

ESTIMATES COMMITTEE (1967-68)

TWENTY-SECOND REPORT

(FOURTH LOK SABHA)

**MINISTRY OF INDUSTRIAL DEVELOPMENT AND
COMPANY AFFAIRS**

(DEPARTMENT OF INDUSTRIAL DEVELOPMENT)

RURAL INDUSTRIALISATION

**Action taken by Government on the recommendations
contained in the Hundred and Seventh Report of
the Estimates Committee (Third Lok Sabha)
on the erstwhile Ministry of Industry—
Organisation of the Development
Commissioner, Small Scale
Industries—Rural
Industrialisation**



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CORRIGENDA

To

Twenty-second Report of the Estimates Committee
(Fourth Lok Sabha) on the Ministry of Industrial
Development and Company Affairs - Rural
Industrialisation presented on 7.3.68.

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Page (vii), last line, for '20th' read '20'.

Page 8, line 7 from bottom, for 'Lahs'
read 'Lakhs'.

Page 16, line 10 from bottom, for 'has'
read 'have'.

Page 17, line 7, for 'Decoration' read
'ecoration'.

Page 22, line 11, for 'evist' read 'exist'.

Page 24, line 8 from bottom, for 'idefinite'
read 'indefinite'.

Page 32, line 14, for 'dfficulties'
read 'difficulties'.

Page 32, line 14, for 'impending' read
'impeding'.

Page 33, line 19, for 'industries the'
read 'industries in the'.

Page 39, last line, for '20th' read '20'.

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(1967-68)

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Shri G. D. Sharma—*Under Secretary.*

STUDY GROUP 'E'
(ESTIMATES COMMITTEE)
(1967-68)

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Shri J. M. Lobo Prabhu

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Shri B. B. Tewari—*Deputy Secretary.*

Shri G. D. Sharma—*Under Secretary.*

INTRODUCTION

I, the Chairman of the Estimates Committee having been authorised by the Committee, present this Twenty-Second Report of the Estimates Committee on the Action taken by Government on the recommendations contained in the Hundred-and-Seventh Report of the Estimates Committee (Third Lok Sabha) on the erstwhile Ministry of Industry—Organisation of the Development Commissioner, Small Scale Industries—Rural Industrialisation.

2. The Hundred-and-Seventh Report was presented to the Lok Sabha on the 22nd April, 1966. Government furnished their replies indicating the action taken on the recommendations contained in this Report between 3rd August, 1967 and 6th November, 1967. The replies were examined by the Study Group 'E' of the Estimates Committee at their sitting held on the 1st December, 1967. The draft Report was adopted by the Committee on the 17th February, 1968.

3. The Report has been divided into the following chapters:

I. Report.

II. Recommendations which have been accepted by the Government.

III. Recommendations which the Committee do not desire to pursue in view of the Government's reply.

4. An analysis of the action taken by Government on the recommendations contained in the Hundred-and-Seventh Report of the Estimates Committee (Third Lok Sabha) is given in Appendix IV. It would be observed therefrom that out of 31 recommendations made in the Report, 19 recommendations i.e., 61·3 per cent have been accepted by Government and the Committee do not desire to pursue 12 recommendations i.e., 38·7 per cent in view of Government's reply.

P. VENKATASUBBAIAH,

Chairman,

Estimates Committee.

February 20th, 1968.

Phalguna 1, 1889 (Saka),

CHAPTER I

REPORT

The Committee are glad to observe that the recommendations contained in their Hundred-and-Seventh Report (Third Lok Sabha) on the erstwhile Ministry of Industry—Organisation of the Development Commissioner, Small Scale Industries—Rural Industrialisation, have been generally accepted by the Government.

While noting the action taken by Government on certain recommendations, the Committee desire that further information on the progress made in the implementation of some of the recommendations (included in Chapters II and III) may be furnished to the Committee in due course of time.

CHAPTER II

RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Serial No. 1, Para. 4)

The Committee note with concern that in spite of a decade and a half of planning the country is still faced with the problem of vast and increasing unemployment in the villages which constitute the base of the nation's economy and its democratic framework. The Committee realize the importance of the efforts made by Government to relieve unemployment in villages through its programmes of rural works, rural industrialisation etc. Considering however, that the backlog of unemployment has increased from 53 million at the commencement of the Second Plan to about 12 million at the end of the Third Plan and that nearly two-third of the unemployed are believed to live in the villages, it is evident that the efforts so far made have been far from adequate to make any impression on the problem of rural unemployment. With an estimated increase of 53 million in the labour force during the Fourth and Fifth Plan periods, the bulk of which will inevitably come from the villages, the problem will soon acquire a vast and unprecedented magnitude. The Committee, therefore, cannot overstress the need for urgent measures to provide gainful employment to the fast expanding labour force in rural India.

The Committee agree with the view that neither agriculture, nor large scale industry, nor even both of them together, can absorb the growing number of the unemployed and under-employed in the villages. They feel that only a well thought out and comprehensive programme of decentralized industry in the rural areas, implemented with drive, sincerity and a sense of paramount urgency, can provide an effective answer to the vast problem of rural unemployment. The Committee, therefore, urge Government to give their serious attention to this matter and take speedy and effective measures to formulate and execute in the field a well coordinated programme of rural industrialisation. They would also like to stress that the programme of rural industrialisation should be clearly distinguished from the programme of industrialization in the urban areas with a separate allocation of funds.

REPLY OF THE GOVERNMENT

The recommendations have been noted and are under consideration.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI (C) dated 3rd August, 1967].

COMMENTS OF THE COMMITTEE

The Committee would like to be informed of the action taken in this regard.

Recommendation (Serial No. 2, Para. 15)

The Committee regret to note that although the need for greater coordination between the various Boards and agencies concerned with the implementation of the programmes of village and small industries has been felt for a long time, no effective measures in this direction have been taken so far.

They are particularly distressed to note that the Rural Industries Planning Committee has not succeeded in bringing about any coordinated implementation of the programme even though it was originally intended to be responsible for not only formulation and direction of overall policy relating to rural industrialisation and securing necessary coordination between the various relevant agencies, but also for assisting the State Governments in carrying out the programmes. The Committee are broadly in agreement with the view of the Fourth Plan Working Group on Khadi and Village Industries that no impact has yet been made on rural industrialisation by the Rural Industries Planning Committee and the intention set out by the Planning Commission has not been fulfilled.

The Committee endorse the view expressed in the Third Five Plan that it is necessary to take a unified view of the entire problem of rural industrialisation. They regret that this valuable policy statement has not been implemented so far. They need hardly stress that under the existing arrangements the various Boards are not always able to take such a view because each of them is necessarily conditioned to look at the problems from the stand point of the needs and interests of the industry falling within its specific sphere. The Committee strongly feel that an essential pre-requisite for the success of a really meaningful programme of rural industrialisation is the setting up of an effective machinery for implementation in one administrative Ministry. They would like the Government to examine the problem in all its ramifications without delay

and devise a suitable machinery to ensure that schemes or programmes for rural industrialisation are formulated in an integrated manner and are implemented faithfully in the field.

REPLY OF THE GOVERNMENT

The premise of the Estimates Committee that the Rural Industries Planning Committee has undertaken the responsibilities for a country-wide programme of rural industrialisation is incorrect. The Rural Industries Planning Committee of the Planning Commission has a limited function of considering questions of overall policy and direction regarding the programme of Rural Industrialisation only in 49 selected areas covering about 16,500 villages and a population of 190 lakhs i.e. 2.9 per cent of the total number of villages and 4.3 per cent of total population. While defining the concept of rural industrialisation, the committee had clearly laid down that the projects taken in the 49 areas had a limited objective of development of small industries, including village industries and processing industries based on agriculture. Accordingly, the programme was not launched in areas other than the 49 selected areas. The main purpose of taking only a few selected areas for the programme, in the first stage, was to gain experience in intensive development of small industries under different conditions with a view to evolving suitable techniques conducive to rapid growth of industries in rural areas for adoption throughout the country. In other words, the programme taken up in the selected areas was of an experimental and pilot nature.

It may be pointed out that development of small and rural industries is under the Constitution, State subject. The formulation and implementation of the programme at the field level is, therefore the responsibility of State Government. The State Governments have by and large ensured coordination between various agencies responsible for the development of village and small industries in the 49 selected areas. The State Level Advisory Committees for the programme have the Chief Ministers of the States concerned as Chairmen and include among other members. The Chairmen or the Secretaries of the State Khadi Boards, representatives of the Departments of Industries who are responsible for the development of small scale industries, handlooms, handicrafts, sericulture, coir, etc., and representatives of the heads of departments responsible for the development of other sectors of economy. The Project implementation Committees for each project area also include representatives of these departments/organisations. By mutual exchange of informa-

tion and discussions on programmes in different sectors, coordination is sought to be ensured both at the project level and at the state level.

As regards the observations of the Fourth Plan Working Group on Khadi and Village Industries that no impact has yet been made on Rural Industrialisation by the Rural Industries Planning Committee etc., it may be pointed out that the actual implementation of the Rural Industries Projects Programme in the 49 project areas started only in the year 1964-65. The Fourth Plan Working Group on Khadi and Village Industries submitted its report in December, 1964 and would have based its findings on a review of the rural industries projects programme prior to December, 1964. It would be too much to expect that the programme in such a difficult field and with a limited geographical scope could have made an impact in a short period of a few months. However, the achievements in the first year of the implementation show that substantial progress has been made in the very first year. The Progress Report for the first year 1964-65 is placed below (Annexure).^{*} The progress during 1965-66 and 1966-67 is more rapid. (The report for the year 1965-66 is under preparation). In this connection, it may also be noted that at the inception of the programme, it was envisaged that the programme would make an adequate impact only over a period of about 10 years. ,

The recommendation that an effective machinery for implementation of the rural industrialisation programme should be set up in one administrative machinery has been noted and is under consideration.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI(C) dated 3rd August, 1967].

COMMENTS OF THE COMMITTEE

The Committee would like to be informed about the final action as and when taken in this regard.

Recommendation (Serial No. 3, Para. 30)

The Committee note that while the financial outlays, envisaged in the Third Five Year Plan have been fully achieved in the case of Khadi and Village Industries, the expenditure on the other industries in the decentralised sector, viz., handloom, sericulture,

^{*}Not printed.

coir, handicrafts and small scale industries, is likely to fall considerably short of the Plan targets. They also note that these shortfalls are generally attributed to the national emergency. The Committee are unable to appreciate why the cuts necessitated by the emergency should hit some industries and not others. The Committee are not quite convinced with the plea of emergency for justifying such heavy cuts (of about 30 percent) on the programmes for the development of rural Industries. The Committee are constrained to observe that there is a tendency to attribute every deficiency in the implementation of the programmes to the national emergency. This apprehension is further confirmed by the fact that while the general instruction was to impose a cut of 10 per cent in the overall expenditure of the Govt., the weakest sector of the economy intended to give benefit to the weakest sector of the people should be subjected to 30 per cent or even higher cuts. In this connection, the Committee cannot help stressing that this sector of industries is a labour intensive and very quick yielding sector not requiring any long gestation period, and as such any cut on this sector should have been imposed with the greatest caution.

The Committee would like the Govt. to ascertain the actual reasons for the shortfalls in expenditure during the 3rd Plan period, in respect of the handloom, sericulture, coir and handicrafts industries, assess the precise effects of the shortfalls on the development of each industries and take suitable measures during the Fourth Plan period to make up the deficiencies suffered by these industries as a result of the earlier cuts in the developmental expenditure.

REPLY OF THE GOVERNMENT

Handlooms:—The actual reasons for shortfall in expenditure during the III Plan period in respect of handloom industry have been ascertained from the different State Governments. Replies from Jammu & Kashmir, Madhya Pradesh, Kerala, Assam, Orissa, Uttar Pradesh, Punjab, Bihar, Mysore, Gujarat and West Bengal have been received and the reasons given by them are given in the attached statement. (Appendix I). The remaining State Governments Andhra Pradesh, Madras, Maharashtra, Rajasthan had not replied so far.

The policy of the Government of India has been to develop the handloom industry on sound cooperative lines and increase the production of handloom cloth. During the Third Five Year Plan, greater emphasis has been put on consolidation of the cooperative movement in the handloom sector rather than expansion. As such, during the Third Plan period, the expenditure by the State Govern-

ments has been mainly directed towards continuing schemes rather than embarking on new schemes. The shortfall in the expenditure on the development of handloom industry, as such had produced any visible effect in the form of lesser employment of handloom weavers.

On the other hand, emphasis on the consolidation of co-operatives has resulted in increasing gradually the production of handloom cloth in general. Further, the handloom schemes are service schemes and are planned on a long term basis. It has not been possible so far to make any assessment of precise effect of the shortfall in the expenditure on the development of handloom industry. Further the production target for the decentralised sector for the Third Plan period has been almost achieved. As against a target of 3350 million yds. by the end of the Third Plan, actual production was 3342 million yds. Making of the present All India Handloom Board into a Statutory All India Handloom and Powerloom Board is under active consideration. It is hoped thereafter the fuller implementation of these schemes in respect of both handloom and powerloom will be achieved. Further, this Statutory body will be provided with the required funds so as to be able to work with a budget of its own. In consultation with this body, the State Government should work out the organisational set up at the States' level for the purposeful implementation of the schemes relating to each State. Steps will be taken by this body to ensure that the funds provided for the development of handloom and powerloom during the Fourth Five Year Plan are fully utilised by all State Governments and Union Territories and other agencies concerned with the implementation of the developmental programme.

Coir:—The total allocation for the Third Five Year plan for State Schemes relating to Coir Industry was Rs. 234.4 lakhs as shown below. In the case of certain States, the actual amount provided for the Coir Industry in their budgets for the Plan period fell short of the overall allocations:—

(Rs. lakhs)

States	3rd Plan allocation	Amount provided in budget	Expendi- ture in- curred.
1	2	3	4
Kerala	175.00	116.02	105.32
Andhra Pradesh	7.00	6.00	3.434
Madras	15.00	..	0.22

1	2	3	4
Maharashtra	2.00		1.00
Orissa	3.00	..	0.08
Gujarat	2.40
Mysore	20.00	11.05	6.82
West Bengal	10.00	..	0.58

As for the reasons for the shortfall, the State Governments have stated that certain schemes had to be dropped and have also referred to difficulties in putting through certain other schemes due to non-availability of land and trained personnel and difficulty in getting the required staff etc. The matter is being further pursued with the State Governments. The State Governments could not provide necessary funds as their own resources position was not very good.

Handicrafts.—In the Third Five Year Plan an allocation of Rs. 8.6 crores was made for development of handicrafts as under:—

(Rs. in cores)

State Schemes	6.1
Central Schemes	2.5

Against the above allocation an expenditure of Rs. 4.91 crores has been incurred on various schemes as under:—

(Rs. in crores)

State Schemes	2.44
Central Schemes	2.47

The shortfall in expenditure on Central Schemes works out to only 1.2%.

As regards expenditure on State Schemes, the table below shows the Plan Allocation and Actual Expenditure:

(Rs. in Lacs)

Year	Plan allocation	Actual expenditure
1961-62	104.30	46.57
1962-63	101.60	52.10
1963-64	76.60	48.45
1964-65	121.62	50.00* *(Estimated)
1965-66	114.36	46.77* *(Estimated)

The reasons for shortfalls in expenditure by various State Governments are stated to be severe cuts in their budgets.

Sericulture:—A provision of Rs. 703 lakhs (Rs. 553 lakhs for States Schemes and Rs. 150 lakhs for Centrally Implemented Schemes) was made for the development of Sericulture Industry during the Third Plan Period. Against this, the actual expenditure is reported to be Rs. 438.18 lakhs as per details given below:—

	Allocation for Third Plan	Expenditure	Percentage of utilization to allocation
State Schemes	553.76	358.03	64.6%
Central Schemes and Administration of Central Silk Board	150.00	80.15	53.3%
	703.76	438.18	62.2%

2. In this context it may be stated that although the allocation for centrally implemented schemes for the Third Plan was Rs. 150 lakhs, the actual amount made available for this purpose during that period was Rs. 88.95 lakhs. On the basis of the actual amount released, the utilisation on Central Schemes works out to 90%.

3. In 1963, the Government of India had set up a Working Group on Sericulture to make a critical review of the programmes and schemes of Sericulture in the Third Plan Period, to assess in the light of current trends and available data the position likely to be reached at the end of Third Plan Period; and to formulate proposals for the Fourth Plan.

4. The working group in its report has given the following reasons for the shortfall in expenditure:—

- (i) The delays in the execution of construction programmes by the State P.W.D.;
- (ii) The Emergency declared during the 2nd Year of the Plan and consequent severe cuts imposed by the State Governments, on sericulture developmental programmes;
- (iii) Inadequacy of the implementing machinery of Sericultural Departments to cope with the additional work incidental to development activities and;

- (iv) The prevailing lack of clarity in the States about actual procedure for grant of Central assistance.

It will be observed therefrom that the shortfall in expenditure is not only because of Emergency declared in 1962 but for other reasons also.

5. Now that the basic institutions have been set up in the States, steps will be taken to ensure that the funds provided for the development of Sericulture during the IV Plan period are fully utilised by the States and other agencies concerned with the implementation of Governmental programmes.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI (C) dated 3rd August, 1967]

COMMENTS OF THE COMMITTEE

The Committee would like to stress that the reasons given, financial stringency, difficulties in implementation, delay by Public Works should have been as good for Khadi and Village industries which have not suffered. They would like to be informed if the backlog for other industries has been made up and how. Facts and figures be furnished in support thereof.

Recommendation (Serial No. 5, Para. 35)

The Committee feel that considering the high expenditure on the khadi and village industries programme, the benefits accruing through this programme, in terms of production and employment have not been very impressive. They consider it essential that the programme should not be too heavily dependent on Government grants and subsidies. In this connection the Committee would also like to invite attention to the observations made by the Public Accounts Committee in Chapter I of their 49th report on Khadi and Village Industries Commission. They would like to urge the Government to modify and revitalize the programme in the light of the detailed findings and suggestions made by the Evaluation Committee on the Intensive Area Scheme (1964) and the Fourth Plan Working Group on Khadi and Village Industries.

REPLY OF THE GOVERNMENT

The question whether the progress achieved in the development of Khadi and Village Industries has been commensurated with the expenditure incurred thereon was also raised by the Public Accounts

Committee. A high-powered Committee under the Chairmanship of Shri Asoka Mehta which includes some Members of Parliament has been set up and is studying this and other questions relating to the Khadi and Village Industries Commission. This Committee is expected to give its recommendations on the points raised by the Estimates Committee as to how long Khadi and Village Industries will require financial assistance from Government.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI (C) dated 3rd August, 1967]

COMMENTS OF THE COMMITTEE

The Committee would, like to be furnished with a copy of the report of the high-powered Committee, when available.

Recommendation (Serial No. 6, Para. 35)

As regards the Working of the Ambar Charkha programme, the Committee would like to refer to the observations made by the Public Accounts Committee in para. 5.100 of their 49th report. In the light of the unhappy experience of the Ambar Charkha programme, the Committee suggest that the Khadi and Village Industries Commission should proceed cautiously in introducing its new model charkha. They feel that it would not be proper to launch a massive drive for introduction of the new Charkha in the villages without making sure of its efficiency and making adequate arrangements for imparting training in the new device as well as for its servicing.

REPLY OF THE GOVERNMENT

The recommendation of the Committee has been accepted.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI (C) dated 3rd August, 1967]

Recommendation (Serial No. 8, Para. 39)

The Committee are happy to note the steady progress that has been made by the handloom industry both in regard to production and provision of expanding opportunities of employment in the rural areas. They attach great importance to the development of this industry which is the biggest employer in the country after agriculture.

The Committee feel that there is considerable scope for improving both quality and productivity in the handloom industry through the use of better techniques, improved looms and appliances and

new designs. They would like the Government to intensify their efforts in this direction. In particular, they would suggest the setting up of Weavers' Service centres in each State which does not have such a centre at present. Sub-units of the main centres should also be established in places where there is a concentration of handlooms.

REPLY OF THE GOVERNMENT

The recommendation of the Committee has been noted.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI (C) dated 3rd August, 1967]

Recommendation (Serial No. 9, Para. 39)

The Committee regret to note that quite often a poor handloom weaver is a victim of exploitation by a rich and clever middleman who supplies yarn, arranges sizing, calendering, dyeing and even sales for weaver who in such a case becomes more or less a wage earner. The Committee feel that the Government should draw a phased programme to enable the weaver to enjoy the fruits of his own labour and to function as a really self-employed man. For this the Committee suggest the Government to take effective interest in arranging all these facilities extensively.

REPLY OF THE GOVERNMENT

In order to help the poor handloom-weavers the Government of India have decided as a matter of policy to encourage handloom co-operatives. Almost fifty per cent of the total number of handlooms in the country are accounted for by the handloom cooperatives. Efforts are now directed to strengthening these cooperatives. For the supply of yarn the Yarn Distribution Scheme was introduced in 1961 but with the easing of the situation this scheme was abolished in 1965. Government have also provided a set pattern of assistance for the establishment of a calendering plant. Efforts are being made to convert these handloom cooperatives into production-cum-sales co-operatives and all assistance including managerial and accounts is being subsidised by the Government.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI (C) dated 3rd August, 1967]

COMMENTS OF THE COMMITTEE

The Committee would like to be apprised of the measures of assistance now taken, since the position has deteriorated, particularly from loss of foreign markets.

Recommendation (Serial No. 12, Para. 42)

The Committee feel that efforts to improve the techniques of production in the silk industry need to be considerably augmented and intensified so that it may be possible to bring down the costs of production through increased productivity. The Committee need hardly stress that if the silk industry is to successfully meet the growing competition of synthetic fibres, no efforts should be spared to organise it on scientific lines.

REPLY OF THE GOVERNMENT

The first Working Group had fixed a target of 24 lakhs kg. (mulberry: 18.38 lakhs kg. and non-mulberry: 5.62 lakh kg.) of raw silk for the 3rd Plan. The target was however subsequently revised to 23 lakh kg. In view of the failure of seed in Jammu and Kashmir and Punjab and natural calamities like floods in Assam during the Plan period, the production at the end of Plan period (1965) was of the order of 21.52 lakh kg. only.

2. In order to improve the quality of raw silk and to bring about reduction in the cost at all levels of production, the Sericultural Research in the country has been centralised. At present there are four Research Stations functioning under the Central Silk Board/Central Government:—

1. Central Sericultural Research Station, Berhampore.
2. Central Sericultural Research and Training Institute, Mysore.
3. Central Tassar Research Station, Ranchi.
4. Central Sericultural Research Station, Titabar (run by the Government of Assam but under the Tech. control of the Central Silk Board).

3. In addition, there are several research Stations in the States of Andhra Pradesh, Orissa, Punjab and Madhya Pradesh to tackle the regional problems. The Stations at Berhampore and Mysore are

equipped with latest apparatus and are tackling the following problems:—

I. Horticulture:

- (a) Plant Breeding and Genetics;
- (b) Agronomy;
- (c) Chemistry.

II. Sericulture:

- (a) Silkworm Breeding & Genetics;
- (b) Silkworm Physiology;
- (c) Entomology;
- (d) Silkworm Pathology.

III. Silk reeling and By-Products utilization.

4. The Station at Ranchi which was set up in 1964 is exclusively engaged in the problems of Tassar Silk Industry while that at Titabar is responsible for bringing about improvements in Muga and Eri. During the Fourth Plan period it is proposed to set up another Research Station in the Univoltine Area to tackle the problems of Jammu and Kashmir, Punjab, Himachal Pradesh and Uttar Pradesh. In fact, a research cell at Dehra Dun has already been set up for this purpose.

It will be observed from the above that Government is fully alive to the needs of research in the sericulture industry and effective measures have already been taken to bring about improvements in the industry by extensive research.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI(C) dated 3rd August, 1967].

Recommendation (Serial No. 13, Para. 42)

The Committee feel that sufficient attention has not been paid so far to the designing of improved appliances and machines that could have brought about an improvement in the productivity of the artisans engaged in the silk industry as well as in the quality of their products. The Committee urge that this deficiency should be removed and suitable arrangements made for the manufacture of improved appliances and machines for silk production and for

the demonstration of such machines and appliances in rural areas. Arrangements should also be made for the supply of these machines and appliances to rural artisans on reasonable and easy terms.

REPLY OF THE GOVERNMENT

In the non-mulberry States of Bihar, Madhya Pradesh and Orissa reeling of tassar Cocoons has largely been on the traditional "Natwa". The Central Silk Board undertook a series of trials in 1962 to assess the merits of various reeling contraptions available in the country and to designate the best among them for adoption on an All-India basis. As a result of these trials, a four spindle Reeling and Twisting Machine fabricated by M/s. Trivedi Industries, Patna was observed to be distinctly superior in operational efficiency and the same has been recommended to the State Government for general adoption. At present there are 776 of these machines as against 250 in 1962. The use of these machines is also being attempted for reeling muga cocoons in Assam where age old system of reeling is still being employed. Further, towards introduction of improved machines, the machine designed by Shri N.R. Das is being extensively popularized at present in the State for reeling muga cocoons as this machine is an improvement over the traditional charkha used in Assam.

Similarly, for popularizing the best spinning machines for spinning tassar waste trials of all the different spinning machines available in the country were undertaken by the Central Silk Board in July, 1962. Among the various machines offered by Assam, Bihar, Orissa and U.P. for trials the automatic pedal spinning machine of Bihar was considered the best. The number of improved machines has risen from 2,982 in 1962 to 3,144 at present. The Seri-Machine of Shri J. Choudhury of Assam was found to be the best with regard to spinning of matka silk.

It will be observed from the above facts that efforts have been made in the past to improve the quality of implements and machines, to popularise them in the States and to make these implements available to artisans etc. on subsidised rates. The Working Group on Sericulture has proposed Rs. 120 lakhs for improvement of reeling during the Fourth Plan period as against Rs. 86.40 lakhs provided in the Third Plan. The proposed provision will be utilised for modernisation of filatures and supply of improved type of appliances to the artisans on subsidy-cum-loan basis.

As a measure of incentive, the Central Silk Board has instituted an award of Rs. 2700 (Rs. 2500 in cash and a Gold Medal valued

at Rs. 200) for the invention of improved types of appliances used in the silk industry. This is a continuous process and the award is given after every three to five years. Government feel that this step will also help designing new and better types of appliances, apart from improving the quality of appliances in vogue in the Silk Industry.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI (C), dated 3rd August, 1967].

Recommendation (Serial No. 14, Para. 43)

The Committee feel that the absence of basic data regarding employment, production etc. in the handicrafts sector is a major lacuna the removal of which is a necessary pre-condition for any meaningful planning for the development of handicrafts.

REPLY OF THE GOVERNMENT

The All India Handicrafts Board is fully conscious of the deficiencies in the available data regarding employment, production, etc., in the handicrafts sector. Efforts have been made to collect such data within the limitations of the field staff available. However, dependable basic statistics regarding employment and manufacturing units have been obtained through the house-list schedule during the 1961 Census. The Board has also carried out 110 craft surveys at different centres covering over 20,000 units. Help of the Institute of Social Studies, Delhi, in carrying out re-marketing survey of handicrafts has also been taken and it is expected that their report will cover the growth of handicrafts during the last decade.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI (C), dated 3rd August, 1967].

Recommendation (Serial No. 17, Para. 45).

The Committee regret to note that no serious efforts has been made to develop the coir industry in States like Madras, Maharashtra, Mysore, Orissa and West Bengal where rural unemployment is rather heavy and where the availability of the requisite raw material in ample measure would appeal to indicate good potentiality for the growth of this industry. They hope Government would soon make up this important lacuna in their coir development programme.

REPLY OF THE GOVERNMENT

It is true that a large amount of coconut husks in States other than Kerala are now practically wasted or not put to industrial use,

mainly because means are lacking for extraction of fibre. The traditional method of retting and extracting fibre which is followed in Kerala cannot be applied in the other States for two important reasons:—

- (i) Retting facilities are not available; and
- (ii) The level of wages is much higher than in Kerala.

Setting up of machines for defibering and Decoration is therefore, the only method by which coconut husks can be exploited in areas where retting facilities do not exist.

The Coir Board has been constantly endeavouring to set up industries in the States outside Kerala based on mechanically extracted fibre. Obviously the first step in this direction is to popularise the use of machines for mechanical extraction. There are broadly speaking three types of machines which could be economically employed for this purpose.

These are (1) defibering drums of the type used in Ceylon, where the coconut husks have to be manually fed into defibering drums; the husks are actually held by the workers while iron spikes fitted on the drum remove the fibre. (2) Imported machinery which processes the husks and gives out mixed fibre. Machines similar to this have been fabricated by some Indian parties and are being worked successfully. (3) Imported machines which process the husks and produce mattress and bristle fibre separately. Many such machines have been set up in India (in West Bengal, Mysore and Kerala).

There are at present nine units in various parts of the country producing fibre by mechanical means. Further considerable development has also taken place in the setting up of rubberised coir factories, which utilise large quantities of mechanically extracted fibre and manufacture products such as mattresses, cushions etc. which are similar in quality to foam rubber products and are at the same time much less costly. Six such factories have already gone into production in West Bengal, Madras, Mysore, Orissa and Kerala. Three more units have imported the machinery and are expected to go into production shortly.

Due to foreign exchange difficulties, it is not possible to allow the import of a large number of defibering units. The Coir Board has, therefore, been exploring the possibility of fabricating an improved type of defibering drum which will be similar to the

Ceylon type of drum but will eliminate the physical risk in operation. A firm in Madras is already engaged in this task, with the assistance of the Madras State Government and a prototype is expected to be ready very soon.

Thus, considerable progress has been made in exploiting the coconut wealth in various parts of India. Once a suitable type of machinery which can be locally manufactured is devised, it can be expected that this trend will develop further rapidly. At the same time, it has to be borne in mind that, in setting up defibering plants in various States, adequate arrangements have to be ensured for the collection of the required quantity of coconut husks at reasonable cost.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI (C), dated 3rd August, 1967].

Recommendation (Serial No. 18, Para. 45)

The Committee note that the present method of coir extraction is rather crude and tends to repel people to take to the profession. The Committee, therefore, also suggest that vigorous efforts should be made to manufacture within the country and popularise simple and cheap machine for the mechanised extraction of coir fibre so that workers engaged in the coir industry may be able to earn more and a larger number of people in the various States may be attracted towards the industry.

REPLY OF THE GOVERNMENT

The most labour-intensive phase of the coir industry is the extraction of fibre from retted husks and the spinning of yarn. This work is undertaken more or less exclusively by women and children, a large number of whom take to this work on a part-time basis. When compared to other full-time occupations, the wages earned in this sector are comparatively low. With a view to improving the output and thereby the earnings of the workers, the Coir Board has been trying to evolve a small portable machine with the help of which fibre could be extracted from retted husks. As a result of the series of trials and developmental efforts made in the fabrication of a suitable mechanical contrivance for this purpose, in collaboration with an Extension Centre for General Engineering of the Small Industries Service Institute at Alleppey, a machine based on the principle of combing out the fibres, from retted husks by rotation of a spiked drum by hands was made and experimented upon.

It may be mentioned that in Kerala, the method of retting husks in back-waters and extracting the fibre manually is a traditional occupation for a large number of people and any step to mechanise the process of extraction of fibre from retted husks should be such as not to result in large scale unemployment. Also, the workers who are used to the present methods will not readily turn to innovations, unless they can be assured that it would lead to an increase in their efficiency and earnings.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI(C), dated 3rd August, 1967].

Recommendation (Serial No. 19, Para. 45)

The Committee would like the Government to intensify measures for stepping up the export of coir and coir products.

REPLY OF THE GOVERNMENT

The Coir Board has adopted various measures for finding new markets and stepping up the demand for coir and coir products both at home and abroad. Both from the point of view of earning foreign exchange as well as providing larger employment in the country, expansion of exports is absolutely necessary and as a result of the several measures initiated by the Coir Board, the level of export earnings has been considerably improved during the last 4-5 years, from the order of Rs. 8-9 crores to the tune of Rs. 12 crores at present. A note explaining some of the salient features of the progress achieved during the last few years is attached. (Appendix II).

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI(C), dated 3rd August, 1967].

Recommendation (Serial No. 22, Para. 51)

The Committee have noted in para 81 of their 99th Report (Third Lok Sabha) on the Ministry of Food, Agriculture, Community Development and Cooperation that a uniform policy has not been followed in various States in regard to setting up of common facility centres/rural workshops. Thus, while Mysore has as many as 312 such centres/workshops and Andhra has 281, Bihar has only 2 and Assam and Maharashtra only one each. The Committee would like to reiterate that the committee of officers which is currently evaluating the working of the common facility centres will take note of these disparities and suggest suitable remedial measures.

REPLY OF THE GOVERNMENT

This has been brought to the notice of the Committee on common facility workshops whose report is expected shortly.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI (C), dated 3rd August, 1967].

Recommendation (Serial No. 25, Para. 57)

The Committee are concerned to note that out of the 120 intensive and pre-intensive areas which have been established under the Khadi & Village Industries Commission's Intensive Area Scheme since the inception of the scheme in 1954, only 64 are functioning as full-fledged intensive areas, and that, in general, the developmental activities under the scheme are confined to one or two villages in each area. Considering the unimpressive results obtained from the intensive area scheme, the Committee would like Government to identify the shortcomings of the scheme and take remedial measures. In particular, the Committee would like the Government to consider how best the Intensive Area Scheme of Khadi & Village Industries Commission could be integrated into an overall and well-coordinated plan of rural industrialisation. Government should also decide the most appropriate agency for its execution in the field keeping in view the fact that the effective implementation of a scheme of this type involves close coordination between various governmental and semi-governmental institutions.

REPLY OF THE GOVERNMENT

The recommendation of the Committee has been accepted.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI (C), dated 3rd August, 1967].

COMMENTS OF THE COMMITTEE

The Committee would like to be informed about the action taken in the matter.

Recommendation (Serial No. 28, Para. 72)

The Committee are concerned to note that there has been heavy shortfall in the utilisation of work sheds in rural industrial estates in the Third Plan period inasmuch as out of the 647 completed sheds at the end of March, 1965, 284 sheds or about 44 per cent remained unoccupied. Moreover, they cannot but feel distressed over the

fact that although the rural industrial estates scheme was initiated in 1956, at the end of nearly a decade the rural estates have provided employment to only 806 persons and the total annual production of the 26 estates is no more than Rs. 73 lakhs.

The Committee are constrained to observe that these estates appear to have been constructed indiscriminately without prior assessment of the industrial potential and availability of other requisite facilities in these areas. The whole scheme has been processed in a most unrealistic manner. The Committee suggest that attempts should be made to utilise the vacant sheds either by removing the handicaps and providing proper facilities or by finding alternative use for the sheds.

The Committee would urge that concerted steps should be taken to remove the bottle-necks which have been experienced in the setting up of rural industrial estates.

REPLY OF THE GOVERNMENT

S. Nos. 28 of the main report and No. 3 in Appendix VI of the Report are on the same subject. This subject was discussed recently in the Standing Committee to review the programme of industries in Community Development areas held on the 15th July, 1966 in the Ministry of Industry. The relevant extract from the minutes of that meeting is reproduced below:—

- (i) Review of the working of Rural Industrial Estates programme was considered. It was decided that the conclusions arrived at in the note may be circulated to the State Governments, without involving the Regional Directors of Small Industries Service Institutes and without offering any incentives as mentioned in paras 7 & 3 of the conclusions of the agenda item.
- (ii) The State Governments may be requested to indicate the progress of each Rural Industrial Estate in their report on the Annual Plans.
- (iii) Should State Governments propose additional Rural Estates in their Annual Plans for 1967-68, it was decided that they may be persuaded to drop the programme until all sheds in existing Estates in the State are occupied.

As the matter is being taken up with the State Governments no action is indicated by us at the moment. The view of Estimates

Committee will, however, be taken note of at the time of the Annual Plan discussions.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI (C), dated 3rd August, 1967].

Recommendation (Serial No. 29, Para. 72)

The Committee need hardly stress that in future rural Industrial estates should be set up only after conducting a thorough survey of the prospective areas to ascertain their potentiality. They feel that rural industrial estates have the best chance of success in the Rural Industries Project Areas where certain basic facilities necessary for industrial activity exist or are likely to be created sooner than in other areas. They would, therefore, suggest that the programme of rural estates should be fully integrated with the above mentioned programme of Rural Industries Project Areas.

REPLY OF THE GOVERNMENT

Please see reply to Sl. No. 28.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI (C), dated 3rd August, 1967].

Recommendation (Serial No. 30, Para. 77)

The Committee suggest that the programme for establishing growth centres, recommended by the Fourth Plan Working Group on Small Scale Industries, should be fully integrated with the scheme of Rural Industries Projects and implemented as an integral part of an overall national programme of rural industrialisation.

The Committee generally agree with the idea that large villages or small towns should be taken as the focal points for rural industrialisation.

The Committee feel that the success of any programme of rural industrialisation depends largely on the right selection of industries. They are of the view that manufacturing activity in rural areas must be either predominantly from local materials or predominantly, but not exclusively, for local use.

The Committee suggest that the programme of rural industrialisation should lay special emphasis on the development of agro-

industries which would cover not only industries concerned with the processing of agricultural and forest products including animal husbandry, horticulture, poultry, etc., but also the manufacture of inputs required for agricultural development such as, agricultural implements, improved tools, persian wheels, composite fertilisers, etc.

REPLY OF THE GOVERNMENT

Steps have been taken to constitute agro-industries Corporations which would have the effect desired by the Committee.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI (C), dated 3rd August, 1967].

COMMENTS OF THE COMMITTEE

The Committee would however like to be apprised of the progress in the direction of constituting agro-industries Corporations.

Recommendation (Serial No. 31, Para. 78)

One of the 'biggest problems facing the country is of finding productive employment for the unemployed, particularly for those living in rural areas. The magnitude of the problem is clear from the fact that the Fourth Plan is starting with a backlog of 12 million unemployed and the labour force is expected to increase by another 53 million within a decade. It is believed that nearly two-third of the unemployed and of the new entrants to the labour force belong to the rural areas. In fact, even urban unemployment is largely the result of the drift of workers from villages to the large towns and cities due to lack of adequate work opportunities in rural areas.

It is understood that top 20 per cent of the agriculturists own 75.2 per cent of the total agricultural lands in the country leaving only 25 per cent to be shared among the remaining 80 per cent. Further, the 50 per cent of landowners at the bottom own not more than 2.7 per cent of the total agricultural land. This underlines the urgency of providing productive labour particularly for agriculturists with meagre or no land holding so as to afford agricultural economy some relief from being over-loaded with excessive labour. It is, therefore, imperative to open up on an extensive scale non-agricultural avenues of employment for the teeming under-employed and unemployed labour force in rural areas.

The Committee feel that the most practical solution to the problem of rural unemployment, and the growth of a new healthy

rural society, is to generate avenues for employment on a decentralised scale in the villages. The Committee realize that the task is extremely a complicated one, as it involves a number of factors and agencies; but they feel that it is imperative for the Government to make concerted and coordinated efforts in this direction.

The Committee suggest that small towns and large villages should be taken as the focal points for rural industrialisation, and developed as growth centres. These growth centres, apart from providing employment to the expanding rural labour force, would also function as frontier check posts of migration from rural areas.

The Committee need hardly stress that an extensive programme of developing agricultural processing, forest and animal based industries can be sustained only by stepping up agricultural production as well as the production of horticultural, dairy, forest, fish and other similar items. They suggest that rural industrialisation should be viewed as part of a larger programme of establishing a composite agro-industrial economy. They visualise that in such an economy the industrial sector would function as an adjunct to the agricultural sector so that complementary forces which hasten the rate of growth of the rural economy as a whole are generated. While the industrial sector will support the agricultural sector by buying, the raw materials produced in the agricultural sector, the agricultural sector will support the industrial sector by buying commodities produced in the industrial sector. Increased activities in both the sectors would thus lead to increase in employment opportunities.

The Committee feel that raising the productivity and quality of village industries is an essential pre-condition for stabilising village industries. As now, village industrial products should not be identified with crude products. The Committee commend the adoption of a pragmatic approach to the question of technological changes in rural industries. The Committee need hardly emphasise that uneconomic and outmoded methods of production cannot be sustained artificially with subsidies for an indefinite period. If village industries are to survive their techniques of production must be improved and modernized so that productivity and quality may be improved.

The Committee have dealt with the existing organisational arrangements for the development of rural industries in Chapter II. They are of the view that it is necessary to take a unified view of the entire problem of rural industrialisation. They feel that under the present arrangements, the various all-India bodies—the Khadi &

Village Industries Commission, the All India Handloom Board, the Central Silk Board, the Coir Board, the Handicrafts Board and the Small Scale Industries Board—are not always able to take such a view because each of them is necessarily conditioned to look at the problems from the standpoint of the needs and interests of the industries falling within its specific sphere. Moreover, the Khadi and Village Industries Commission has certain ideological reservations and inhibitions. As such, it may not be the suitable organisation for implementing the programme of rural industrialisation—covering all rural industries and the entire rural areas. The Committee strongly feel that an essential pre-requisite for formulating and implementing a really meaningful integrated programme of rural industrialisation is the setting up of an effective administrative or at least co-ordinating machinery for its formulation and proper implementation. They would like the Government to examine the problem without delay and advise a suitable machinery to ensure that schemes or programmes for rural industrialisation are formulated in an integrated manner and are implemented faithfully in the field. The Committee would also like to stress the necessity of treating the development of this sector as a separate programme with a separate allocation of funds.

REPLY OF THE GOVERNMENT

Steps have been taken to constitute agro-industries Corporations which would have the effect desired by the Committee.

[Ministry of Industrial Dev. and Company Affairs D.O. No. 5/3/66-SSI (C), dated 3rd August, 1967]

COMMENTS OF THE COMMITTEE

The Committee would like to inquire if rural housing would not stimulate many industries, and provide general employment.

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLY

Recommendation (Serial No. 4, Para. 30)

The Committee would also like to urge the need for effective Central guidance and coordination between the concerned agencies at the Centre and in the States to ensure that the development of the various industries which together constitute the "village and small industries" group proceeds uniformly in all the States in accordance with the targets and programme envisaged in the Five Year Plans.

REPLY OF THE GOVERNMENT

Handicrafts:—This is already being done to the extent possible through the Regional Organisations and specialised institutions like the Regional Design Development Centre and Central Handicrafts Development Centre, besides the coordination directly attended to by the All India Handicrafts Board's Headquarters organisation.

Coir:—So far as the Coir Industry is concerned, all promotional measures for the development of the industry, except in the cooperative fold, are the responsibility of the Coir Board. Cooperation being a State subject, the operational role in organising and administering the coir cooperatives vest in the State Governments of the coconut growing States concerned. In the implementation of the States' schemes, the State Governments have been requested to keep close liaison with the Coir Board and wherever necessary, the schemes could also be referred to the Coir Board for scrutiny and comments before implementation. The Coir Board is also the recognised sponsoring authority for applications for import of machinery, etc. for the coir industry and all applications for import of machinery, raw materials etc., for development of coir industry are to be referred to the Coir Board for examination and making recommendations to the authorities concerned. It is expected that this arrangement will ensure effective Central guidance and co-ordination in the planned development of the coir industry.

According to the approved pattern of financial assistance, the allocations for State Schemes for the development of Coir Industry are approved in their Annual Plans. The State Governments thereafter implement these schemes within the approved pattern; only in the event of there being any departure from the approved pattern, the State Governments have to approach the Centre.

Khadi and Village Industries:—The executing agencies of the programmes for the development of Khadi and Village Industries in States are the State Khadi and Village Industries Boards. The State Officers of the Khadi and Village Industries Commission work in close collaboration with the State Boards. The Khadi Commission is taking steps to avoid duplication of work in States and to transfer the functions of its State Offices to efficient State Boards wherever possible. In Bihar and Gujarat the work of the State Offices of the Commission has already been transferred to the State Boards, and this is being done in Madras also.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI(C), dated 3rd August, 1967]

Recommendation (Serial No. 7, Para. 35)

The Committee would also like the Commission to arrange field trials for the new spinning machine and improved looms that have been recently developed by the Rehabilitation Industries Corporation, Calcutta. If the machine is found useful, arrangements may be made for its manufacture and distribution in rural areas.

REPLY OF THE GOVERNMENT

The new spinning machine designed by the Rehabilitation Industries Corporation, Calcutta has already been examined by the Khadi Commission. Since it has not been found suitable from their point of view, the Commission has not taken up the question of field-trials of this machine. As regards the loom developed by the Rehabilitation Industries Corporation, it is in the nature of a power loom with which the Khadi and Village Industries Commission is not concerned.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI(C), dated 3rd August, 1967]

Recommendation (Serial No. 10, Para. 39)

Efforts should be made to step up the exports of handlooms through extensive publicity as also by offering suitable incentives to the exporting agencies.

REPLY OF THE GOVERNMENT

Recommendation of the Committee has been noted.

Publicity for handlooms is being arranged through the Handloom Export Promotion Council, Madras, Handicrafts and Handloom Exports, Corporation, New Delhi and the All India Handloom Fabrics Marketing Cooperative Society Limited, Bombay.

As for incentives, no incentive is considered necessary after the devaluation of the rupee.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI(C), dated 3rd August, 1967]

Recommendation (Serial No. 11, Para. 42)

The Committee note that little progress has been made so far in improving the quality and productivity of mulberry. They urge that this aspect should receive greater attention and efforts should be made to extend the area of cultivation under mulberry.

REPLY OF THE GOVERNMENT

Mulberry, which is cultivated as a bush regularly on the lands in the major Sericultural States of Mysore and West Bengal has been progressively receiving attention in the matter of its cultivation with a view to improve its quality and productivity. Researches have been undertaken on different methods of cultivation in vogue in various States to find out the best method of mulberry cultivation for large-scale propagation. Improved methods of cultivation and improved techniques in cultural operations have already been initiated with varying degrees of success. Chemical fertilizers and provision of irrigational facilities are being undertaken. As substitution of traditional methods of cultivation by advanced techniques and replacement of existing uneconomic varieties of mulberry are time-consuming, the effect so far has tended to be marginal only.

In view of the fact that mulberry leaves constitute 60% of the cost of production of raw silk there is urgent need to bring about improvement in the methods of mulberry cultivation, provision for

irrigation facilities and supply of fertilizers etc. Having recognised this fact, the Working Group on Sericulture has given highest priority to food plants (mulberry cultivation) during the Fourth Plan. Against a total provision of Rs. 1,250 lakhs suggested by the Working Group, Rs. 400 lakhs have been earmarked for Food Plants.

The Working Group, who has also considered the question of expansion in mulberry cultivation has come to the conclusion that there is no possibility of increasing area under mulberry cultivation. They have, therefore, stressed that the objective of the IV Plan should be increased productivity rather than expansion of acreage under the Food Plants.

Government is inclined to accept the Working Group's view as it is not possible to divert any land for mulberry cultivation because of food shortage in the country.

[Ministry of Industrial Dev. and Company Affairs D.O. No. 5/3/66-SSI (C), dated 3rd August, 1967]

Recommendation (Serial No. 15, Para. 43)

The Committee consider that there is considerable scope for the expansion of exports in handicrafts, specially by ensuring quality control, provision of raw materials (Particularly imported ones), credit and other services to exporters of handicrafts, securing orders from abroad and greater publicity with a view to the development of new markets. They urge that efforts in these directions should be intensified.

REPLY OF THE GOVERNMENT

The entire question of expansion of exports of handicrafts was examined by a Committee called the Export Handicrafts Plan Committee (known as Das Committee) set up by the Government. All these points are covered in their recommendations. Proposals for the implementation of those recommendations are under consideration of the Government.

[Ministry of Industrial Dev. and Company Affairs D.O. No. 5/3/66-SSI (C), dated 3rd August, 1967]

Recommendation (Serial No. 16, Para. 43)

The Committee would suggest that thorough review of working of the Handicrafts Board may be undertaken by Government with a view to effect organisational improvements.

REPLY OF THE GOVERNMENT

The question is already engaging the attention of Government. [Ministry of Industrial Dev. and Company Affairs D.O. No. 5/3/66-SSI (C), dated 3rd August, 1967]

COMMENTS OF THE COMMITTEE

The Committee would like to be informed about the result of the review and action taken thereon in due course.

Recommendation (Serial No. 20, Para. 48)

The Committee have commented on the working of the Planning Commission's Rural Industries Projects Programme and made some specific suggestions on the scope and content of rural industrialisation in Chapter IV. They would like to record here that although the need for development of small scale industries in rural areas has been recognised for a long time, there has hardly been any visible progress in this direction. The Committee are constrained to observe that beyond enunciating the principle of decentralisation, Government has done little else to translate the principle into practice.

REPLY OF THE GOVERNMENT

As noted by the Estimates Committee themselves in the section 'Approach to Rural Industrialization' pages 68 to 72 of the report, the principle of decentralization of industrial development has been accepted as far back as 1955. Various schemes have been drawn up to implement this policy. The progress of some of these was reviewed by the Estimates Committee in pages 45 to 68 of their report.

Decentralization of industries depend on various factors, the most important of which seem to be the availability of infrastructure facilities in the under-developed areas. As stressed by the International Perspective Planning Team "Most types of industrial production and services would suffer extremely from the absence in the villages of what economists call 'external economies'—cost reducing advantages which result from the clustering of economic activities where there are well-developed markets—for finished products, supplies etc." since these facilities are not uniformly developed in the under-developed regions, the programme of decentralization of industries is apt to be very unattractive to entrepreneurs. The programme is, thus, bound to progress slowly and haltingly. The matter was discussed at the 21st meeting of the SSI Board

(March, 1963) and the consensus was that "there was no dispute so far as the philosophy of rural industrialization was concerned. Its need was acknowledged by everyone and it was absolutely necessary that it must be continued.... it was necessary to lay continuing emphasis by saying that if rural industrialization had to succeed, a certain measure of risk had to be accepted by the Board and the country. It was also felt that sufficient flexibility should be provided in respect of targets fixed under rural industrialization programme. Rigid financial targets would encourage people to spend irrespective of the reserves".

It is, thus, evident that the Government not only accepted the principle of decentralization but also implemented it to the extent possible. However, the major responsibility in this matter i.e. providing the incentives and the infrastructure, lies with the State Governments. The difficulties and problems that arise during the implementation of the programme are being continuously reviewed.

Regarding the steps taken recently to give incentives for rural industrialization, mention may be made of the following:—

- (1) In the budget for the 1965-66, a scheme was introduced whereby large scale industrial units which would like to move out of metropolitan areas and large town by selling their land and buildings were exempted from the capital gains tax on the profits realised by such sales.
- (2) The National Cooperative Development Corporation has come forward to finance cooperatives undertaking processing industries.
- (3) The Credit Guarantee Scheme implemented by the Reserve Bank of India has been extended to cover all co-operative banks.
- (4) The rural industrial estates programmes reviewed by the Estimates Committee is itself an important programme for decentralization of industries.
- (5) The Planning Commission have taken up 49 industrial project areas to experiment the techniques of developing small industries in rural and semi-urban areas.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI (C), dated 3rd August, 1967]

Recommendation (Serial No. 21, Para. 51)

The Committee regret to note that even the modest scheme for providing credit facilities to rural artisans to the extent of Rs. 30,000 per community development block has not been implemented in many of the States. Considering that the Centre contributes 2/3rd of the amount earmarked for purposes of advances under the State Aid to Industries Acts, and is also responsible for the coordination of the State Aid to Industries scheme, the Committee feel that the Central Government should have ensured that the credits needs of rural artisans did not remain unattended to for want of interest or efforts on the part of State Governments. The Committee need hardly emphasise that the non-availability of institutional credit in the rural areas is one of the greatest difficulties impeding the progress of rural industrialisation, as in the absence of institutional credit, the rural artisans find it impossible to free themselves from the clutches of the usurious village money-lenders and middlemen. They would like the Government to devise a comprehensive scheme for making institutional credit facilities available to rural artisans and take positive measures to enlist the cooperation of the State Governments in this behalf. The Committee note that under a scheme of the Reserve Bank loans are made available at comparatively lower rates to agriculturists. They recommend that the feasibility of extending the scheme to cover grant of loans at lower rates to rural artisans so as to encourage rural industry may be examined. In this connection, the Committee would also like to invite the attention of the Government to the recommendations contained in para 80 of their 99th Report (Third Lok Sabha) on the Ministry of Food, Agriculture, Community Development and Co-operation.

REPLY OF THE GOVERNMENT

Following the acceptance by Government of the recommendation of the Rural Credit Survey regarding the setting up of integrated credit structure through which not only agricultural credit but also rural industrial credit was to be channelled to rural artisans and craftsmen, the village service cooperatives and primary agricultural cooperatives were encouraged to finance those rural artisans and craftsmen who had not organised themselves into industrial cooperatives. The Second Working Group on Industrial Cooperatives reviewed this position and recommended that "the agricultural primary credit societies should be made aware of their responsibility to finance village craftsmen and should be encouraged to pay due attention to their needs". At the instance of this

Ministry accordingly the Department of Cooperation asked the States to take action on this recommendation. The States of Assam, Gujarat, Kerala, Madras, Maharashtra, Madhya Pradesh, Mysore and Uttar Pradesh have broadly accepted the recommendation and have issued instructions to the concerned authorities to bring to the notice of all the credit institutions the recommendation for compliance, while replies from other State Governments are yet to be received. The Special Working Group on Finance of Industrial Cooperatives by Cooperative Banks also reiterated this recommendation and suggested that "steps may also be taken to ensure that primary cooperative societies finance rural artisans as recommended by the Rural Credit Survey Report and the Second Working Group on Industrial Cooperatives". The agricultural primary credit societies have issued loans for industrial purposes worth Rs. 1,24,65,000 during 1963-64 and Rs. 1,28,41,000 during 1964-65. Funds at concessional rate of interest are, however, not available from the Reserve Bank of India for advances to the rural artisans since the Reserve Bank of India has not accepted the recommendation of this Ministry to include these industries the list of approved industries under Section 17(2) (bb).

The Government of Mysore has been trying an experiment of financing existing artisans and prospective small producers in rural areas through rural industrial cooperatives set up under a scheme sponsored by the late Shri M. Viswesvarayya in the early fifties. A number of such cooperatives were set up in the former Mysore State area under the scheme. It has also been introduced in some areas of Madras but has not impressed other States.

As far as rural artisans and craftsmen, who have formed themselves into cooperatives are concerned, the benefits of the following schemes adopted for industrial cooperatives are also available to them:—

(1) *Concessional Rate of Interest:*

The difference between the concessional rate of interest, that is, 3½ per cent at which loans are disbursed by the central financing agencies and State Bank of India and its subsidiaries (in areas where the cooperative banks are unable to finance cooperative societies) to the industrial cooperative societies and the rate at which they sanction such loans is given by the Government as subsidy to these agencies. The scheme has, however, been introduced by a few States only.

(2) 90 per cent Guarantee Scheme:

Loans given by the Central Financing Agencies and State Bank of India and its subsidiaries (in areas where cooperative banks were unable to finance industrial cooperatives) are guaranteed by the Government to the extent of 90 per cent. This scheme has also been introduced by a few States only.

(3) Credit Guarantee Scheme:

Advances made by the commercial banks and cooperative banks to rural artisans and craftsmen, if any, are guaranteed against possible losses under this scheme which is operated by this Ministry through the Reserve Bank of India as 'Guarantee Organisation'.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI(C) dated 3rd August, 1967]

COMMENTS OF THE COMMITTEE

The Committee would like to be informed about the progress made in all the States on the recommendations of the Second Working Group on Industrial Coops. The reasons for not including rural industries in the list of approved industries U/s. 17 (2) (bb) by the R.B.I. for credits at concessional rate should also be furnished.

Recommendation (Serial No. 23, Para. 52)

The Committee note that as against the original proposal of having at least one cluster type training centre in each district, only 200 such centres have been set up so far. Further, 94 of these 200 centres are located in Uttar Pradesh, while many States do not have even one such centre. The Committee fail to appreciate this great disparity in setting up of cluster type training centres. They are also unhappy to observe that the centres have not served the objective of providing proper and useful training to rural artisans. In this connection, the Committee would also like to invite the attention of the Government to the findings and recommendations contained in para 114 of their 98th Report (Third Lok Sabha) on the Ministry of Food, Agriculture, Community Development and Co-operation. The Committee feel that Government should undertake a thorough review of the working of the scheme with a view to identify its basic weaknesses and take necessary remedial measures.

REPLY OF THE GOVERNMENT

It is true that only 200 Cluster Type Training Centres were set up and were mostly located in Uttar Pradesh. Some of the States had not accepted this scheme but with persuasion most of the

State Governments have accepted the idea to re-organise Cluster Type Training Centres and Production-cum-Training Centres into Regional Training Institutes as proposed by Directorate General of Employment and Training. The number of Centres accepted for reorganisation during the 4th Plan period by the different States are indicated below:—

1 Assam	3	8 Maharashtra	4
2 Andhra		9 Mysore	2
Pradesh	4	10 Orissa	2
3 Bihar	5	11 Punjab	3
4 Gujrat	3	12 Uttar Pradesh	5
5 Kerala	3	13 West Bengal	3
6 Madhya		14 Rajasthan	3
Pradesh	3	15 Himachal	
7 Madras	4	Pradesh	2

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A review of these Cluster Type Training Centres was undertaken a couple of years back by the then Development Commissioner (Small Scale Industries), Dr. P. C. Alexander and Shri P. M. Mathai. It was based on this quick review that the scheme for re-organising the Centres was undertaken.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI (C), dated 3rd August, 1967]

Recommendation (Serial No. 24, Para. 52)

The Committee would also like to record that although the community development scheme of rural industrialisation has been in operation in one form or another, for more than a decade, it has failed to achieve any tangible results. In fact, the scheme has all along been in a fluid state due to frequent modifications of its content and scope. The experience of this scheme also underlines the need of close coordination between the Central and State Governments and the various all-India Boards and their respective field organisations.

REPLY OF THE GOVERNMENT

A copy of the note prepared for the Coordination Committee for Small Industries held in the Ministry of Industry on the 22nd July, 1966 is enclosed, (Appendix III). For the successful implementation of the cottage and Small Scale Industries programme the need for close coordination at all levels is of over-riding necessity.

The Community Development Programme acts only as catalytic agent to extend the programmes of the various All India Boards/ Khadi Commission in the field. The Community Development Programme acted up to this responsibility and many bottlenecks were

brought to the notice of the concerned Ministries and Boards and decisions were sorted out with them. The meagre nucleus funds available under the schematic budget could never be expected to achieve tangible results in the field of rural industrialisation.

Khadi & Village Industries:

The target of a minimum of two village industries per block was increased to four per block. This has been accepted in principle by all States and some of the States like Andhra Pradesh, U.P., Bihar, Kerala, Madras have already achieved this target. The common industries taken up are Khadi industry, oil industry, Hand pounding of rice, bee keeping, palm gur industry, village leather industry, pottery, blacksmithy, carpentry etc. The Standing Committee for Small Industries in C.D. Block has recently decided to increase the minimum limit to 8 village industries per block. This target is to be achieved by the end of the Fourth Plan period.

For facilitating coordination and implementation of the Khadi and Village Industries Commission's programmes in the blocks it has been agreed that the Block Development Officers be made the Drawing and Disbursing Officers of the funds provided by the Khadi Commission. To overcome procedural difficulties, the Government has amended the Commission's Rules to enable disbursement of loans and grants to the Panchayati Raj institutions for development of the Khadi and Village Industries Programme.

The tenth meeting of the Standing Committee for Industry on C.D. Blocks recommended the desirability to make an evaluation of the working of the Crafts Museum started by State Governments by the All India Handicrafts Board. The work has been taken in hand and is in progress.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI(C) dated 3rd August, 1967]

COMMENTS OF THE COMMITTEE

The Committee would, like to be furnished with a statement State-wise of C.D. Blocks indicating the agency which implements C.D. programmes especially in the States which have abolished B.D. Offices.

Recommendation (Serial No. 26, Para. 68)

The Committee note the progress made in the Rural Industries Projects in regard to the setting up of new industrial units and the generation of new employment opportunities. They would like to

urge, however, that considering the magnitude of rural unemployment which at the end of the Third Plan is estimated to be of the order of about 8 million (see Chapter I) and the fact that the labour force in the rural areas is growing at the rate of three million a year, the generation of 32,000 of employment opportunities during the Third Plan period is hardly a matter for gratification.

The Committee regret to note that although the Rural Industries Projects Programme was launched in the middle of 1962, the actual implementation of the programme started as late as 1964-65 because of delays on the part of the State Governments in finalising the surveys of the areas and setting up the necessary administrative machinery. The Committee would like to recall that under the Rural Industries Project Programme, as originally formulated, the Rural Industries Planning Committee was not only responsible for 'formulation of policy' and 'necessary coordination' but was also expected to set up the 'necessary—establishment for implementing the programme'. They are distressed to observe that, in practice, the Rural Industries Planning Committee has been rather helplessly dependent on the State Governments for the implementation of the programmes.

REPLY OF THE GOVERNMENT

The creation of employment opportunities for 32,000 persons in the first year of the programme in the selected 49 project areas should appropriately be related to the estimated unemployment in these project areas which *pro rata* would be about 3.42 lakhs. It cannot be related to the total estimated number of unemployed in the country as a whole at the end of the Third Five Year Plan period which has been placed at 8 million. The coverage of the programme taken up by the Rural Industries Planning Committee is being limited to 49 selected areas, each comprising 3—5 C.D. Blocks with a population of 3—5 lakhs, the creation of employment opportunities for 32,000 persons is significant, particularly when it is borne in mind that this employment was generated by only 25% of nearly 3,000 industrial units set up which had gone into production by the end of the year 1964-65. By itself it is no mean achievement but it forms only a small proportion of the employment potential being built up. The position in the two subsequent years, 1965-66 and 1966-67 is expected to be even better.

In regard to the Committee's observations about delays etc. in the implementation of the programme, it may be pointed out that the

formulation and implementation of the programmes in the project areas is the responsibility of the State Governments. The Rural Industries Planning Committee is responsible for the consideration of questions of overall policy and direction relating to the Programme. The responsibility of the Planning Commission to set up the necessary establishment for implementing the Programme relates only to Headquarters Staff of the Rural Industries Planning Committee and not the implementation machinery at the State Level or at the Project Level which is the responsibility of the State Governments. It is well-recognised fact that in a new programme of this nature completion of preliminaries and the initial steps take quite some time. Before the programme was formulated it was essential to survey the areas. The surveys, the subsequent formulation of programmes and the approval of the programmes by competent authorities at the State level took about a year and a half. It needs to be pointed out that the Planning Commission cannot create a machinery of its own for formulation and implementation of the programme in the project areas located within the administrative jurisdiction and developmental set up of the State Governments.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI(C) dated 3rd August, 1967 and O.M. of even number dated 6th November, 1967]

Recommendation (Serial No. 27, Para. 68)

The Committee feel doubtful whether the Planning Commission is really the proper body for the execution of a programme of this nature as the Commission lacks administrative authority and in the absence of such authority it can scarcely be expected to secure effective coordination between the various governmental and semi-governmental authorities at the Central and State level whose activities have a direct or indirect bearing on the question of rural industrialisation. The Committee hope that Government will look into the matter and decide what should be the proper agency at the Centre to take charge of a comprehensive programme of rural industrialisation. The Committee suggest that care should be taken to vest the central agency with sufficient power to secure coordination among the concerned agencies of the Centre and States at policy framing as well as at the field level. The Committee cannot too strongly urge that the familiar phenomenon of well-intentioned schemes getting bogged down in cross purposes or failing to make progress for want of coordination should not be repeated.

REPLY OF THE GOVERNMENT

This matter is currently under the consideration of the Rural Industries Planning Committee and the Planning Commission and a decision will be taken in due course.

[Ministry of Industrial Dev. & Company Affairs D.O. No. 5/3/66-SSI (C), dated 3rd August, 1967]

NEW DELHI;

February 20th, 1968.

Phalguna 1, 1889 (Saka).

P. VENKATASUBBAIAH,

Chairman,

Estimates Committee.

APPENDIX I.

(Vide page 6)

Statement showing the reasons for the shortfall in expenditure on handlooms during the III Five Year Plan Period as given by the State Governments.

Reasons for shortfall

State Government :]

- Jammu & Kashmir :*
- (i) Delayed implementation of some programmes such as handlooms industry and emporia schemes.
 - (ii) The general political conditions prevailing in the State during the last few years and the Pakistani infiltration followed by full scale hostilities also contributed to the slowing down of the tempo of development sharply. Due to these factors, there was a general slump in the market for handicrafts and handlooms etc.
- Madhya Pradesh :*
- (i) The shortfall in expenditure by Rs. 127.296 lakhs had been mainly on account of non-ability of technical staff; raw material and delay in procurement of machinery and equipment.
- Kerala :*
- (i) The sales emporia were closed down as they were not working economically.
 - (ii) The actual expenditure on Managerial and technical assistance to Cooperatives based on eligibility of cooperatives only was incurred.
 - (iii) A review of the scheme of State participation in capital structure was ordered and was consequently kept in abeyance.
- Assam :*
- (i) The shortfall in the supply of improved tools on subsidised basis together with demonstration units is due to poor response from artisans who are stated to be reluctant to pay 50% of the subsidised rates which was given to them as loan.
- Orissa :*
- (i) Shortfall is due to some posts remaining vacant for dearth of candidates and due to national emergency, expenditure on certain schemes were curtailed.

Uttar Pradesh :

- (i) Deferring of a few schemes and curtailment of expenditure in practically all the schemes as a measure of economy due to aggression on borders of India.
- (ii) Non-completion of building programme under various schemes due to procedural difficulties and objections filed by the parties in land acquisition cases etc.
- (iii) Non-purchase of certain machines and equipment due to the acute shortage of foreign exchange.

Punjab :

- (i) The reasons for the shortfall in the performance had been the cut imposed in 1965-66. Plan due to emergency, non-completion of Industrial Estates Programme and non-availability of technical staff etc.

Bihar :

- (i) The first year of the Plan was spent in preparing details of the schemes included in the Third Plan and in taking preliminary action. When the implementation of the scheme gained some momentum during the Second Year of the Plan, the state was gripped with severe financial crisis, coupled with the National Emergency. The result was that a large number of schemes had to be dropped and implementation of a number of schemes had to be staggered. This process continued for about two years due to which there was a great deal of reduction in expenditure.
- (ii) Some schemes could not be implemented due to the shortage of technical personnel.
- (iii) Supply of controlled raw materials was so meagre that it could not fulfill the requirements of the State. The implementation of some schemes were, therefore, hampered on this account also.

Mysore :

The Government of Mysore had indicated the reasons for the shortfall in the expenditure :—

- (a) Want of electric power.
- (b) Dearth of technical personnel.
- (c) Lack of adequate marketing facilities and common workshops.
- (d) Non-supply of sized warps.
- (e) Delay in the purchase of capital equipment.

Gujarat :

Reasons for shortfall are :-

- (1) Less applications have been received for grant of capital loans to the Weavers' Societies and for improved looms and accessories.
- (2) Weavers' Societies are not deputing their secretaries for training in sufficient number.
- (3) As sufficient sales depots and dye-houses were established in the Second Five Year Plan, no new sales depots and dye houses were sanctioned during the III Five Year Plan.
- (4) The Central Financing Agencies have been financing the Weavers Societies' to a less extent under the scheme of grant of subsidy to the C. F. Agencies for advance of loans from their own funds and guarantee of lossess.

West Bengal :

The expenditure was regulated in accordance with the provision allowed in the individual Annual Plan as finally approved in the overall State Plan budget on the basis of availability of funds and priorities assigned to various sectors. With the declaration of National Emergency, towards the latter part of 1962, consequent on the Chinese Aggression, the entire Plan programme had to be reviewed in the light of instructions received from the Planning Commission and programmes with comparatively lesser degree of priorities were deferred. As a result the tempo of developing expenditure slowed down comparatively right from the second year of III Plan period. The position had further deteriorated by the Pakistan hostilities in the year 1965. As per instructions of the Planning Commission, the programme for 1965-66 had to be reviewed and curtailed consequent on such year to year regulation of ceiling of expenditure, the amount of expenditure under handloom fell short.

APPENDIX II

(vide page 19)

Note on Coir Industry

Introduction:

Coir industry is one of the largest cottage industries in India. The raw material for the industry is the husk of the coconut. At present India produces over 480 crores of coconuts of which nearly 73% is from the State of Kerala. The maximum development of the coir industry has also been in the State of Kerala because of the natural retting facilities available throughout the extensive coastal areas of the State. About 3 & 4 lakhs of workers were engaged in this industry in Kerala. The production of coir fibre is estimated to be about 162 thousand tons per year. Coir products of various types including yarn, rope, mattings, carpets, door mats etc. are exported from India to many countries in the world. The value of our exports has been of the order of Rs. 12 crores during the last 3 years.

Post-war slump:

Various factors affected the growth of this industry after the 2nd World War. Most of the large manufacturing units in Kerala were controlled by European firms. After independence, the majority of the large industrial establishments controlled by these European firms were either closed down, or sold to Indian parties. Even those which survived did so in a very attenuated form. The demand for traditional coir products also showed a sharp downward trend after the 2nd World War. Until then, the U.K. was the principal market for coir products. But in the wake of the industrial upsurge witnessed in Europe and America, the standard of living of the people rapidly improved and many homes which were traditionally using coir mattings and carpets switched over to more sophisticated floor-coverings made of wool or synthetic materials. In the absence of a broad-based domestic market for coir products, the industry had all along depended on foreign markets for its existence and with the contraction of the demand from the principal foreign markets, production and employment in the coir industry in Kerala suffered a severe set-back. The depression in the industry, assumed the proportions of a crisis between the years 1950 and 1953.

Creation of the Coir Board:

It was under these circumstances that the Government of India set up the Coir Board as a statutory body in 1954 to take all possible steps to revive the demand for coir products and to promote the growth of this industry on stable and healthy lines. As the industry itself was largely concentrated in Kerala, the Board's headquarters came to be located at Ernakulam. A cess was introduced on the export of coir and coir products to provide part of the funds for activities of the Board. This cess is now being collected at the rate of 98 P. per quintal on all coir yarn and fibre exported.

The Board adopted various measures for arresting the decline in the coir industry and finding new markets for coir products both at home and abroad. To begin with, a systematic survey was undertaken of the various sectors of the industry including retting, spinning and weaving. A system of registration and licensing was introduced for all industrial establishments and spindles. A Research Institute was set up in Alleppey followed by another in Uluberia in West Bengal to carry on fundamental as well as applied research. A campaign of publicity both at home and abroad was undertaken and a quarterly journal by name COIR was published. The Board took part in several important exhibitions and thereby projected the image of coir products to millions of people who were unfamiliar with this type of floor covering.

Organisation of Coir Co-operatives in the coir industry:

The yarn spinning sector is economically the weakest sector of the coir industry and has suffered the most during the post-war slump. The wages paid to spinners being far too meagre, there has been growing unrest among the workers and the State Government of Kerala had to intervene by organising Co-operative Societies of coir spinners. The object was to eliminate middlemen and ensure fair returns and uninterrupted employment opportunities to the lakhs of workers engaged in this industry. This "Coir Development Scheme" was started as early as 1950, and has continued to make progress ever since.

Different types of coir co-operatives have been organised in the Kerala State. Coir Yarn Societies have been set up for production of yarn, Mats & Mattings Societies for manufacture of coir products, Rope Manufacturing Societies for rope making, Mattress & Bristle Fibre Societies for production of different types of fibre and Central Marketing Societies for marketing the products of the Primary Societies. At the end of 1964-65 there were 440 Coir Yarn Primary Societies, 30 Husk Societies, 4 Central Marketing Societies, 15 Coir Cooperative Unions, 13 Mats and Matting Societies, 3 Rope

Manufacturing Societies, 19 Husk Retting Unions and 2 Bristle & Mattress Fibre Societies, making a total of 522 societies. The total membership of the Societies during 1964-65 was nearly 1.25 lakhs. and the working capital Rs. 165.5 lakhs.

Cooperative Societies have also been organised in States other than Kerala. Madras has 35 such Societies, Mysore 3, Andhra Pradesh 6, Orissa 6, West Bengal 5, Maharashtra 6, Gujarat 1 and Pondicherry 2.

Need for modernisation and diversification:

Notwithstanding the various measures taken by the Board during the initial period it soon became apparent that the sophisticated markets of Europe and America will not be interested in coir products unless steps were taken to break away from conventional methods of production and publicity. In India no power-operated machines were used in the industry. The extraction of fibre was done by a conventional method of beating the retted husks with wooden mallets. The spinning of yarn, even for superior varieties, was done by hand, or by hand-operated ratts. Coir mats and mattings were produced in handlooms. Although some of these products particularly certain types of mats were beautifully produced on handlooms, there was a mounting criticism from foreign buyers that the coir mattings produced on handlooms in India were far inferior to the mattings produced on powerlooms in Europe. The traditional methods of production on handlooms had the advantage of providing employment on a large scale, but the relative inferiority of the Indian coir matting when compared to the machine-made European coir matting highlighted the need for modernisation. The Government of India therefore took up this question with the State Government and the Coir Board and at a high-level meeting, it was decided that the Indian coir industry should also be mechanised, and that to begin with, at least 1/3 of the matting sector should be completely mechanised. It followed that steps should be taken simultaneously to improve our techniques of dyeing and processing coir products. Until about 1961 exports were of the order of Rs. 8-9 crores. Both from the point of view of earning foreign exchange as well as providing larger employment in the country a further expansion of exports was absolutely necessary. Keeping all these in view, various measures were initiated by the Coir Board and some of the salient features of the progress achieved during the last 3 years are indicated below:—

1. National Coir Training & Design Centre:

Although the coir industry in Kerala was more than a century old, there was no first rate institution for imparting systematic

training in the techniques of coir production. This was a serious lacuna. Out of over 2000 coir industrial establishments in the country, the vast majority are small units run largely on a cottage industry basis. Without properly trained craftsmen these small-scale units were apt to put out products of substandard quality which brought a bad reputation to the entire industry. The Government of India therefore approved the proposal of the Board to set up a National Coir Training & Design Centre where instruction could be imparted to selected trainees in the correct techniques of production and designing. The Governor of Kerala declared this Centre open during 1965 and the 1st batch of 12 students, are now undergoing training. The Board gives each trainee a monthly stipend of Rs. 75. All the trainees are drawn from the industry and are expected to go back with upto date knowledge of modern techniques to the factories from which they are drawn. The State Governments of Madras and Mysore have also deputed candidates for training in the 1st batch, with a view to developing the coir manufacturing industry in their respective States.

2. Quality Control & Pre-shipment Inspection:

One of the reasons for the declining trend in the exports of coir products has been the tendency on the part of Indian exporters to ship substandard products.

This in turn was attributed to the unhealthy scramble and competition among Indian exporters to scratch a share of a dwindling market. But whatever may be the cause, the shipment of inferior goods did great damage to the reputation of Indian coir products. The Coir Board therefore suggested that quality control and pre-shipment inspection should be enforced. To begin with specifications had to be drawn up, and having done so a period of voluntary pre-shipment inspection was gone through to gain practical experience. After nearly two years of preparatory work, the Board introduced compulsory pre-shipment inspection of coir mats with effect from December, 1965. The scheme is working very satisfactorily and has been appreciated by Indian exporters as well as foreign buyers. It is proposed to gradually introduce compulsory inspection to all other coir products including coir yarn.

3. Product diversification.

One of the reasons why coir products gradually began to lose their popularity in foreign markets was the failure of Indian producers to satisfy the demand for attractive presentation, for

variety and diversification. For several generations, the coir industry produced the same identical types of coir mats and mattings and trusted in the ability of Indian exporters to somehow sell these conventional products. The rapid changes which have taken place in consumer tastes and preferences during the last few years have taught the inescapable lesson that either the coir industry must satisfy the consumers' urge for new products or perish. The Board has been taking a lively interest in initiating the manufacture and marketing of new products. Some of the products which have been put out in the market during the last couple of years have proved to be outstandingly successful. Special mention may be made here of the carnatic pile carpet which can be manufactured to resemble very closely a tufted woollen carpet. These are now manufactured in a variety of attractive shades and designs which have caught the public imagination. Another distinctive new product is the wall carpet in many requisite and artistic designs.

4. *Rubberised coir products:*

The process of manufacturing rubberised coir products which closely resemble from rubber, had been known in Europe for several years. However it was only during the last 3 years that this process was tried out in India. A rubberised coir mattress or cushion not only resembles a foam rubber mattress or cushion but will also give the same service for many years, with the added advantage that the price is only a little over 50 per cent of the price of a foam rubber product. During the last 3 years 8 big factories have been established in various parts of India to manufacture rubberised coir products. The first factory to be set up was in Tirunelveli in Madras State. This was followed by a factory in Alleppey in Kerala. Large units have also sprung up in Bangalore, Cannanore, Alwaye, Calcutta, Cuttack and Delhi. The establishment of these factories in States outside Kerala offers extensive scope for the utilisation of coconut husks which are available in abundance in such States.

5. *Defibering industry:*

For the successful manufacture of rubberised coir products, special kinds of coir fibre are required. The traditional coir fibre obtained by the retting process in Kerala is not suitable for making rubberised coir. On the other hand bristle fibre which is thicker and stronger than retted fibre and which is obtained from dried husks should be used in substantial quantities. To produce such fibre, different types of defibering machines have been put into use,

including imported machines as well as indigenously manufactured machines. In several States in India, defibering units have thus come into existence, marking yet another stage in the All-India progress of the coir industry.

6. *Intensification of research:*

The Research Institute of the Coir Board established in Alleppey in Kerala State has been undertaking different lines of research with a view to finding out new uses for coir. While certain aspects of fundamental research on retting etc. are being continued, new techniques are also being explored on a laboratory scale. These include advanced studies in bleaching and dyeing of coir yarn and coir products, mechanised spinning of coir yarn, the accoustical properties of coir, heat and sound insulation with coir, etc. Recently, the installation of a ceiling, completely made of coir matting in the extensive Auditorium of a local college, has yielded excellent results.

7. *Extension service:*

To provide a link between the Research Institute and the industry, the Coir Board recently established an "extension service". An experienced officer with several years of practical knowledge of the bleaching and dyeing industry was appointed for this purpose and he visited almost all the coir manufacturing units and gave suitable instructions in the correct techniques of bleaching and dyeing. This has been of very great value particularly to the small manufacturers.

8. *Mechanised coir factory:*

As already indicated, the Government of India have taken a decision that 1/3 of the matting sector should be mechanised. To implement this decision, the Coir Board is setting up the first mechanised powerloom factory in Alleppey, which is the nerve-centre of the Coir Industry. The construction of the factory building has been entrusted to the Kerala P.W.D. and orders have also been placed for the import of the necessary machinery from Germany. It is expected that this mechanised factory which will be the first of its kind in India, would go into production towards the beginning of 1967.

9. *Modern Dye-house:*

To achieve real distinction in the finished products, it is most essential that the dyeing of the yarn or the coir fibre used as raw

material should be as perfect as possible. Here again traditional methods have done a lot of harm. To make the industry conscious of modern methods, the Coir Board proposed the setting up of a modern dye-house, but as a measure of economy drive this scheme has been decided to be deferred.

10. *An attractive show-room in Coir House:*

When the Coir Board's office was shifted in 1964 to the new office building specially built for the purpose, an extensive room was specially set apart for a Show-room where the best and the latest coir products manufactured in India are attractively displayed. This Show-room has already made a powerful impact on the numerous visitors, both Indian as well as foreign, who are visiting it everyday.

11. *Market research in U.S.:*

The demand for coir goods from the U.S. is rapidly increasing. In fact in the course of the next few years the U.S. may become the single largest market for our products. Having regard to the potential importance of this market it has been decided that an intensive market study should be conducted in that country. After protracted correspondence this market research has been recently entrusted to one of the leading specialists of that country viz. M/s. A. D. Little Inc. The work is expected to be taken up shortly and completed within about 6 months.

12. *Film on coir:*

In 1964 the Films Division of the Ministry of Information and Broadcasting in collaboration with the Coir Board produced an excellent colour film on the coir industry. This film which runs only for about 12 minutes has been extensively shown and admired in India as well as abroad. During 1965 the Films Division arranged for the compulsory showing of this film in all the cinema houses in India. A tremendous amount of publicity was thus obtained for coir and coir products.

13. *Stabilisation of exports:*

Coir is and will continue to be essentially an export-oriented industry. Foreign markets will therefore have to be sustained and strengthened if this industry is to grow and prosper. Due to the various efforts made by the Board, exports have risen from the level of amount Rs. 8 crores until about 1960, to the level of about Rs. 12 crores during the last 3 years. With the mechanisation of

the coir industry, and the popularisation of the new products recently introduced into the market, exports are bound to improve still further during the Fourth Plan period. In order to stabilise exports and to ensure that all possible encouragement is given to the trade and industry, the Government have extended help and assistance to the industry in different directions. An export incentive scheme was introduced from 1962 to enable the manufacturers to obtain their imported requirements such as machinery, dyes, chemicals, sisal and other raw materials. This scheme has been largely instrumental in tuning up the export industry and giving it a measure of hope and confidence for the future. Government have also extended the Tax credit scheme to the coir industry and exporters are now entitled to a tax credit of 5% for exports of coir products including coir rope and 2% for export of yarn. The industry has also largely benefited by the scheme of compulsory pre-shipment inspection recently introduced. Whereas the fortunes of the industry looked bleak and uncertain in the decade following independence, it may be now stated that the efforts taken over the last few years have enabled the industry to turn the corner, and look forward to the future with a sense of reasonable confidence and optimism. Consequent upon the devaluation of the rupee, the export incentive schemes and the tax credit scheme have however been abolished by the Government with effect from 6-6-1966.

APPENDIX III

(vide page 35)

Progress of Rural Industries Programme in C.D. Blocks—Review of

Multipurpose activities have been undertaken to promote and organise rural industries programme in the C.D. Blocks. These include training of rural artisans to equip them with the use of improved tools repairing facility in common facility workshops, setting up of industrial estates, etc. Various measures in this direction are summarised below:—

Training of artisans.—To lay a sound base for the spread of rural industries in the country, the training of rural artisans has been receiving constant attention. The training was hitherto imparted in Cluster Type Training Centres, Training-cum-Production Centres, Industrial Training Institutes and other types of training centres numbering about 194 Cluster Type training Centres and about 1200 Training-cum-Production Centres, 313 Industrial Training Institutes and 230 other types of Training Centres. Following figures give the position of training of rural artisans over the past three years:—

<i>Training :</i>	<i>1961-62</i>	<i>1962-63</i>	<i>1963-64</i>
Village artisans trained in basic and refresher training courses : . . .	582	587	432
(i) Total ('00 Nos)			
(ii) Average per blocks (Nos.)	17	15	11

In order to standardise the training contents, the Coordination Committee on Small Industries recommended the reorganisation of the training programme bringing different training institutions under the purview of NCVT. To start with, training in the reorganised centres will be confined to the following trades:—

1. General Mechanic
2. General Electric Fitter.
3. Carpentry.
4. Blacksmithy.
5. Building Construction.

The Directorate General of Employment and Training, Ministry of Labour, has assumed the total responsibility towards this end.

Common Facility Workshops.—Common Facility Workshops have been set up in rural areas to provide necessary facilities for repair/manufacture of tools to the rural artisans. 1152 such centres are functioning at present in the country. A committee is at present reviewing the working of this programme.

Rural Industrial Estates.—Rural and Semi-Urban Industrial Estates have been set up in rural areas where power and water supply transport and other facilities are available. For the Fourth Five Year Plan period it has been recommended that the majority of Industrial Estates to be set up should be located in Small Towns and Rural Areas.

To give incentives to these centres, foreign exchange worth Rs. 50 lakhs was earmarked for import of scarce raw materials, components of machines, etc. Some three hundred units availed of the facility offered.

Distribution of improved tools & implements.—Improved tools and implements are being popularised among rural artisans by grant of subsidy to the extent of 50% for the purchase of such tools. The programme has caught on as the following statistics would confirm:—

Improved tools and appliances

<i>Blacksmithy :</i>	<i>1964</i>	<i>1965</i>
Value of improved tools & appliances distributed:		
(i) Total ('00 Rs.)	424	543
(ii) Average per Block (Rs.)	126	170

Carpentry

Value of improved tools & appliances distributed:		
(i) Total ('000Rs.)	397	611
(ii) Average per Block (Rs.)	118	191

Growth Centres.—With the initiation of planned efforts in the country, systematic attempts have been made to exploit and harness the resources, both material and human for the development of rural sector. The major plans in the programme of development have been the revitalisation of agrarian economy and accelerated industrialisation. There has been a tendency for the concentration of the economic activities in certain areas. In order to bring about greater decentralisation steps have been taken to secure an even distribution of economic development in the country.

Efforts are thus being made to identify the focal points of development which will function as the nuclei of growth. Each such growth centre will be the processing, distributive and servicing centre for a large group of villages and will lead to a dispersed pattern of development. So far 218 such centres have been identified in the country.

Khadi and Village Industries.—The target of a minimum of two village industries per block was increased to four per block. This has been accepted in principle by all States and some of the States like Andhra Pradesh, U.P., Bihar, Kerala, Madras, have already achieved this target. The Common industries taken up are Khadi industry, oil industry, Hand Pounding of rice, bee keeping, palm gur industry, village leather industry, pottery, blacksmithy, carpentry, etc. The Standing Committee for Small Industries in C.D. Block has recently decided to increase the minimum limit to 8 village industries per block. This target is to be achieved by the end of the Fourth Plan period.

For facilitating coordination and implementation of the Khadi and Village Industries Commission's programmes in the blocks it has been agreed that the Block Development Officers be made the Drawing and Disbursing Officers of the funds provided by the Khadi Commission. To overcome procedural difficulties, the Government has amended the Commission's Act to enable disbursement of loans and grants to the Panchayati Raj institutions for development of the Khadi and Village Industries Programme.

The tenth meeting of the Standing Committee for Industry on C.D. Blocks recommended the desirability to make an evaluation of the working of the handicrafts Board. The report is awaited.

Arrangements are being made to get some of their equipment required under Applied Nutrition Programme viz. incubators, other poultry and fisheries equipment, garden tools, etc. manufactured locally thereby saving much needed foreign exchange. The UNICEF are now exporting incubators made by our units to Afghanistan and other countries.

APPENDIX IV

(*Vide* Introduction)

Analysis of the action taken by the Government on the recommendations contained in the 107th Report of the Estimates Committee
(Third Lok Sabha)

I. Total number of recommendations	31
II. Recommendations which have been accepted by Government (<i>vide</i> recommendations at S. Nos. 1—3, 5, 6, 8, 9, 12—14, 17—19, 22, 25, 28—31)	
Number	19
Percentage to total	61·2
III. Recommendations which the Committee do not desire to pursue in view of Government's reply (<i>vide</i> recommenda- tions at S. Nos. 4, 7, 10, 11, 15, 16, 20, 21, 23, 24, 26, 27)	
Number	12
Percentage to total	38·8

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
27.	Bahree Brothers, 188, Lajpatrai Market, Delhi-6.	27	33.	Bookwell, 4, Sant Narakari Colony, Kingsway Camp, Delhi-9.	96
28.	Jayana Book Depot, Chaparwala Kuan, Karol Bagh, New Delhi.	66	MANIPUR		
29.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.	68	34.	Shri N. Chasoba Singh, News Agent, Ramlal Paul High School Annex, Imphal.	77
30.	People's Publishing House, Rani Jhansi Road, New Delhi.	76	AGENTS IN FOREIGN COUNTRIES		
31.	The United Book Agency, 48, Amrit Kaur Market, Pashu Ganj, New Delhi.	88	35.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C.—2.	
32.	Hind Book House, 82, Janpath, New Delhi.	95			

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