and harmonious working of any organisation and may on occasions cause avoidable delays. As the Secretary of the Ministry agreed, there could be deadlocks in the present set up and it would be better to have an Assistant Secretary instead of the Chief Executive Officer. In this connection, the Committee understand that in the case of the Small Scale Industries Board, the Member-Secretary of the Board is an official under the Development Commissioner, Small Scale Industries, who is the Chief Executive Officer of that body. The Committee regret that such an anomaly should have been allowed to arise and continue for so long and suggest that it may be remedied without delay.</p>
6	15	<p>The organisational set up of the Board does not conform to normal pattern and stands virtually <i>sui-generis</i>. The Committee would urge that the organisational set up of the Board should be placed on a proper footing.</p>
7	18-19	<p>Out of a total expenditure of Rs. 205.48 lakhs incurred by the Board during the Second Plan period, the</p>

1

2

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expenditure on establishment alone was Rs. 45.12 lakhs *i.e.*, 21.96 per cent. The annual expenditure on establishment has gone up from Rs. 2.72 lakhs in 1955-56 to Rs. 14.41 lakhs in 1960-61 *i.e.* a rise of 429 per cent. The increase is most marked under Pay of Officers. The Committee feel that the staff in the Headquarters Office is on the high side and that there is scope for reduction. Further there is no rationale in the nomenclature of various posts at the lower level. They, therefore, recommend that the establishment of the Headquarters Office may be reviewed with a view to placing it on a rational basis and eliminating unnecessary staff.

- 8 22 Since the States have strengthened their development organisations and the progress of their schemes could be watched through periodical reports and inspections, the continuance of the regional offices of the Board needs to be closely examined.
- 9 23 There is a general tendency among the various all-India organisations to set up their own regional offices. Apart from entailing heavy expenditure by way of rent and contingent charges etc. the outlook of the regional offices is likely to be confined to looking after the interests of the areas where they are located rather than to those of the whole of their region. The Committee feel that with the strengthening of the State organisations and the availability of quick means of communications these days, it should not be difficult to do away with the regional offices and for the States to discharge all their functions. They would suggest that the matter may be examined by Government and the need for different regional offices set up by various organisations for development of industries may be reviewed.
- 10 24 The Committee are not convinced of the necessity for setting up the two administrative units especially when there were regional offices of the Board at those places which could have performed their functions. As agreed to by the representative of the Ministry, the units could be merged with the regional offices of the Board at those places. The Committee trust that urgent steps would now be taken to merge these units with the regional offices.
- 11 28 The State-wise allocation made as a result of annual Plan discussions did not conform to the original pattern. In the case of certain States the revised

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allocation was even larger than the original. The Committee suggest that the principles that should normally guide allocation and re-allocation of resources to the States need to be set out.

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The Central Government has been giving financial assistance to the States for handicrafts as also other small industries schemes since the beginning of the First Plan. The procedure of receipt and examination of development schemes for handicrafts had been in operation since 1952. The experience gained should have been adequate enough for the Board to indicate the lines on which the schemes were to be formulated by the States and submitted for approval. It is surprising that it took six years for the Government to simplify the procedure. The Committee trust that Government would take adequate steps to ensure that any procedural difficulties or problems that are thrown up in future are solved promptly.

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While the actual expenditure in the States of Andhra Pradesh and Madras has been equal to the allocation, in other States, especially Assam, Bihar, Kerala, Mysore and Orissa, it has been far below the allocation. Success in the small industries sector depends on the full cooperation of the State Governments, and their expeditious implementation of these schemes. The Committee hope that the Board would take special measures to assist and guide the States, particularly those which are still lagging behind in their programmes of development of handicrafts.

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While the States of Assam, Bihar, Bombay, Madras, U.P. and West Bengal received nearly 60% of grants and 40% of loans from Central Government, the States of J & K., Kerala and Orissa received about 60% of loans and 40% of grants. The Committee hope that the overall proportion of grants and loans fixed for various States will be maintained in actual practice during the Third Plan period and that the States will take full advantage of the revised procedure.

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The development priorities do not seem to have been followed at the time of examining the State schemes. The Committee feel that the Board should have a clear appreciation of the problems relating to the handicrafts in each State and on that basis should indicate, in consultation with the State Governments, the lines on which development of handicrafts ought to be achieved in the various States so that there is no haphazard formulation of the development schemes by the States. It is also necessary that physical and financial targets for schemes are laid down and the progress watched periodically.

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| 16 | 38-39 | <p>The total expenditure actually incurred on Central schemes has been of the order of Rs. 205·48 lakhs. It has exceeded the Plan allocation by Rs. 35·48 lakhs. The Committee have discussed the various Central schemes in detail in the report later on. They have commented on the need and desirability for starting the various schemes by the Board. Since the development of small industries, including handicrafts, is the primary responsibility of the State Governments, the actual execution of the schemes relating thereto should be left to the State Governments as far as possible.</p> |
| 17 | 42-43 | <p>Some of the purposes for which grants have been given by the Board to various private institutions do not appear to relate exclusively to the development of handicrafts. Further grants have been given to meet the entire expenditure on various kinds of craft training to the private institutions which were not engaged in that type of training before. The Committee feel that there is no well defined criterion for the selection of private institutions for giving grants. The need for entrusting the training and other schemes to these institutions is not quite apparent, especially when the Board and the State Governments are already executing these types of schemes themselves. It is also likely that these institutions are receiving grants from various other sources for allied purposes. Further the meeting of entire expenditure by way of grant without a reasonable contribution by the institution concerned does not appear to be sound. The Committee are, therefore, of the opinion that the selection of the institutions and the schemes to be entrusted to them should be done after careful thought and investigation so as to ensure that it fulfills a definite development programme and on recommendation of the concerned State Governments. The Committee suggest the need for a clear policy in this regard.</p> |
| 18 | 44-48 | <p>Out of the total financial assistance of Rs. 55·61 lakhs given by the Board to the private institutions during the Second Plan period, the amount advanced to the Indian Cooperative Union alone was Rs. 34·94 lakhs. Rs. 21·35 lakhs as loan and Rs. 13·59 lakhs as grants. In this connection the Committee note that the main office bearers of the Board, on whose recommendation grants and loans are sanctioned by Government, are also the principal functionaries of the Indian Cooperative Union which is the main beneficiary. Such an arrangement is not in keeping with the</p> |
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- canons of financial propriety. The Secretary of the Ministry also agreed that it was not a desirable pattern. The Committee recommend that government may examine the matter immediately to ensure that there is no inhibition in the way of the Board performing its functions with the necessary objectivity.
- 19 49 No targets of performance in respect of handicrafts have been fixed with reference to the objectives laid down in the Third Five Year Plan. The Committee trust that the Board would take necessary steps to lay down targets and to watch progress.
- 20 52 A large number of designs developed by the Design Development Centres lie without being utilised by the industry for commercial use. Even those passed on to the craftsmen are not being followed up to see the extent to which they have been successful commercially. It is somewhat difficult to assess the impact of these centres in improving and developing the designs of traditional crafts.
- 21 53—55 In addition to the four regional design centres of the Board, the various State Governments have also set up their own design centres with the financial assistance provided by the Board. Further, some of the Board's Pilot centres too are engaged in preparation of designs and grants have also been given to private institutions for this purpose. The Committee understand that in Japan there is one Central Design Institute and other design centres are in States. They feel that any kind of centralisation would not be favourable for the growth of the various kinds of design forms which have evolved in different parts of the country over a long period. The growth of crafts designing could take place in traditional places of the crafts and could best be fostered by the State Governments. The Committee recommend that the Board may undertake a detailed study of the design organisation in Japan with a view to profiting by their experience and evolving a suitable design development organisation in the country. The representative of the Ministry admitted that it was worthwhile to study the Japanese system.
- 22 57—58 Apart from the Pilot Centres of the Board, the State Governments have also set up a number of training and production centres and their functions overlap to a certain extent. The representative of the Board stated that they were negotiating with the State Governments to take over their centres and that during the Third Plan period their would be no pilot centre under the direct supervision of the Board. The Committee welcome this action of the Board and hope that the various pilot centres would be handed over to the State Governments at an early date.

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23	59-60	In the nine pilot centres for training, a total number of 511 trainees were trained during the Second Plan period. The total expenditure incurred on these centres was Rs. 7.73 lakhs (Rs. 7.12 lakhs recurring and Rs. 0.61 non-recurring)—which works out to Rs. 1,513 per trainee. The representative of the Ministry admitted that at present the expenditure per trainee was high. The Committee trust that till the centres are transferred to the State Governments, the Board would take suitable steps to control effectively the expenditure on the various pilot centres and to ensure optimum utilisation of their capacity.
24	61	The Committee note that there are various organisations imparting training in management of emporia/salesmanship and cooperation. The Committee feel that it would be desirable if the various organisations pooled their resources and provided such training on a common regional basis at different centres. They, therefore, recommend that the feasibility of having a joint programme of training in this regard may be examined by Government.
25	62	The Committee regret that the Board should have taken about eight years in setting up the Research Centre and staffing it properly.
26	63	Apart from the Research Centre at Bangalore, research in improvements and innovations of certain specific crafts is also being carried out at some of the Pilot Centres of the Board. The representative of the Board agreed that the Bangalore centre would be taking over the entire research works. The Committee trust that the Board would soon take necessary steps in this direction.
27	64	(i) The Committee recommend that the suggestions made by Shri N. Fukuoka in his survey Report (1959) and the International Labour Organisation in their Report (1961) regarding the introduction of partially mechanised production methods in handicrafts may be examined and effective steps taken to implement them. (ii) The feasibility of having common facility centres both for the handicrafts and the small scale industries, may be considered.
28	66	The total financial assistance given to the various emporia/sales depots during the Second Plan period amounted to Rs. 97.15 lakhs (Rs. 51.84 lakhs as loan and Rs. 45.31 lakhs as grants), while the increase achieved in annual sales during the same period

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		was Rs. 72 lakhs only. Thus compared with the funds advanced, the increase achieved in annual sales does not appear to be commensurate.
29	67	<i>The low sales by the State run depots compared to the sales by Cooperative Societies is striking. 98 of the State run emporia have only a sales of Rs. 105.43 lakhs—making an average of little over Rs. 1 lakh per emporia. While 8 emporia run by Cooperative Societies have sales of Rs. 59.16 lakhs which shows an average of over Rs. 7 lakhs per emporia. It has also to be noticed that the Central assistance to these Cooperatives is very much less than to the State run emporia. This poor performance of the State run emporia receiving substantial assistance by way of grants and loans needs immediate looking into and steps being taken to remedy the situation.</i>
30	68—69	Under the pattern of financial assistance for handicrafts 50% of the recurring and 50% of non-recurring expenditure of the emporia and sales depots is met by the Central Government as a grant. Their requirements of working capital are met by loan. The Committee are well aware of the importance of marketing in the development of the handicrafts industries but they feel that assistance in this regard should be directed towards stimulating a self sustained effort and making the emporia/sales depots self supporting within a reasonable time rather than extending protection indefinitely which may encourage stagnation. They trust that a review of the pattern of financial assistance will be carried out with this end in view.
31	70	It is seen that out of 52 exhibitions 29 had been held in Delhi alone. No exhibition has so far been held in certain States like Punjab, Madhya Pradesh and Bihar. It is desirable that exhibitions should be held in different parts of the country from time to time and not largely confined to Delhi only.
32	71	Though the Board has undertaken a number of surveys complete information about the total number of handicrafts, their activities, capital invested, production, employment, wages and levels of earnings of artisans etc. is still not available. The Committee would recommend that a comprehensive area-wise and craft-wise survey of the existing as well as potential handicrafts be undertaken.

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- 33 73—74 The credit facilities at present available to handicrafts especially from financial institutions are very meagre. In this connection the Committee understand that in Japan credit is easily forthcoming from financial institutions and no financial assistance is ordinarily given by Government Departments. The Committee hope that the measures being taken by the Board to facilitate flow of funds from cooperative and commercial banks would considerably enlarge bank lending facilities to handicrafts and that the provision of credit by Government Departments would be gradually done away with.
- 34 75—76 To facilitate supply of imported raw materials Government have now introduced two schemes under which raw material is made available against the export of finished goods manufactured out of them. As export trade in handicrafts is largely in the hands of people who are not actual manufacturers themselves and there is always a temptation to sell the imported raw material, which is in short supply, at a very high price, the Committee feel that a system should be devised whereby artisans will be able to obtain their requirement at reasonable prices. This purpose can best be achieved by setting up raw material depots by Co-operative Societies or associations of the artisans, as appears to be the case in Japan. They recommend that the matter may be examined by Government.
- 35 79 The Committee recommend that the matter regarding housing the central crafts museum's exhibits in a wing of the National Museums may be examined further. In case the National Museums are not able to take over the exhibits, it is necessary that a separate building should be provided for the display of exhibits of the Crafts Museum.
- 36 80 The Committee are doubtful of the usefulness of the Craft Museums proposed to be set up by the Board in rural areas. The Secretary of the Ministry also admitted that these museums might not produce commensurate results.
- 37 82-83 So far there has not been much progress in introducing quality control for handicrafts. In a competitive
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		market with an alert clientele, quality control, apart from its social and moral obligation, has become a practical necessity. The Committee hope than an early decision will be taken regarding the introduction of compulsory quality control, wherever it is possible.
38	84	Considering the lakhs of craftsmen scattered all over the country, it would appear that the cooperative form of organisation in handicrafts has not so far made much headway. The Committee trust that the Board will formulate suitable programmes for accelerated development of industrial cooperatives for handicrafts and set forth annual targets to be attained.
39	86	Most of the trade associations in handicrafts are of very recent origin and are small in number. It needs no emphasis that trade associations can play a leading role in providing various kinds of common services like supply of raw materials, dissemination of technical and organisational know-how etc. to their constituent members. The Committee feel that there is considerable scope to develop trade associations in the handicrafts and recommend that suitable measures may be evolved to encourage the formation of such associations.
40	90	That the Indian Handicrafts Development Corporation is being merged with the State Trading Corporation as its subsidiary, so soon after its constitution, clearly indicates that the need for it was not fully examined at the time of its setting up. However, the Committee welcome the decision to integrate the Corporation and the Handloom Export Organisation under the State Trading Corporation and hope that it will be implemented at an early date.
41	91	The Committee note that Government are not clear in their mind as to whose responsibility it is to be in charge of export promotion whether it should be left to the Handicrafts Corporation which may become subsidiary of State Trading Corporation or whether the Handicrafts Board should continue to administer export promotion. It is time that the Government decided one way or the other instead of allowing these two agencies to perform the same function. Now that the decision to merge the Handicrafts Corporation with the State Trading Corporation had been taken, the Committee feel that the work of export of handicrafts may well be left in the hands of the Corporation. In any case the Committee consider it is time for the Government to come to a definite decision in the matter and clearly demarcate the functions of the Board and the Corporation and avoid duplication of agencies.

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42	93	The Committee suggest that the feasibility of associating the exporters with the working of the Corporation either directly or through advisory committees may be examined, so as to enable their problems and requirements to be fully appreciated.
43	95	The Committee hope that a review of the question of combining the regional centres of the Corporation and the Handloom Organisation and designating them as all-India show rooms will be taken without any delay.
44	97	The Committee are not happy about setting up separate development centres to meet export and internal requirements. They consider that the work relating to the organisation of production whether to meet internal or external demand should be done by the same agency which should naturally be the Board.
45	99	The annual exports of handicrafts have fluctuated between about Rs. 6 to 8 crores during the last decade. The exports have at no time even reached the level of exports in 1951-52 when it amounted to Rs. 796.98 lakhs. There has, however, been an improvement in exports since the setting up of the Corporation in 1958. While the Committee note with some amount of satisfaction the upward trend in recent years, they feel that there is yet a large leeway to make up the vast market potential abroad. They hope that the Corporation would take more effective measures to boost up exports by a continuous study of foreign markets and their requirements.
46	100	The exports of woollen carpets from India to United Kingdom declined from 13,85,721 square yds. in 1959 to 12,72,372 square yds. in 1960. Since the carpets and druggets are the major items of exports, the Committee suggest that special measures may be taken to increase their export.
47	101	The Committee suggest that information regarding the volume and value of exports of handicrafts should be published in the Annual Reports of the Corporation which are presented to Parliament.
48	102	No general survey to determine export potential of Indian handicrafts in the various countries of the world has so far been conducted. The Committee feel that there is need for a comprehensive survey to find out the potentialities of foreign markets for Indian goods including handicrafts. The Secretary of the Ministry admitted the desirability of such a survey. The Committee suggest that necessary steps to conduct such a survey may be taken.

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- 49 105-106 The financial assistance rendered by the Corporation constitute a very small fraction of the total exports. Further, the assistance has been availed of by a few parties only and all others seem to have raised the necessary resources on their own. The Committee feel that the provision of financial assistance to the Industries should be left to the financial institutions. In this connection, they understand that Government have recently accepted the recommendations of a Working Group to enlarge bank lending facilities to the exporters. The Committee suggest that after this decision is implemented, Government should examine the need for the Corporation to operate its financial assistance scheme. Meanwhile, the scheme should be given the widest publicity so that more exporters may take advantage of it in augmenting the country's exports.
- 50 108 The Committee are doubtful of the propriety of granting a loan of Rs. 1 lakh to the Indian Co-operative Union in 1959 for working capital, particularly when no such loan is being given to others. In this connection, they would refer also to para 47 of the Report.
- 51 109-110 At present inspection of handicrafts meant for export under the pre-shipment inspection scheme of the Corporation is purely voluntary. The Committee feel that to obviate complaints from foreign importers, pre-shipment inspection is necessary. They suggest that the desirability of making it compulsory for as many products as possible may be examined.
- 52 111-113 There are various Government agencies and private institutions engaged on export promotion, such as the State Trading Corporation, the Indian Handicrafts Development Corporation, the National Small Industries Corporation, the All India Handloom Fabrics Marketing Cooperative Society and a number of Export Promotion Councils. Each of these organisations appears to be working in separate compartments and there does not seem to be a coordinated effort in the matter. The Committee recommend that Government may examine and review the working of various organisations operating in the field of export promotion with a view to reducing their multiplicity and bringing about coordination and thus effecting economy and efficiency.
- 53 115-118 (i) The Corporation is functioning as a developmental and promotional body. Its expenses are being met

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by Government grants and its working capital requirements are being met from out of the share capital, major portion of which remained unutilized till 1959-60. As admitted by the Secretary of the Ministry, the working capital requirements should have been financed by way of loans. There is thus no incentive for the Corporation to economise and operate on business principles.

- (ii) The Committee do not appreciate why developmental and promotional functions should be entrusted to an organisation set up under the Companies Act, as performance of such an organisation can be evaluated only if it works on business and commercial principles. They feel that the Company form of Organisation, which has its own share capital, is not a proper device for undertaking developmental and promotional activities. In this connection they would also refer to para 7 of their 80th Report wherein they have suggested that the Company form should be resorted to for organisations of a specified nature.
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APPENDIX XII

(Vide Introduction)

Analysis of the recommendations contained in the Report

I. CLASSIFICATION OF RECOMMENDATIONS :

A. Recommendations for improving the organisation and working :

Sl. Nos. 1, 2, 3, 4, 5, 6, 17, 18, 21, 22, 26, 41, 42, 43 and 44.

B. Recommendations for effecting economy :

Sl. Nos. 7, 10, 23 and 52.

C. Miscellaneous :

Sl. Nos. 8, 9, 11, 12, 13, 14, 15, 16, 19, 20, 24, 25, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 45, 46, 47, 48, 49, 50, 51, and 53.

II. ANALYSIS OF THE RECOMMENDATIONS DIRECTED TOWARDS ECONOMY :

Serial No.	No. as per summary of recommendations	Particulars
1	7	For review of establishment of the Headquarters Office.
2	10	For merger of Administrative Units with Regional Offices.
3	23	For effective control of expenditure on various pilot centres.
4	52	For reduction of multiplicity of organisations operating in the field of export promotion.
