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NATIONAL PLANNING COMMITTEE SERIES

The National Planning Committee Series will consist of Reports of the various Sub-Committees, each of which deals with the several aspects of the national life. Each Sub-Committee consists of recognised Experts in the subject; and every Report prepared by them considers all the bearings, implications, and consequences of the subject. Together the Series will make a comprehensive outline of an all-embracing National Plan, which, if and when implemented, would revolutionise the conditions of life in this country. Though most of the Reports were prepared in 1939–40, each is prefaced by an Introduction showing the place of the subject in the entire Scheme of National Planning, and ended by a Summary of Developments which brings the matter fairly up to date.

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RURAL AND COTTAGE INDUSTRIES

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Woman's Role in Planned Economy

NATIONAL PLANNING, PRINCIPLES & ADMINISTRATION

K. T. Shah.

NATIONAL PLANNING COMMITTEE SERIES

(Report of the Sub-Committee)

RURAL AND COTTAGE INDUSTRIES

Chairman

Shri S. C. DAS GUPTA

Secretary

Dr. C. A. MEHTA

Edited by

K. T. SHAH

Honorary General Secretary

NATIONAL PLANNING COMMITTEE

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To

All Those

MEMBERS OF THE NATIONAL PLANNING COMMITTEE

and of

Its Various Sub-Committees

A TRIBUTE OF APPRECIATION

प्रारब्धमुत्तमजना न परित्यजन्ति

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(Delegate of the Women's Sub-Committee).

PREFACE

The National Planning Committee, appointed in 1938, began its work early in 1939. After defining the nature of a National Plan, and determining the nature and scope of the work entrusted to them, the Committee issued an elaborate and comprehensive Questionnaire which was subsequently supplemented by specific details. Twenty-nine Sub-Committees, formed into eight groups, were set up with special terms of reference to deal with all parts and aspects of the national life and work in accordance with a predetermined Plan.

After some unavoidable delay in getting replies to the Questionnaire, the Sub-Committees began their work, and submitted Reports,—some of them Final, some Interim,—which were considered at the Plenary Sessions of the Parent Committee in 1940. Towards the end of that year the Chairman, Pandit Jawaharlal Nehru, was arrested and sentenced to a long term of imprisonment, during which the work of the Committee had necessarily to be suspended.

On his release a year later, hope revived for an intensive resumption of the Committee's work. But the outbreak of war with Japan, the threat to India's own safety, and the hectic march of political events, rendered it impossible to devote any attention to such work at that time. It, therefore, inevitably went into cold storage once again; and remained for the duration of the war.

When at last the War seemed nearing its end, Pandit Jawaharlal Nehru with other leaders was released. The moment seemed again opportune to resume the work of

the Planning Committee. Meetings of that Body were held in September and November 1945, when certain more urgent questions, already included in the programme of the National Planning Committee, were given a special precedence. A Priority Committee was appointed to report upon them. Changes and developments occurring during the War had also to be taken into account; and another Committee was appointed to review the general instructions, given six years earlier to the Sub-Committees. Revised instructions were issued to them following the Report of this Sub-Committee; and the Chairmen and Secretaries of the several Sub-Committees were once again requested to revise and bring up to date such of the Reports as had already been submitted—either as final or interim—while those that had not submitted any reports at all were asked to do so at an early date.

As a result, many of the Sub-Committees which had not reported, or had made only an Interim Report, put in their Reports, or finalised them. The Parent Committee has had no chance to review them, and pass resolutions on the same. But the documents are, by themselves, of sufficient value, prepared as they are by experts in each case, to be included in this Series.

The following Table shows the condition of the Sub-Committees' work, and the stage to which the Planning Committee had reached in connection with them.

Serial No.	Name of the Sub-Committee.	Final Report		Interim Report		No Reports
		N.P.C. Resolutions	Not considered by N.P.C.	N. P. C. Resolution	Not considered by the N.P.C.	
Group I.	**Agriculture & other Sources of Primary Production**	Handbook Pp.		Handbook Pp.		
1.	Rural Marketing and Finance	97-99				
2.	River Training and Irrigation Part I	83-85				
	,, ,, ,, Part II	113-115				
3.	Soil Conservation and Afforestation	115-119				
4.	Land Policy and Agriculture			139-141		
5.	Animal Husbandry and Dairying	87-89				
6.	Crop Planning and Production				do	do.
7.	Horticulture	102-103				
8.	Fisheries					
Group II	**Industries or Secondary Sources of Production**					
1.	Rural and Cottage Industries					
2.	Power and Fuel		do.			
3.	Chemicals					
4.	Mining and Metallurgy			77-79		
5.	Engineering Industries	75-77		130-133		
6.	Manufacturing Industries		do.			
7.	Industries connected with Scientific Instruments		do.			
Group III	**Human Factor**					
1.	Labour	89-92				
2.	Population	85-87				
Group IV	**Exchange and Finance**					
1.	Trade					
2.	Public Finance			130		do
3.	Currency and Banking			122-126		
4.	Insurance			93-95		
Group V	**Public Utilities**			95-97		
1.	Transport					
2.	Communications	126-129		120-122		
Group VI	**Social Services—Health and Housing**					
1.	National Housing	99-100				
Group VII	**Education**					
1.	General Education			133-139		
2.	Technical Education				do.	
Group VIII	**Woman's Role in Planned Economy**					

To sum up, fourteen Sub-Committees had made final reports, of which ten have been considered, and Resolutions taken upon them, by the National Planning Committee. Twelve more have presented Interim Reports, of which nine have been considered by the Planning Committee, with Resolutions thereon, while three Sub-Committees have not yet presented any report on the reference made to them.

The idea that all this material, gathered together with the help of some of the best brains in India in the several departments of our national life, should be printed and published was before the Committee from the start. But the interruption caused by the war prevented its realisation. It was once again mooted in 1941; but the moment was not deemed ripe then for such action, partly because the leading spirits in almost every one of the Sub-Committees were unable to devote time and labour to bring their Reports up-to-date; and partly also because war-time restrictions or shortages had made scarcer than ever before the statistics and other facts, which particular sub-committees would need, to bring their work up-to-date. The war-time needs of Government had attracted several of them to work on Government Bodies, Panels, or Committees. For all these reasons it was deemed undesirable that material of this character—valuable as it must be—should be put out in an incomplete, inchoate, obsolete form, which may reflect unfavourably upon Indian capacity for such tasks.

The last four years of the War were thus a period of suspended animation for the National Planning Committee. Even after the end of the war, it has not been feasible, for obvious reasons, for the Planning Committee to resume its work and finalise decisions. Continuous sessions of that body are indispensable for considering and taking decisions on the Sub-Committee reports presented since 1940, and putting all the material into shape, ready for publication, not to mention making its own Report; but the political situation in the country made it impossible. Other conditions, however, are somewhat more favourable than in 1938-39, when the Central Government of the country were all but openly hostile to such attempts. Lest, however, the momentary difficulties make for needless further delay, it was thought advisable by the Chairman and the undersigned that no more time should be lost in putting this material before the Public. Following this advice, it is now proposed to bring out a complete Series of the National Planning Committee's Sub-Committee Reports, which will

serve as appendices to the Parent Committee's own Report. The Plan of the proposed enterprise is briefly summarised below.

Every Sub-Committee's Report, which is in a final form and on which the National Planning Committee has itself taken resolutions, will be edited and published, with an Introduction assigning their due importance to the suggestions and recommendations contained in that particular report, its proper place in the over-all National Plan; and following it up, wherever necessary, by a kind of Epilogue, summarising the developments that have taken place during the seven years, during which the work of the Planning Committee had been in suspension.

Those Reports, again, which, though in a final form, have not yet been considered, and no resolutions taken thereon, by the Planning Committee, will also be included in the Series in the form in which they were submitted, with such Introduction and Epilogue to each as may be deemed appropriate. And the same treatment will be applied to Reports which are 'Ad Interim', whether or not the Parent Committee has expressed any opinion on the same. They will be finalised, wherever possible, in the office, with such aid as the Chairman or Secretary of the Sub-Committee may be good enough to render. Sub-Committees finally, which have not submitted any Report at all, —they are very few,—will also find their work similarly dealt with. The essence, in fine, of the scheme is that no avoidable delay will now be suffered to keep the National Planning Committee's work from the public.

Both the Introduction and the Epilogue will be supplied by the undersigned, who would naturally be grateful for such help as he may receive from the personnel of each Sub-Committee concerned. The purpose of these additions is, as already stated, to assign its true place to each such work in the over-all Plan; and to bring up the material in each Report to date, wherever possible.

Not every Sub-Committee's Report is sufficiently large to make, more or less, a volume by itself, of uniform size, for this Series. In such cases two or more Reports will be combined, so as to maintain uniformity of size, get-up, and presentation of the material. The various Reports, it may be added, would not be taken in the order of the classification or grouping originally given by the Planning Commit-

tee; nor even of what may be called the intrinsic importance of each subject.

In view of the varying stages at which the several Reports are, for reasons of convenience, it has been thought advisable to take up for printing first those which are final, and on which the Planning Committee has pronounced some resolutions. Printing arrangements have been made with more than one Press, so that two or three Reports may be taken simultaneously and published as soon as possible so that the entire Series may be completed in the course of the year.

Two other Sub-Committees, not included in the list of Sub-Committees given above, were assigned special tasks of (1) preparing the basic ideas of National Planning; and (2) outlining the administrative machinery deemed appropriate for carrying out the Plan. These were unable to function for reasons already explained. The present writer has, however, in his personal capacity, and entirely on his own responsibility, published the "Principles of Planning" which attempt to outline the fundamental aims and ideals of a National Plan. This remains to be considered by the Planning Committee. Similarly, he has also attempted to sketch an administrative machinery and arrangements necessary to give effect to the Plan, when at last it is formulated, and put into execution. Notwithstanding that these two are outside the Scheme outlined in this Preface, they are mentioned to round up the general picture of the arrangements made for publication of the entire work up-to-date of the National Planning Committee and its several Sub-Committees.

The several volumes of Sub-Committee Reports, when published, will be treated as so many appendices to the Report of the parent body, the National Planning Committee. It is impossible to say when that Committee, as a whole, will be able to hold continuous sessions, review and resolve upon Sub-Committee Reports which have not yet been considered, and lay down their basic ideas and governing principles for an all over Plan, applicable to the country, including all the facts of its life, and all items making up the welfare of its people.

The disturbed conditions all over the country, and the Labour unrest that has followed the end of the War has caused unavoidable delays in printing and publishing the

several volumes in the Series, which, it is hoped, will be excused.

In the end, a word of acknowledgment is necessary to put on record the aid received by the Editor in the preparation and publication of this Series. All those who are associated in the task,—members of the Parent Committee, or as Chairmen, Secretaries or Members of the various Sub-Committees,—have laboured wholly, honorarily, and consistently striven to give the best that lay in them for the service of the country. Almost all Provincial Governments and some States,—the latter twice in some cases,—have made contributions towards the expenses of this office, which have been acknowledged and accounted for in the Handbooks of the Planning Committee, published earlier. Suitable appreciation of these will be expressed when the Parent Committee makes its own Report. At almost the end of its task, the expenditure needed to edit, compile, and otherwise prepare for the Press, the several Reports, has been financed by a Loan by Messrs. Tata Sons Ltd., which, even when repaid, will not diminish the value of the timely aid, nor the sense of gratitude felt by the undersigned.

Bombay, 1st July 1947. K. T. Shah.

Note:—In the Scheme of this Series, originally given, more than one Report was intended to be included in one volume in some cases. The combinations indicated in the circular, of the 20th of June 1947, had had to be modified as the printing of several Reports proceeded.

When about half the volumes were printed, it was found that that scheme would not give a fairly uniform series. The new arrangement is given on the page facing the title page. Some changes have had to be made in that list e.g., the separation of the two Reports on Public Health and National Housing, intended to be in one volume, are now in separate volumes.

Conversely, only the two Reports on Animal Husbandry and Dairying and on Fisheries were intended to be combined. As now decided, the Report on Horticulture is also included in the same Volume.

Again, the original combination of the Report on Mining and Metallurgy with that on Engineering Industries has been modified. The latter now combined with the Report on Industries Connected with Specific Instruments, which was originally meant to be a separate volume, while the former is to be by itself.

31st January, 1948. K. T. S.

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INTRODUCTION

Preliminary.

This Sub-Committee was appointed to deal with the Terms of Reference mentioned below. It may be pointed out that a formal Report was never presented by this Sub-Committee ; the present Volume is, therefore, made up mostly of Notes and Comments by individual members, together with the usual Introduction and Summary of Developments by the Honorary General Secretary. In this Introduction, accordingly, care has been taken to consider every item in the Terms of Reference, as also all other relevant material which would help to give the Small Scale and Cottage Industries their due place in the aggregate National Economy operated on a scientific plan. The National Planning Committee has had no opportunity to consider the work of this Sub-Committee in the way that other Sub-Committees' Final or Interim Reports have been considered, and, therefore, its work has not been integrated in the shape of appropriate Resolutions rounding up the general subject.

Terms of Reference.

This Sub-Committee was appointed to deal with :—

(1) the survey of the conditions of cottage and village industries, taking into consideration the raw materials available, the reasons for the decay of cottage industries, and suggesting ways and means by which the proceeds of production may be improved;

(2) the problem of marketing and financing;

(3) investigation of competition from centralised and foreign products, and from substitutes that have replaced products of cottage industries.

(4) noting the change in demand and suggesting methods for improvement in quality and design;

(5) measures to be suggested for promotion and revival of these industries;

(6) the incidence of taxation on these industries;

(7) ways and means for standardising and regulating prices;

(8) definition of cottage industry;

(9) how many of these ought to be protected from factory competition;

(10) in respect of those that are working for wages in such concerns, what are the conditions of work and wages, and how do these compare with those prevailing in other employments in the area? Are children and women employed?

This wide Reference has further to be coordinated with the general Terms of Reference to the entire Group of Sub-Committees dealing with industrial production under planned economy. The Group includes :—

Cottage and Rural Industries, including marketing and finance,

Power & Fuel,

Chemicals,

Mining and Metallurgical Industries,

Engineering Industries (machines, machine tools and prime movers etc.) including Transport Industries,

Manufacturing Industries, and Industries connected with Public Services, such as education (press, cinema), sanitation, making scientific instruments and appliances.

These General Terms of Reference have been laid down by the National Planning Committee as follows :—

(a) Location of industries, with due regard to the raw materials needed, power supply required, manpower available, and market to be supplied. In cases where more than one locality has these facilities for establishing any industry, the problem of location will also comprise the coordination and rational distribution of several such establishments, so as to avoid over-production, misdirection of national energy, or internal rivalries. Due regard should be paid to the fullest utilisation by every unit in the country of all locally available

raw materials, fuel or labour supply, and local or national market, in order to avoid any chance of monopolies being developed in industries under private ownership and management.

(b) Conservation and full economic utilisation of natural resources, especially minerals and fuel sources.

(c) The agency to conduct, control or supervise these industries,—whether individual, partnership firm, joint stock companies, statutory corporations, local bodies, provincial governments or national governments, Indian or Non-Indian.

Policy and legislation relating to this question of the agency to conduct, control or supervise particular industries may be enumerated by all the sub-committees in this group sitting together. Ways and means of acquiring industries of national importance by Government if not under public ownership and management from the start.

(d) Regulation and control of such monopolies including trust and cartels, as may have been developed in any industry (e.g. cement, or shipping, electrical, safety match).

(e) Housing of industries in the appropriate buildings, equipment with plant and machinery; size of operations; rationalisation of existing industries, admitting of such improvement.

(f) Finance of each of these group of industries to be considered in collaboration with special sub-committees dealing with industrial finance, both by way of initial and working capital.

(g) Marketing of the produce, both in India and outside, with due regard to the maintenance of a reasonable stability of prices.

(h) Protection, encouragement, assistance or safeguard of such industries by the State in a appropriate form and to an adequate degree; particularly against international combines; consideration of the fiscal policy of the country.

(i) Industrial Legislation, providing for control and supervision of industry, standardisation, main-

tenance of efficiency, rationalisation of work, regulation of markets, etc. patents (and copy-rights), licensing, and general policy regarding mining concessions.

(j) Legislation regarding relations of employer and workmen, including the maintenance of industrial peace, together with ways and means of ensuring it.

(k) Definite general policy affecting competition and coordination between cottage industries and industries worked by power-driven machinery;

(l) To survey the present deficiency of technically trained men in all branches of industry, and suggest measures for making good the deficiency.

N.B. The various sub-committees concerned should submit a note on this subject to the Technical Education Sub-Committee.

(m) to consider measures for manufacture of the necessary machinery and apparatus and submit notes thereon to the Engineering Industries Sub-Committees.

Both (l) and (m) apply to agriculture as well.

N.B. No mention is made here of industries concerned with consumption goods and services; but they will have to be taken up later.

II. Definition.

No satisfactory definition of small-scale and rural industries has been attempted by any Authority in the country so far. A vague contrast between mechanised industry producing on a large-scale for an unknown market, and industries worked by craftsmen on their own, has been taken to be the dividing line between Factory Industries and Cottage Industries. But the demarcating line frequently shifts its position owing to several other factors affecting the matter besides the scale of production and the nature of equipment. Other lines of demarcation between the so-called Small-scale or Cottage Industries, and those concerned with mass production of standarised products with power-driven machinery and rationalised technique may be found in :—

(a) proprietorship of the Industry,

(b) the number and relationship with the labour employed,

(c) the market served;

(d) the object or purpose of the industry taken as an occupation;

(e) and the quality of the production.

Before combining these various criteria and working out a satisfactory common definition embodying the essential characteristics, the list prepared by the National Planning Committee, as illustrative of this class of industries, may be added to indicate the connotation and denotation of this group. It has its own significance in helping us to frame a definition.

1. Textiles (silk, wool and cotton spinning and weaving especially up to 30's.)	1. Paddy-husking.
2. Dyeing and Calico Printing.	2. Flour-grinding.
3. Cotton ginning and cleaning for hand spinning except pressing.	3. Oil-pressing.
4. Oil-crushing.	4. Sugar manufacture and Gur-making.
5. Soap and Toilet articles.	5. Bee-keeping and Honey Production.
6. Furniture and timber works.	6. Pottery.
7. Paper for use as stationery, (except paper for news-papers, art-printing, for wrapping and packing etc. etc.)	7. Glassware and bangles.
8. Sugar.	8. Soap making.
9. Rice husking and milling.	9. Tiles and Brick-making.

10. Brass, Copper and Silver ware.	10. Cotton Ginning, Carding, Spinning & Weaving.
11. Tallow, guts and glue.	11. Weaving wool.
12. Tanning and shoe-making.	12. Sheep breeding.
13. Pottery and ceramics phials.	13. Carpentry.
14. Glass bangles.	14. Blacksmithy.
15. Beads.	15. Sericulture.
16. Polishes, paints and varnishes.	16. Mat-weaving.
17. Locksmithy.	17. Rope-making.
18. Nails.	18. Tanning.
19. Blacksmithy.	19. Disposal of Carcasses.
20. Cutlery.	20. Pisciculture.
21. Hemp, coir and jute.	21. Poultry Rearing.
22. Bristles and fibres.	22. Dairy Farming.
23. Bricks.	23. Dyes-making.
24. Tiles.	24. Brass and Metal Wares.
25. Gold and silver threads.	25. Tools and Implements
26. Salt.	26. Toy-making.
27. Toys.	27. Goldsmithy.
28. Umbrella.	28. Paper-making.
29. Gums.	29. Transport.
30. Resins.	30. Lac Industry.
31. Matches.	31. Bamboo.
32. Carts.	32. Match-manufacture.
33. Country crafts.	33. Bidi-making.
34. Tailoring.	34. Miscellaneous.
35. Embroidery.	

36. Hosiery.
37. Buttons.
38. Carpets.
39. Confectionery.
40. Fruit preserves and syrups.
41. Dairying.

As is evident from this by no means exhaustive list and which may differ from province to province, not all of these are of the same scale or organisation everywhere. Several of these industries are large-scale and mechanised in some parts of the country, and rural, small-scale efforts in others. Perhaps in one and the same part one and the same industry may vary in the scale of production, equipment and form of organisation. Because there is a certain amount of competition between large-scale and small-scale industries in the same categories, it becomes a problem of basic policy in regard to the country's aggregate economy, viz: how to regulate, control and mutually accommodate or coordinate identical industries differently organised or equipped. It may be taken as an axiom of India's national economy that, for a long time to come, we cannot abolish small-scale industries from the face of the land, however inefficient or uneconomic they may be.

Further, industries, which are at the present time all over the country conducted as small scale or village industries, may admit of being reorganised and reconditioned on a large-scale mechanised basis with the prospect of considerable increase in their output, and the consequent addition to the total value of the national wealth. The factor must not be lost sight of.

The form of organisation under which the industries operate, i.e. individual proprietory concern, partnership firm or joint stock enterprise,—has in fact, a close bearing upon its scale of operations, its marketing, labour and quality of products, as well as equipment. A large-scale mechanised enterprise cooperately owned and operated, for instance, may still be a rural or cottage industry, specially if, with the modern possibility of decentralised power and mechanised equipment, the worker may secure all the advantage of modern machinery without going to a Factory or Mill and become a wage-slave. The mere form of

organisation and ownership may not form an essential ingredient in the distinction between large scale and small scale industries; but it has an importance which cannot be overlooked.

Another consideration which has prevented a proper distinction being attempted and maintained between large and small industry, and its due place being given to the small scale industry in the country, is the connection this particular item had in the national development programme with the political emancipation of the country. Symbolised by Khadder or hand-spun and hand-woven cloth as an important national industry, it became an emblem of Nationalism in the fight for freedom from British Imperialism and exploitation conducted by the National Leader, Mahatma Gandhi. The reorganisation of the National Economy of this country essentially on the basis of reviving indigenous small-scale industry and encouraging the small producer became common throughout the land in the largest single industry of the country, namely Agriculture, and all its subsidiaries or connections. Though the modern type of mechanised textile industry was already developed in the country at the time this policy was adopted, the fact that its machinery, accessories and equipment had had all to be imported was considered as making us essentially dependent upon the foreign producer of such machinery etc., while the tools and equipment for the corresponding cottage industry were all of indigenous make. The purely economic aspect of each such industry was, under these conditions, either apt to be obscured by the predominance of the political factors just indicated, or it was underestimated if not ignored altogether. The place of small industry thus became inseparable from our national struggle for political as well as economic independence; and, as such, its place in the planned National Economy came also to be considered from a different angle.

Bearing these peculiarities of our recent history in mind, we may now attempt a generally acceptable definition of this category. Such a definition not only will not be exhaustive, nor avoid any overlapping items; it can only be provisional or tentative, and conditioned by the economic organisation of the country or its stage of development as a whole.

A small-scale or cottage industry may accordingly be defined to be an enterprise or series of operations carried

on by a workman skilled in the craft on his own responsibility, the finished product of which he markets himself. He works in his own home with his own tools and materials and provides his own labour or at most the labour of such members of his family as are able to assist. These workers work mostly by hand labour and personal skill, with little or no aid from modern power driven machinery, and in accordance with traditional technique. Such supplementary energy as is provided by animal power may add to the economy and efficiency of the industry. He works, finally, for a market in the immediate neighbourhood, that is to say in response to known demand with reference to quality as well as quantity.

This is a composite definition, which tries to combine the essence of small-scale and rural industries with the actual prevailing conditions as much as possible. In proportion as the worker works with his own labour and his own technical skill, in his own home and with his own tools, raw materials, etc. disposing of the products in his own neighbourhood, the industry is correctly described as a rural or cottage industry producing on a small-scale. The introduction of hired labour from outside the family circle need not necessarily make an industry availing itself of such additional labour or facilities cease to be a rural or cottage industry, so long as there is no element of wage slavery in the additional labour employed. Further, so long as the work is conducted with close regard to the actual demand of known customers, the industry will continue to be a Cottage Industry, even though the aggregate volume of its output is very large. Finally the presence of power driven machinery in equipping a given industry need not, by itself, render that industry a mass producing of standardised commodities. The essential characteristics of such industries are :—

(a) the worker's freedom from wage slavery;

(b) production for use by self or known customers, and not for exchange in an unknown market;

(c) use of the craftsman's technical skill resulting in excellence in the quality of the product.

The emphasis on Cottage and Rural industries was also inevitably a consequence or concomitant of the ideal or system of local self-sufficiency, which was the prevailing form in the archaic economy that obtained in this country

from time immemorial almost to this day. Large-scale production results in an ever-increasing degree of specialisation in quality and consequent dependence on foreign trade because of the division of labour or specialisation of functions, not only as between individuals, but also as between regions. It makes the individual as well as the community ever more closely connected with and dependent upon the smooth working of local and international trade. Those who, like Mahatma Gandhi, perceived the inevitable weakness resulting for a struggling country as India from such a dependence considered it undesirable, and sought to safeguard by emphasis on local (and individual) self-sufficiency as much as possible. They were also impressed most unfavourably with the evils of uncontrolled Industrialism working under the sole impetus of individual profit-seeking.

The National Planning Committee has itself adopted the ideal of National Self-Sufficiency, which, though in contrast with the earlier system of individual, or local self-sufficiency, is in essence not materially different. A country of the size of India, with her population, may not make this ideal as grotesque as some microscopic units of Europe did in the last generation. Given the different stages of economic evolution in which the several countries of the world find themselves today; and in the face of the known resources of many a country remaining undeveloped to the prejudice of its own standard of living, not to mention the loss by such backwardness of some units to the aggregate wealth of the world, the desire to seek and attain national self-sufficiency is unavoidable as it is understandable. If a world economy based on all-round equal development, full cooperation and complete disregard of national barriers is ever to be achieved, it can only be as and when every component part of the World State has been enabled to develop its own resources in men and material to the utmost possible. In that case only the balance of local requirements not produceable at home, or available in surplus beyond a country's own needs, can be exchanged. Trade would then become a rational mechanism for redistributing the goods or services as between regions as well as individuals on the basis of true need or actual surplus; and not a forced growth, as it had become under unrestrained individualism and uncontrolled Industrialism, an engine of exploitation, a symbol of imperialism.

The ideal of national self-sufficiency which a country like India must adopt under the peculiar circumstances in which her national economy found itself all through the struggle against British Imperialism, softens many of the weak points or objectionable features of the narrower conception of local self-sufficiency which seem implicit in the emphasis levied on Cottage or Rural Industries by Mahatma Gandhi's fight for freedom. Given the large area and the immense population of this country; given, further, the extremely small scale on which its largest single industry, the source of three-fourths of its national wealth and four-fifths of the employment available in the country, namely Agriculture, with all its connections, incidentals, subsidiaries, or dependants; and given finally the vast wealth of yet untried resources known to be available for modern industry which can redeem the country of its abject poverty verging upon destitution,—the need for an intensive policy of Industrialisation in accordance with a preconceived Plan coordinating and integrating all the stages, aspects, and items in the programme of national development, cannot be over-stressed. In fact, as stated earlier, the development of all units forming part of the World State, if and when it comes into being, with all its resources of men and material, is the **sine qua non** for that full cooperation as between the different countries of the world which is now commonly accepted as the ideal to attain which enlightened humanity must strive for.

In this conception of the scope and method of this country's economic development, both in regard to production of new wealth and its distribution, the place of small-scale industry must not be under-estimated, much less disregarded. The emphasis on the protection, encouragement or development of such industry, levied during the political struggle of the last sixty years, has tended to distort the general outlook, and ignore altogether some of the advantages that Small-Scale Industry undoubtedly possesses. These must not be sacrificed altogether in the programme of developing the aggregate national economy.

III. Some Advantages and Handicaps of Small Industries.

(a) Sense of Proprietorship.

These advantages are both psychological and material. For instance, the sense of proprietorship, which the worker working in his own home with his own tools, material and technique, gets a stimulus that cannot be measured

by the extent of the profit or earnings he receives. It is a psychological force which distinguishes between the wage-earner in a factory, who has no concern with the quality or quantity of the produce he helps to make; wherein there is no scope for personal skill or craftsmanship, and where there is no responsibility on the worker as regards the demands of the customer. It may not be too much to assert that while a skilled craftsman, almost an artist in his line,—loves his work as part of his being, a workman toiling in a mass producing, mechanised factory may almost come to hate his work, especially if the conditions of such work are not satisfactory. It is mere toil, lifeless, thankless, profitless. In most countries the conditions of factory work were not satisfactory until the social consciousness had begun to be roused; and so the quality as well as the volume of the produce came to be wholly dissociated from the worker's will and conscious endeavour.

(b) Attention to Quality, Design and Artistry.

Stress has already been laid on the importance of quality in the work turned out by a small-scale industrial producer,—a craftsman working with his own tools and materials, in his own home, with his own folk. Quality, design, artistry as well as utility will have a place in such production by the deliberate effort of the producer, which in a factory it would not be possible to attempt,—except, of course, in so far as the ever perfecting machinery may achieve the objective of quality or artistic beauty. The machine operates independent of the human-will in mass produced articles of a standardised character which modern industry tends more and more to put out.

The competition between human skill consciously exerted but following the traditional technique, and mechanical efficiency steadily improving through the aid of scientific research, is obviously on unequal grounds. Nevertheless in goods or services where beauty, excellence and utility are even now important; where the demand is known and limited; and the excellence of the product prized by itself, the small-scale worker producing luxury goods or special service will have his place even in the most thoroughly industrialised country.

(c) Producing for Use, not Exchange.

Mention has been made above of the Small or Cottage Industrialist producing generally for familiar customers,

which, though a limited market, necessarily makes him anxious to maintain his reputation by giving good quality. Excellence in workmanship, design and utility is consequently stressed above volume or quantity. In the days when the influence of trade, local as well as international—was expanding, this kind of production for use, or for the demands of one's immediate neighbourhood, tended to fall in the background, while mass production, primarily for exchange, came to be the rule. A whole train of consequences follow on the heel of this revolution in the archaic economy where production was principally for use instead of for exchange. The more or less impersonal nature of the present industrial working results also from this growing change in the economic system all over the world. This may have its disadvantages as well as advantages, specially under conditions of a rapidly growing population, and the consequent increase in demand without a corresponding increase in the worker's ability to turn out goods or services in sufficient quantity as well as quality to satisfy this demand. But the basic principle should not be disregarded altogether. A national economy which concentrates exclusively on production for exchange, and neglects or disregards production for local consumption, and develops industries with a view to produce irrespective of demand, use or immediate consumption in a known market, will be a lopsided economy incapable of bringing out all the advantages that a more balanced economy may produce.

(d) **Supplementing Supply.**

There are other advantages, both immediate and long-range, in a due place being given to the small-scale industrialist, which a properly planned national economy cannot ignore . Thus, for example, under the present universal shortages of capital goods and general dislocation of public economy after six years of war and all its regulations, restrictions and controls, an immense pent-up demand is seeking to satisfy itself which the dislocated economy all over the world is unable to meet. Countries like ours which are intent upon intensive industrialisation are held up in their ambitious programmes because of shortage of shipping space, shortage of exchange facilities, shortage even of capital goods themselves with which to build up industries to produce one's own consumer goods. If reliance is placed exclusively on modern large-scale mechanised industry, to meet

all our local demand for consumer goods; and, further, since the necessary plant, machinery and equipment for organising such industry are not forthcoming in the required quantity and variety for building up the industry, a great volume of demand must go unsatisfied, the country's wealth suffer retrogression, and its standard of living remain below a decent minimum. In such a situation the smaller industries may yet be able to supplement the country's immediate requirements which the more up-to-date industry is unable to provide for reasons just indicated.

(e) Strategic Significance of Small-scale Industry.

In addition in this age of ceaseless international tension and the ever present threat of war, the strategic consideration of a widely diffused production, which the small-scale industry all over the country automatically provides, is an advantage that the mere abundance produced by concentrated mechanised industries may not afford. In the Volume on Manufacturing Industries, reference has been made from another angle to this point, namely, the desirability of a wide diffusion of the industrial organisation of the country to guard against the risks of modern aerial warfare. Whatever the economies and productive capacity of small industry, the fact of its being diffused throughout the country in all its variety is a source of strength in a country's hour of need that China has discovered in her struggle against Japan. A well balanced economy as well as a properly constituted political organisation cannot but carefully consider this aspect of the case.

(f) Supplementary Employment which adds to Income.

The diffusion of the Small-scale or Cottage Industry is the outcome of our general economic organisation and development in the past centuries. The country being predominantly agricultural; and agriculture being essentially a seasonal industry, with microscopically fragmented units of production, there was a need for some supplementary occupation for the cultivator which would provide not only continuous employment, but also add to the income of the agriculturist. The Cottage Industry has grown up in India accordingly as a supplement and associate to the principal but inadequate or seasonal occupation in tilling land and raising primary produce.

The rationalisation of agriculture, as recommended in other volumes in this Series for adding substantially to the wealth of the country and improvement in the standard of living for its population must also take into account the simultaneous reorganisation of the traditional Cottage Industries wherein craftsmanship has attained a fairly high level, and which therefore supplies a particular demand that cannot be eliminated altogether. The proper reorganisation and reconditioning and rationalisation of such supplementary occupation would thus become an important part of the duties and functions of the National Planning Authority when such a body is finally established.

(g) Better Fitting with India's Generally Small Scale Production.

Small-scale industry fits in with our industrial organisation where the average producing unit is relatively small. The principal prduction in this country is Agriculture,—essentially a small man's business in this country. The producer of raw materials from such small units would be at a marked disadvantage vis-a-vis the large-scale manufacturer of those materials, e.g. Textiles. If a fair return is to be obtained by the producer of the raw material, the industry working up that material into consumption goods must also be comparatively small-scale. Alternatively, the entire process of agriculture would have to be radically reconditioned and reorganised to be on a par with mechanised large scale industry concerned with mass production with the most up-to-date technique and machinery. Until, such a revolution occurs in the agrarian economy of the country, and its concomitant of Cottage Industry is included as part of the National Plan, integrated and coordinated fully not only with the principal occupation of the majority of the people, but also with the more modern mechanised industry producing standardised articles for an unknown market, the country cannot be said to progress in the right direction.

(h) Avoiding Evils of Industrialism.

The most outstanding evil of modern large-scale industry is summed up in the collective term "Industrialism". It means and includes excessive congestion of population in a few centres, working as wage slaves in mass producing mechanised factories, with no interest in their

work, and under conditions which inevitably reacted unfavourably upon their health and morals. Social injustice, economic discontent, class conflict,—these are unhappy brood of individualist Industrialism, which the mere increase in quantitative wealth cannot compensate for. Those who are unduly impressed by these evils would naturally desire a decentralisation of industry by a "Back-to-the-Land" movement, re-emphasizing Agriculture as the primary source of all wealth and re-inforcing Small Industry as the natural counterpart of Agriculture, which would bring the working up of raw materials produced in Agriculture as near the principal source of production as possible, and coordinate the two types of work so as to make an integral Plan of both.

The evils of "Industrialism" are the result, however, of unplanned development and ill-distributed wealth, rather than of faulty production. The problem of "surplus value" created by the labour of workers being absorbed by a very small class which owns the means of production, in growing antagonism to the increasing mass of workers, would not arise if industrial employment was as widely distributed and the ownership of industry and its equipment similarly diffused among the people as in the case of Agriculture. But here also is a problem for the National Planning Authority to tackle. The country's System of Distributing the National Dividend needs to be radically recast and reconditioned. Without restricting production, it would yet ensure that the **"surplus value"** created by the labour of man, or the conjuncture of circumstances should go to the mass of workers and consumers who help to produce this "surplus value", and not to the small fraction of society which owns the means or tools of production. The existing System of Wealth Distribution provides only a pittance in the shape of wages for the proletariat, which on an average is less than one-third of the aggregate new wealth produced; while more than a third is taken by less than five per cent of the persons engaged in production; and that, too, merely in virtue of being owners of the means of production, not as active contributors to the volume of new wealth. Even if the wholly parasite class of mere owners is not abolished altogether, we must restrict its share in the National Dividend rigorously to not more than 5 per cent of the Capital invested. The remainder should go to productive workers in the shape of higher

wages or improved amenities of work; to the consumers in the shape of lowered price or improved quality; and to the forces of nature or material supplied by nature in the various ways of its renewal or replacement.

IV Economies of Large-Scale Mechanised Industry.

Having thus outlined the advantages, economies, or benefits of Small-scale or Cottage Industry, we must not overlook some of the shortcomings or handicaps that the small-scale worker admittedly suffers from. He works with obsolete technique and inefficient tools. The result is that his output per unit of labour in time or per tool is comparatively small; and so the return also relatively low. Further, he is unable to devote any part of his returns to the replenishment of his stock, tools, implements, or general equipment, and improvement of technique by way of better knowledge of market, material or method, without which his place in the competitive world would be always insecure. Pursuing, moreover, his craft in most cases, as supplementary employment, generally carried out in off-season when the principal occupation of Agriculture is not available, the Cottage Industry worker is unable to keep up a steady output which may retain an equally steady custom or market; and so enable him to realise his investment almost as soon as he has made it in the shape not only of his own or family's labour, but also raw material, tools, implements, stores and accessories as well as whatever may stand for "depreciation" in his case.

The economies of large-scale industry, aided by power driven machinery, and operating with workers in large numbers congregated under a single roof, and specialising in all the variety of functions or operations in a given enterprise, are too obvious to need recapitulation. The ever-increasing production, and consequently the ever-increasing returns per labour and capital invested, so marked by characteristics of manufacturing industries, may well be utilised, under a just and rationalised system of wealth distribution, leave a larger and larger margin for replenishment and improvement of materials, plant, machinery or equipment as well as the wages of workers and prices to consumers which is all but impossible for the small producer steadily to achieve. The larger the scale of operations, moreover, the greater is the chance of harnessing science to the service of industry to bring about

a steady improvement in the machinery and technique of manufacture, by planned and organised research. In the event of the local market being glutted by this steadily increasing volume of supplies, the large-scale producer may have recourse to export and disposing of his surplus abroad to maintain his scale of employment and volume of output. On the other hand, if the local market is out of his full reach, or is captured by foreign rivals competing unfairly, he is in a better position to secure the support and protection of his Government to counteract his handicap than a cottage worker. The saving of labour, moreover, that the machine inevitably brings in large-scale production, would be an item on the credit side of the national balance-sheet, if the country's book-keeping is kept in terms of human needs and their satisfaction—material or cultural. Cost-accounting must take a much more liberal—human—view than is at present the case under a money economy. If the goal of civilisation or human progress be to provide and assure the fullest possible opportunity for self-expression, self-fulfilment, self-realisation to every human being, the use of every tool, material or device which goes to save human labour must be welcomed, encouraged and adopted.

The ideal, again, of Local Self-Sufficiency, which the small-scale producer in a Cottage Industry embodies is against the present-day trend of world developments. Notwithstanding all the restrictions and impediments in its way following a World War, International Trade is inevitable and must grow. However much one may dislike it, Production for Exchange is steadily ousting Production for Use. With the growth of trade must come inter-dependence and inter-linking between the nations of the world, which eventually must break down international barriers and remove impediments,—natural or man-made, —in the way of Trade. This process renders obsolete the desire for Self-Sufficiency whether of the individual or of a region. The ideal itself coming to be scrapped, all the expedients devised to make it realised, must also fall into disuetude.

Finally, the increase, which large-scale operations of mechanised industry brings about in the aggregate productivity of the country, is the best guarantee for a more abundant distribution of the national income. But here, again, what would be needed is the courage to rationalise the distribution side of our national economy. The task, therefore, of the Planning Authority, when it comes into

being ,would consist in no small measure in intensifying production simultaneously with rationalising distribution, and adjusting the two as equitably as possible in their several items, so that every part keeps pace with the rest of the Plan and works in harmony. The recent emphasis on the production drive, and repetition of slogans like "Produce or Perish" are apt to sound harshly in ears accustomed to social injustice camouflaged in catch-words which more often mislead than edify.

V. Present Conditions of Cottage Industries.

After the attempt at defining or describing what may well be called Small-scale or Cottage Industry; and after explaining some of the advantages or disadvantages of those industries taken collectively, let us now consider the conditions under which these are working at present.

Under the Terms of Reference four specific items are included in this heading as affecting the conditions under which small-scale industry operates in the country. These concern :—

(a) Raw materials.
(b) Equipment and Technique of Production.
(c) Marketing and Finance.
(d) Reasons for present-day backwardness.

(a) Raw Materials for Cottage Industry.

In so far as these industries are worked as a supplementary occupation for the agriculturist in off-season, the problem of the supply of raw material is not so very difficult. The worker probably raises it in his own field or forest; or procures it from near neighbours as and where he wants it. There is not much difficulty of transport; nor is the price unbearable. The quality is customary as also the sale of the output.

The problem is, however, complicated wherever large-scale industry competes for the same raw material which the Cottage Industry uses. The former is in a position to offer and take larger quantities at a time. It can also afford other facilities e. g. transport and marketing, which often prove irresistible. The supply available for the small-scale producer is thus of the "left-overs", necessarily poor both in quality and quantity.

While India was herself lacking in modern industry of a mechanised mass producing character, and had to meet the camouflaged demands of British Imperialism governing this country, in the shape of Home Charges which were an unqualified drain of wealth from the country, much of the raw material as well as food supplies produced in this country had to be exported not only in payment of the manufactured goods we imported, but also in payment of the so-called Home Charges of the British Government. The fact that even after paying these Home Charges, there was a balance of export of merchandise in our favour did not the less mean a progressive impoverishment of our National Economy and consequent increase in the destitution of the people. So far as the raw materials needed by the Cottage Industrialist were concerned, this insistence on an export surplus having to be maintained to pay for the political and economic drain British Rule involved, made the task of the small-scale producer needing those raw materials for his own use more than ever difficult. If India's National Economy is to be wholly re-designed for working under a Scientific Plan, one of the most urgent items to be attended to, would be the securing of adequate supplies of raw materials for growing industry which cannot function without such raw materials whether large-scale or small-scale.

In so far, moreover, as the small-scale industry is believed to stress quality and design of its product in preference to the mere volume of output, the quality of the raw material obtained is a much more important consideration for the hand working Cottage Industrialist than for the mechanised factory. But even there he is defenceless against the competition from the large-scale mechanised rival.

The hand-loom worker and other craftsman generally works by himself at his own time and at his convenience. But they are more a handicap than an advantage to him under the existing competitive system. His resources, by way of Capital or Credit, are limited; his connections and even information are still more so. Unless, therefore, he is organised into some form of joint stock, or rather co-operative organisation, it would be impossible for him to obtain the raw material of his industry in the necessary quantity and the required quality if he desires to maintain the superior quality of his wages.

(b) Equipment and Technique of Production.

The tools, implements, and equipment, as well as the technique of his production, moreover, were obsolete and uneconomic in comparison with the factory work. This made it still more difficult for the Cottage Industrialist to withstand competition. Even the superiority in quality of his wares suffered for want of efficient, uptodate tools and scientific technique in the various processes required to produce the finished article. Work, moreover, being seasonal ab initio, and liable to interruption and, therefore irregular, the result was that custom could not be retained or supply guaranteed in continuity. Not being thus sure of his production being taken up on remunerative basis, the small industrialist suffered a further handicap, not of his own making perhaps, but nonetheless effectively prejudicial to him.

Mention may also be made, in this consideration, of the reasons which explain the present backwardness of Cottage Industry in India, of the introduction of Cash Economy and Production for Exchange, symbolised in his life by the fixed cash settlement of land revenue. Land cultivation being his principal occupation, and the State demand of land revenue being a fixed cash payment, irrespective of the condition of his crops, he had to devise expedients, or undergo hardships, to produce the necessary cash to meet the Land Revenue demand on pain of being driven out of his holding and so from his principal source of livelihood. The havoc of money economy in India, in all its various aspects and reactions, is not fully appreciated even by those who perceive in the Cash Nexus the principal evil of the present-day individualist economic system. For the Indian cultivator pursuing his craftsmanship in other fields on a small scale to supplement his slender earnings from Agriculture, money economy brought a double injustice which could not but make both his principal and supplementary occupations suffer when exposed to local or international competition,

(c) Ways and Means of Revival.

With this background and explanation of the present-day decay of Cottage Industry in India, it would not be difficult to suggest ways and means for assigning and extending its due place in the entire National Economy working under a scientific National Plan. Note has al-

ready been taken of the disadvantage, economically speaking, under which small scale industry must necessarily operate when exposed to competition from the larger, more efficiently organised and more economically functioning rivals.

The first requirement, therefore, for readjusting the place of Cottage Industry would be to demarcate field, and prescribe the period during which the small-scale Industry may legitimately operate. This is not a programme of wholesale revival to the point of eliminating factory production or mechanised industry altogether. It is simply a matter of proper adjustment and apportionment, which can be made following considerations in addition to purely economic factors. It would not be to the advantage either of the country or the small scale producer, if he is invited to live in something like hot-house conditions by intensive, incessant, artificial encouragement and protection, especially in industries already mechanised, modernised and rationalised in this country. There are occupations or industries, however, wherein the very nature of the demand, or in which by the peculiarity of their organisation, the most economic unit will be, not mass producing factories, but the cottage unit, reasonably, efficiently equipped with tools and implements and power-driven machinery wherever feasible, and properly supplied with the necessary raw material, credit and other services incidental to the satisfactory conduct of the operations. At the risk of repetition or misunderstanding, it must be made clear at this stage that the fullest emancipation of human beings from mechanical toil will never be achieved, unless labour saving devices are adopted wherever possible. The home, as well as the workshop, farm as well as the factory, must be mechanised; and all forms of work, whether production of material goods or rendering of service, carried out with the aid of electrical energy, which can accomplish in one hour by one unit of such power what ten men working for ten hours might not be able to provide. Even the quality of output and precision of article, its regularity in type and abundance in quantity, would be far more certain to be assured than if the worker worked with his own primitive tools, his own muscular energy, and traditional technique, with very little organisation and still less co-ordination.

(d) Reasons for Present-day Backwardness.

The above, in fact, explains the present-day backwardness and continued decay of Cottage Industry, notwithstanding all the encouragement afforded to it under the inspiration of Mahatma Gandhi's policy. The cheapness of mass produced goods is an attraction to the poverty stricken consumer of India that the small industrialist, even if he maintains high quality and artistic design, cannot offer. So long as this cheapness was offered only by goods imported from abroad, a certain sentiment of national solidarity, or economic patriotism could be called out in support of the indigenous worker and his wares. But the moment the locally established counterpart of foreign factory production began to compete, the sentiment of "Swadeshi" underwent almost imperceptibly a radical change to the prejudice of the local craftsman. Even the standards of artistic appreciation favoured the factory goods. Not only was the craftsman handicapped in regard to the supply and quality of his raw materials, he was also at a disadvantage in regard to all those stores, spare parts, and the accessory services etc. of modern economic organisation, e. g. credit or banking, transport, insurance and marketing, without which he could not hope to make an effective stand against his indigenous or foreign competitor. His increasing poverty due to ceaseless exploitation by British Imperialism and Indian Capitalism made any thought of building up a reserve of any kind for any purpose impossible. The handicap consequently grew in geometric progression.

VI Mutual Adjustment and Allocation.

Just as in the several competing forms of transport by road, rail, water or air, a well organised National Transport Service forming integral part of a Plan, seeks to apportion the appropriate carriage to the different forms in accordance with the peculiarities of each kind, so also in regard to the distribution of these industries, the demarcation between the respective fields of large-scale and small-scale industries should be made after duly considering appropriate economies and social conditions in each group. Broadly speaking, industries which are more in the nature of services than of material production of specific commodities would be found to be more suitable for small-scale operations, e. g. repair shops for modern machinery of all kinds; service agencies; tailoring and laundry, health and

education, entertainment, amusement or recreation providers; shop-keeping for local distribution, hotel or restaurant service, etc.

This is not to say that in some, if not in all, of these modern machinery up-to-date equipment and large-scale working are impossible. The Department Stores is a mammoth shop. There are hotels with thousands of rooms and restaurants providing millions of meals per annum. Mechanised Laundries and mass producing standardised tailors are also not unknown. Even theatres and music halls can have very large-scale of business. The illustrations are only suggestive of the fact, that in so far as these services are maintained as adjuncts or supplement to the main productive mechanism; and in so far as diffusion is necessary for the widest possible use by the largest possible number of the people, their organisation on a relatively small scale would be profitable both to those who render the service and the community who benefits from it.

Even those industries which are, broadly speaking, mechanised and rationalised on a mass production basis, may leave corners or parts of the country not yet supplied with all the facilities of transport, marketing or credit. Here the small-scale producer may continue to flourish if care is taken that he is properly organised and a suitable field is assigned to his wares. Industries, again, which, by their nature, are supplying a small local market, or the raw material in which is scattered over a comparatively much larger area, the location of small cottage workers in appropriate spots within the raw material producing zones may work satisfactorily on a small scale. But even so, such industries must be suitably organised to withstand competition if and when it should come. The co-operative form has been indicated in more than one volume in this Series as the most appropriate for a community which would not accept collectivism in Industry.

By this means the small industrialist may not only be maintained, but may even be advanced, provided adequate encouragement or protection where necessary are afforded by the State to safeguard him against unnecessary handicaps.

VII Marketing and Finance.

The problem of Marketing and Finance for small-scale industry need not be considered at any length here, as a

special Volume in this Series has been devoted to "Rural Marketing and Finance." The problems of village producer—agricultural or industrial are identical in regard to marketing and finance. The question of grading, storing, selling, transporting, all concern equally every producer. Industrial products may, however, be more easy to store; but perhaps not so easy to standardise in quality, as the personal skill of each craftsman varies. The co-operative reorganisation of the entire rural economy in this country, suggested in another volume in this Series, would go a long way to offset many of the handicaps that now beset productive enterprise in villages.

VIII Local and Foreign Competition.

The problem of safeguarding small-scale industries against local and foreign competition has already been touched upon in an earlier part of this Introduction, while examining the conditions under which such industry operates today, and considering the ways and means for their legitimate safeguard and protection. The general observations there made apply, not only to the competition from the same class of goods made in mechanised factories but also for substitutes for such articles. Such substitutes need not, however, all be necessarily mass produced goods from mechanised factories. In safeguard ing the small producer of given commodities against substitutes, attention will have to be given much more to the quality of the substitute, or to the possible deleterious effects of such substitute, than to the objective economies in the process, technique or equipment for production.

Reference has already been made to the chances of competition from mechanised products of foreign as well as indigenous industries, and the consequent backwardness of the Cottage Industry in India today. Thanks to the inevitable and inherent economies of machine driven, large-scale industries, it seems impossible to prevent the small handicrafts producer suffering in such competition,—at least in the regime of Competitve Individualism. Unless and until the entire industry of the country is integrated in a common National Plan; unless and until the entire Social Order is radically changed so that close control, effective supervision, and detailed regulation are the absolute rule for all sectors of the country's productive organisation working under a Plan, there will be very little hope of protecting, safeguarding or fostering Cottage Industry effectively.

Another factor which materially helps the machine made goods competing effectively against the handicrafts is the distressingly low purchasing power of our people, and their very subnormal standard of living. Given the poverty of the consuming Indian masses; and given the cheapness that the mechanised producer can offer, it would be too much to expect the Cottage Industry Producer to withstand competition without some substantial subsidy or adequate protection from the State. That subsidy or other forms of State aid to Cottage Industry will ultimately be passed on and be a burden on the people as a whole. It is, therefore, more than likely that the burden is bound to be resented. It may also be added that, given the close inter-linking of modern industries, a clear demarcating line is impossible to draw between that which is the raw material and that which is the finished product of a Cottage Industry. Presumably the latter would have to be more effectively protected. But because of the difficulty of drawing an effective line of demarcation, the basis of assistance or protection to the Cottage Industry will become in many cases impossible to maintain.

The effects of competition from abroad may be discounted in advance as it can easily be excluded by some kind of high import duties, or other discriminatory action against the foreign importer in a variety of ways,—open or concealed. But the real advantage of this form of protection will necessarily go much more to the large-scale competing indigenous industry in the same field than to the corresponding Cottage Industry. The former is much better organised and more resourceful than the latter; it feels the competition more severely as it faces the same market, and has the same difficulties about raw materials, transport, credit or labour. If in technique or equipment, it is materially behind with its foreign competitor, its need for fiscal protection would be much greater. It, therefore, takes the greater part of the benefit also.

Except in very few industries the competition of local machine made goods is intense and growing. Only in cases where special artistry or craftsmanship is required which cannot be afforded by the machine made mass production, the chances of competition are very much more serious. There are not many in India able to afford the luxury of artistic wares unbacked by foreign commendation; and so most of our traditional artistic crafts are dying out for want of patronage. The courts and temples, which

once sheltered and encouraged artistic workmen are either no more themselves; or the taste in those places debased and perverted by the cheap substitutes from brummagem. There is thus no demand from the only quarter where such wares could find patrons. Unless the Cottage Industry is reorganised and reconditioned as indicated in other parts of this Introduction as well as in the Notes that follow in the body of this Report, there is little hope of revival even if it was desirable in itself.

IX. Changes in Demand and Means to Improve Quality and Designs

Thanks to the emphasis laid by the recent political struggle on the advantages of promoting Cottage Industry, with a view not only to prevent the otherwise progressively increasing drain from the country, but also to maintain a degree of national self-sufficiency, a certain new though somewhat hot-house demand has grown up for the products of Cottage Industry. This may be sentimental in its origin; but it depends to no small extent also on the claims about artistic quality and design in the workmanship of these small-scale Cottage Industries. The Party in power now still professes its intention to keep up and stimulate this demand. It is, however, much to be wished that the claims on behalf of these industries were substantiated more fully by frequent well-organised widespread Exhibitions, well-stocked depots for the display of these commodities, illustrated and annotated catalogues, press and other means of advertisement, and all other ways in which the demand, such as there is, can be stimulated; and supply increased to the point where the worker may well hope for a fair return to his labour.

The best guarantee, however, for stimulating demand and increasing output from such industry is a sound foundation in the excellence of the article itself. It must truly embody artistic beauty and high workmanship. And this will not be achieved unless the workman is provided with facilities in respect of suitable raw materials, efficient tools, and machinery, adequate credit and proper marketing. In all these conditions of success the Cottage Industrialist seems to be lacking today in comparison with the large-scale producer.

X. Measures to Promote and Revive Cottage Industries.

Assuming that it is desirable, in the aggregate interests of our national economy, under a proper plan, to maintain and encourage small-scale industry specialising in superior craftsmanship, Government with public co-operation must not only stimulate, but also keep up demand for small-scale Cottage Industry in so far as it produces wares of artistic excellence and special craftsmanship. The State in all its numerous organs and establishments can itself be the best patron, banker and guide for such producers. It would not do merely to emphasize verbally the desirability of patronising such production. It would not even suffice if an artificial stimulus is imparted in favour of these industries by State purchases, or public maintenance of such workers as the Karkhanas at the Court of the Grand Mughal. Discriminating duties, or exemption from taxation for the Cottage Industry worker; or special freight rates, marketing facilities or credit conditions may also help. These are all necessary and must be provided. But they would not suffice to give a new lease of life to the Cottage Industry, if its inherent weakness, economically considered against indigenous mechanised production is not permanently removed.

With the progress of our knowledge and ability to control electrical energy and its use, the most efficient machinery now tends to be decentralised and so more suitable for work in a small or moderate sized workshop. Japan, before the War, had led the way in the revival of Cottage Industry on a competitive basis by the widest use of decentralised modern machinery driven by electricity. In this country that example can be copied with advantage, now that vast projects of generating and distributing hydro-electrical energy in several parts of the country are being undertaken. These projects would prove to be white elephants, unless, side by side with the generation of new electrical energy, there is also created a demand for its utilisation in power driven machinery equipping an adequate demand for it in a variety of industries. These industries, however, need not all be of the large-scale or factory variety; they may well be located in the homes of workers, or at least in a comparatively small space of their Co-operative Societies. The other facilities mentioned above will combine to produce their fullest contribution we can fairly expect from small-scale industry, only if this

essential pre-requisite of an effective revival and encouragement of Cottage Industry is forthcoming.

The problem of planned development in this as well as other sectors necessarily requires that all items, aspects and sectors of the Plan should proceed simultaneously on all fronts, so that the necessary strength and progressive vitality be infused in each. By such means the purchasing power of the people, and their standard of living is really increased, and not merely statistically demonstrable by the device of the average. Only if the people are able to afford greater quantity, better quality, superior design or workmanship, will they purchase the products of small-scale industry, even if it be comparatively less advantageous from the point of view of the money price. A conscious and intensive cultivation of the public opinion in favour of the Cottage Industry, such as the National Congress has inspired in the course of its struggle against British Imperialism and exploitation may counter-balance to a considerable extent the weight of economic advantage or cheapness on the side of large-scale industry. But the effect of such working up of public opinion will not last forever, if the people's economic ability or purchasing power, their artistic education and pecuniary position remain unchanged.

XI Incidence of Taxation on Cottage Industry.

Cottage Industry being small-scale, the burdens of the State Expenditure do not fall too heavily on those engaged in such work. Public expenditure in a modern civilised State, claiming to be free from privileged classes, is defrayed from the proceeds of taxation which is levied in accordance with the ability of the tax-payer. Most, if not all, of such workers are below the level of direct taxation in the shape of income or super tax. Even if they are organised in cooperative societies, functioning as a special Corporation by itself, it is unlikely that members of such an organisation, or the organisation itself would be coming within the scope of Income or Corporation Taxes, as presumably its scale of operations would be comparatively small. Other forms of Direct Taxation like Estate Duty, Death Duties, or Property Taxes by Municipalities or District Boards have also not impinged too heavily upon the extremely small scale producer. If it is accepted as an article of national policy and part of the National Plan that such industry should be encouraged and maintained,

the basic law governing such matters, may easily provide for exclusion or exemption from such burdens to the individual or association of small-scale Industry.

Indirect Taxes, on the other hand, in the shape of customs duties on the articles produced or the materials needed for the production of the Cottage Industry's output is not unknown. Nor is the burden of Freight Charges absent or forms a negligible amount in the cost of production till the product gets to the final consumer. The close inter-dependence of the modern national economy makes some of these duties and charges on the small producer inevitable, even though they may have a burdensome appearance. Any system of exemption, refund or drawback in favour of the Small-Scale Industry would have to face opposition from those interested in the large-scale competitor. There are many, also who would oppose on principle any proposal for discrimination as between the various citizens of a country or their groups.

Innumerable forms of local taxes, rates or cesses may also affect the prosperity of the Cottage Industry. It is for the National Planning Authority and the entire machinery of Government Administration to see that the incidence of such taxation, in so far as it is inevitable, should be so distributed, as not to make that burden unbearable to the smaller operator in an industry, especially if it has to fight the large-scale producer.

XII Standardising Output and Regulating Prices.

Another effective means of really encouraging and maintaining the Cottage Industry Worker is to see that a fair return is secured to him for his labour invested in the produce of his craft. This is a serious and complex problem for the modern State, which is taking more and more a hand in the establishing and working of public economy of the country. A regime of price control and standardisation of quality by a variety of devices including licensing seems inevitable, even if Competitive Individualism is allowed to prevail as order of the day in the national economy of this country under a National Plan.

In fixing prices for the products of Cottage Industry, due attention will, of course, have to be paid, not only to reimbursing the worker for his labour and capital invested, but also for all other costs, including his own mainten-

ance, incurred by him right up to the stage of bringing the finished product to the final consumer. This task may be assigned to specialised bodies like Marketing Committees, or Regional Planning Boards, or the co-operative re-organisation of the producer and consumer, without which there is indeed no hope of revival or resurgence for the small producer.

XIII. Selection of Cottage Industry for Special Protection.

In view of these considerations, the question of selecting any given industry for State Aid in the form of fiscal protection, price control, exemption from taxation or duty, moderate freight charges, credit facilities or by means of direct subsidy, ensuring supply of suitable raw material, free technical advice and assistance, is extremely difficult to advise upon. Each Industry, and each Local Government, will have to devise its own ways and means because in a given industry requiring such aid, where it is considered desirable and necessary in the public interest to afford it.

It is not easy to lay down any general principles of policy of universal effect for deciding this question. All that the National Planning Authority can do in matters of this kind is to leave the individual choice of particular industries, or of the best way of stimulating it, to the Local Planning Authority in each region or whatever corresponding machinery is set up in that behalf. The general rule for the National Planning Authority itself would be to facilitate the grant of protection or special assistance to any industry which the Local Authority considers suitable for that propose.

XIV Labour Conditions in Cottage Industry.

The problem of labour in these small scale and cottage industries is impossible to solve on the same lines as apply to Factory Labour. In most cases, perhaps over 80 per cent, of the entire domain of Cottage Industry, there is no hired labour. All the labour required is provided by the worker himself or at the most by such members of his family as are able to assist. There is, therefore, very little room for applying Factory Laws to such cases in respect of hours of work, wages and all other conditions and amenities of factory work. Only in cases where some outside help is obtained from paid workmen engaged temporarily

or even permanently to supplement the craftsman's own and family labour could local Legislation have some say in the matter. The extremely scattered character of these enterprises prevents the organisation of the labour engaged in such industries into Trade Unions or associations of workers by whatever name described. In the absence of effective Trade Unionism, binding, organising and inspiring such workmen and making collective bargain for them, the latter would be unable to obtain all the advantages that Labour Legislation, such as it may be, is designed to provide for the working population of the country. The antagonism, moreover, between employer and employee, which undeniably affects Factory Labour, is practically non-existent in the case of small-scale cottage industry, as the worker is also master or employer. Factory Legislation applies in all cases to establishments employing a given number of workers and where that number is not present, it is impossible to make Factory Legislation operative.

Conclusion.

Small-scale or Cottage Industry, owned, managed and worked by the craftsman himself, with his own tools, technique and labour in his own home, has thus a definite place in our National Economy, if only a proper Scientific Plan, for a number of years is prepared and put into execution. It is all a matter of proper organisation, efficient equipment and suitable adjustment between large and small-scale industry, or allocation, in accordance with the Plan, of appropriate field of operation for either.

It is, indeed, impossible to think of a nation's Industrialisation without all the modern industries being established in the country. As stated more than once in the Introduction to this Volume and in the Series as a whole, modern industry is so inter-connected in its various sectors that complete adjustment is indispensable. From the point of view, moreover, of National Self-Sufficiency,—and much more from the point of view of that group of industries which contribute to the country's Defence, Transport and Communications System, Power and other Utilities, Press, other Key or Mother Industries on which other industries depend, e.g. Iron and Steel, Chemicals etc. or those essential for the development of these several groups of industries, viz: machine, building, must be also developed wherever the available raw materials and human re-

sources justify intensive development. These are all Large-scale Industries, and must be worked as such in this country as elsewhere. Ships, Automobiles, Railway Engines, Coaches or Wagons, Printing Presses and Machinery of all kinds, cannot be made in single pieces, as a weaver makes a piece of cloth. They, their parts and accessories must all be large-scale mechanised industries, as also all the weapons of National Defence.

A country which had lost its independence so long as India had, and which has now regained it with every intent to maintain it at any cost, cannot, of course, neglect these essential National Defence and Key Industries. That does not mean that Industries which have not the same importance in a competitive world, or have not the same fear of being over-whelmed by competition from abroad, should not get a reasonable place in the Economic Organisation of the country. Hence the insistence in this Introduction, and in the various Notes in the Report, on the need to prepare an all-round Plan, coordinating the several sectors of the National Economy, in which each will have its due place so that an all-round development may take place simultaneously.

—K. T. SHAH.

Note regarding the definition of Large Scale Industries, Small Scale Industries and Cottage Industries by the Chairman of the N. P. C. after the discussion of this subject at the joint meeting of the members of the Manufacturing Industries Sub-Committee and Cottage Industries Sub-Committee on 11th May, 1940.

The question has arisen as to which type of industry should fall within the purview of the Manufacturing Industries Sub-Committee and which should be considered by the Cottage and Rural Industries Sub-Committee. It is hardly possible to give a definition which covers completely these two groups and avoids any overlapping. In effect there is overlapping of the subjects in two ways: (1) The same industry may be looked upon from either point of view. (2) Certain commodities can be manufactured either by the large scale process or through cottage industry. So far as this second point is concerned, it raises a question of principle, which has nothing to do with definition. So far as the first point is concerned, the actual definition does not matter very much, as the process and method of manufacture are the same, and it is merely a question of giving a label. It is open to both the Manufacturing Industries Sub-Committee and the Cottage Industries Sub-Committee to deal with any industry falling under (1) above and to make their recommendation. This overlapping does not matter in the least and it may even be helpful to have the same subject approached from two somewhat different points.

The question of principle referred to in (2) above has partly been considered by the N. P. C. and will further be considered and clarified. In effect, even the question resolves itself into making lists of industries as large scale and mechanical, small scale and mechanical, small scale and non-mechanical, and cottage. There might also possibly be some cases of a large scale non-mechanical industry. In regard to most of these, no difficulty will be experienced in deciding as to where they belong and whether the methods of cottage industry should be applied to them or the large scale and mechanical methods. In some cases it might be difficult to decide as both methods might be easily applicable. Where there is a difference of opinion between the Manufacturing Industries Sub-Committee and the Cottage Industries Sub-Committee in regard to these industries, this may be noted, and it is open

to either sub-committee to deal with the industry in question in its own way. The N. P. C. will consider both, and arrive at its own conclusions. Of course every effort should be made to lesson the gap between the view points and to have as few industries as possible in regard to which this difference of opinion prevails.

When there is so much overlapping in the subject itself, this is bound to appear in any attempt at definition. This difficulty in having a precise definition is really no difficulty at all because an exact division is not possible. A definition should be as clear as possible, pointing out where the overlapping takes place. The definition will not govern the subject; it only helps us to consider it.

The Manufacturing Industries Sub-Committee agreed upon the following definition of manufacturing industry:

"A manufacturing industry should (a) come under the Factories Act, (b) use at least 10 B.H.P. motor or engine in the aggregate, and (c) employ labour to whom a fix return in cash or kind is made, or show any one or more of these characteristics."

This definition is not as clear as it appears to be. Presumably what is meant is that a manufacturing industry is either:

(1) One which comes under the Factories Act, or

(2) Uses at least 10 B. H. P. and employs hired labour.

But the last line "or show any one or more of these characteristics" would indicate that any industry which has an unspecified number of hired workers (possibly even 1 or 2) and which has no mechanical power, is a manufacturing industry. Presumably this can hardly be meant, and either mechanical power or certain fixed minimum of hired workers, or both, are necessary.

The Cottage Industries Sub-Committee has apparently adopted a tentative definition according to which the chief characteristics of the cottage industry are:

(1) Use of only animal or manual power (including wind and water power) and

(2) Location at or near the house of the worker or proprietor.

In this definition the use of hired labour is permitted and no limit is placed on the total number of men so employed. Thus a concern which uses only manual or animal power but employs 1000 hired men is classed as a cottage industry. This seems to be a somewhat extravagant use of the word cottage. Obviously this definition overlaps with the one for manufacturing industries given above.

One suggestion is made that the time of demarcation should be based solely on the use of mechanical power on the one hand, and manual or animal on the other.

Another suggestion is that the line of demarcation should be the hiring of workers.

Both these suggestions emphasise certain leading characteristics of the two types of industries. But they are certainly not precise and they ignore a class of industry, usually small, which may be considered either cottage or manufacturing and may not fit in with either definition.

The following factors have to be considered :

(1) Use of mechanical power, or manual or animal power.

(2) Quantity of mechanical power e.g. motor or engine horse power.

(3) Use of hired labour.

(4) Number of hired workers employed.

(5) Location at or near the house of the worker or proprietor.

The following is a possible list of different types of industry :

(1) Mechanical power 10 B.H.P. or over plus hired labour.

(2) Mechanical power 10 B.H.P. or over with no hired labour.

(3) Mechanical power under 10 B.H.P. plus hired labour.

(4) Mechanical power under 10 B.H.P. with no hired labour.

(5) No mechanical power but hired labour above 10 persons.

(6) No mechanical power but hired labour 10 or under.

(7) No mechanical power and no hired labour.

Cottage Industries may be those which have:

(1) No mechanical power and no hired labour.

(2) No mechanical power and hired labour under 10 persons.

They may possibly also be:

(3) No mechanical power but hired labour over 10 persons.

(4) Mechanical power under 10 B. H. P. but no hired labour.

Small scale industries may be (3) and (4) as in cottage industries and also

(5) Mechanical power under 10 B.H.P. and hired labour.

Large scale industries will generally be:

(6) Mechanical power over 10 B. H. P. and hired labour.

Large scale industries may also include (3) and (5) above i.e. no mechanical power and hired labour over 10 persons, and mechanical power under 10 B.H.P. and hired labour. In both of these the largeness comes in from the large number of hired workers employed in one place e.g. glass or pottery works.

This method of considering this question leads us again to overlapping. Specific cases or industries have to be considered separately in order to determine whether they should be considered large scale, small scale, or cottage. In regard to cottage industries, the governing characteristics, it should be remembered, are, no use of mechanical power and that they should be carried on in the vicinity of the abode of the worker. It is conceivable, however, that cheap electric or other power may be used in the cottage.

There may be a possible co-ordination of cottage and small scale, or cottage and large scale, or small scale and large scale, or all three in a particular industry. This will as a rule be a decentralised form of small or large scale industry.

This prolonged discussion leads us to the conclusion that there is no great importance in searching for the best definition. Some working definition may be adopted, clearly indicating where they overlap. What is important is, lists of industries to be considered and large scale, small scale, and cottage industries to be separately grouped. Where there is difference of opinion, the same industry may be put in two or more groups to begin with and attention must be drawn to this fact. Then these particular industries in more than one group should be carefully considered and wherever possible a joint decision arrived at by the two sub-committees. In the few cases where this is not possible, the two sub-committees should separately consider them and send their recommendations to the N. P. C.

11th May 1940. Sd. **Jawaharlal Nehru.**

NOTES BY THE SECRETARY, RURAL & COTTAGE INDUSTRIES SUB-COMMITTEE FOR DISCUSSION AT THE MEETING OF THE COMMITTEE AT WARDHA ON 16TH APRIL 1940.

I. Place of Cottage Industries in the economic life of the country

The chief features of cottage scale organisation of industries are :

1. Use of manual labour;
2. Simple equipment.

In the large scale industries, on the other hand, use of power and elaborate labour-saving plant and machinery are the essential features. On account of the use of power and labour saving machinery, the output per worker in large scale industries is undoubtedly very high, but this does not mean that it would be possible for a country to have its entire economic activity organised on a large scale basis. Even in the most highly advanced industrialised countries, small industrial units do exist. Even in the same industry there are establishments varying considerably in size. This shows that not only the whole economic activity of a nation, but even those activities in a single industry cannot possibly be organised in such a manner that all the establishments in that branch of production would be of a uniform size. The principal reason for this is that the advantages of large scale production are a matter of degree, and that there are other factors which govern the nature of industrial establishments. Everywhere there is a tendency towards large scale industrial organisation. But this is only a process of development and it does not mean that under the actual circumstances of a country it would not be either necessary to have industrial units of varying sizes or that it is even possible to have only large scale industrial establishments, in all branches of production.

Factors favouring the organisation of industry on a cottage scale

While large scale industries may be desirable and necessary, they cannot possibly cover the entire field of economic activity, and there is scope for industrial organi-

sations on a cottage scale also in a country, and particularly in the case of India. The factors which necessitate and favour the existence of cottage industries in India may be briefly summarised as follows :—

1. **The predominantly rural character of the population. About 90 per cent of the population of India** live in villages and even if there is considerable progress towards urbanisation, it will take many years before there will be a substantial increase in the urban population. At present, and for many years to come, the vast majority of the people live in villages, and cottage industries by their very nature will be particularly suitable for them.

2. **The predominance of agriculture in the economic life of the country.** It is a well known fact that about 70 per cent of the population depends entirely or partly on agriculture. Many of the persons engaged in agriculture are dependant for their livelihood on subsidiary occupations as their income from agriculture is inadequate to meet the necessities of livelihood. Moreover, agriculture being a seasonal occupation, the majority of the persons engaged in agriculture are practically unemployed during a certain period in the year, which is estimated to be about 150 days a year. Unless it is possible to take away a large number of people engaged in agriculture and provide for them some other employment, and unless intensive cultivation is introduced and made possible for those who remain in agriculture, the necessity for subsidiary occupations will always remain, and the existence of subsidiary cottage industries is a vital necessity for them.

3. **Lack of Capital.** It is a well known fact that large scale industries are dependent on accumulation of capital, and that in large scale organisations the capital employed per head is immensely greater than the capital required per worker engaged in cottage industries. At present, the number of persons employed in establishments coming under the Factories Act is hardly about 15 lakhs in the country; and even if all the surplus capital which is not industrially used at pre-

sent were to be employed for the development of large scale industries, the direct increase in employment would hardly be more than double of what it is at present. Thus, even if all the factors are favourable for the development of new large scale industries in the country on an extensive scale, the maximum development that could take place in, say, a decade cannot absorb, directly or indirectly, more than a few million people.

4. **Lack of technical resources and scientific progress.** Large scale industrial development, as is well known, is dependant upon scientific research and investigations, and building up of technical resources in men and equipment. Although there is possibility of considerable development in scientific and technical progress in the country, the most optimistic estimate of the possible achievements of the country in this respect cannot envisage a stage where industrial development in the country could reach the stage reached by countries like the United Kingdom, Germany or Japan, in a decade or two.

Popular fallacy regarding cottage industries. There is a widespread notion among the intelligentsia as well as the general public that economic progress is synonymous with the development of large scale industries. While this notion is partially true, in as much as it would imply that large scale industrial development is desirable, it is wrong in concluding that the converse of this is equally true, i.e. that the development of cottage industries would be a retrograde step, and that it would mean going back from economic development and progress. This general feeling is based only on one aspect of economic development as a result of the dazzling examples of industrial progress of a few Western countries, and ignore other factors governing the economic welfare of a nation. As has been pointed out above, both large scale and small scale industries are necessary and economic development and progress is not solely the result of development of large scale industries, but also development and consolidation of small and cottage industries. The same fallacy which makes people think that economic progress consists solely in the development of large scale industries also makes them think that development and consolidation of cottage industries is a step which is retrograde, reactionary, and taking the coun-

try backwards economically. Small and large industries are not exclusive of each other, and both can exist side by side, and the economic progress of the country would be dependent on the development of both large and small industries, and the efforts of the country are to be directed towards the harmonious development of both.

II. Reasons for the decay of Cottage Industries.

The following may be regarded as the principal reasons for the decay of cottage industries :—

(a) The competition of cheap (though not necessarily of better value) and attractive articles made by machinery and on a large scale.

(b) Change in tastes and habits of the people, which is partly characterised by a lack of appreciation of the old artistic work and craftsmanship and partly by a turn towards Westernisation. This means a loss of market for the products of indigenous handicrafts.

(c) Failure of Governments concerned to take effective measures to help the cottage industries technically or financially or to organise them properly.

(d) General neglect of the cottage industries due to, widely prevalent economic fallacy which leads people to think that every country can become a predominantly a large scale industrialised country like some of the Western European countries like England, Belgium and Germany and that development of large-scale industry in the country at whatever cost and at a maximum speed is desirable in itself. The glamour of the industrial development of the West has so blinded us to the realities of the situation and the practical aspects of the problem of the economic life of the whole country, that most intelligentsia perhaps even today regard Gandhiji's ideas regarding economics of Khadi as reactionary and as leading India back to middle ages. Whatever may be the opinion held regarding the political value attached to spinning and Khadi by him, there is no doubt that from a practical economic point of view, his emphasis on the national need to encourage and develop Khadi and other cottage industries, should be regarded as a unique contribution to economic thought and reconstruction in the country.

III. Measures for improving Cottage Industries.

The following measures are necessary for improving the economic position of the existing cottage industries:—

(a) Supplying better implements and equipment.

Many of the workers engaged in cottage industries have no means to obtain the improved implements and tools and work with their old and crude tools. Many of the weavers, for instance, are still using the old type pit-looms instead of the more efficient fly-shuttle looms.

(b) Improvement in existing processes and implements.

The existing processes and implements should be continuously improved and made more efficient and for this research and investigations must be carried out by technical experts. Various Provincial Governments should finance these investigations and the necessary funds should be obtained by means of special cesses or from the general revenues.

(c) Establishment of Central Plants.

For certain processes connected with cottage industries it would be necessary to have a common central plant or machinery to be utilised by all the cottage workers when it would be too costly for the workers to carry out these operations by their own manual labour individually.

This applies particularly in the case of certain preparatory and finishing processes. This kind of development has been particularly marked in the case of Japan where central associations of small industrial units on co-operative lines and sometimes even private individuals are carrying out such operations. Two instances might be quoted :

1. The products of hand-loom industry are under a great handicap in the market because of the lack of proper calendering and finishing. If their products were properly finished at central plants, they would find a wider market and would fetch a better price.

2. The Ceramic Industry in Japan has been very largely developed on a small scale as a result of provisions being made for supplying ready-made body to individual potter. The potters are not in a position to prepare suitable body by mixing clay quartz and felspar in proper proportion, as required for strong and durable ceramic articles. But by preparing the mixture at a central place, it has been made possible to develop the whole Ceramic Industry on a cottage scale.

(d) **Provision of marketing facilities.**

One of the greatest difficulties facing the cottage industries is the absence of marketing facilities for the distribution and sale of its products. A central organisation for marketing the products of the principal cottage industries in each district, working on co-operative lines will have to be established with a subsidiary from the State.

Measures Suggested for Developing Cottage Industries in the Replies to the Questionnaire

The following measures have been recommended in the replies from various provinces and states to the questionnaire :

Bengal

1. Adequate publicity through museums, exhibitions and emporiums.
2. Financial assistance in the shape of cash or raw material.
3. Adequate marketing organisation.
4. Technical assistance and supply of new designs.

Travancore

1. Provide facilities for finances for raw materials etc.
2. Marketing of goods.

Cochin.

1. Financial help on free liberal terms.
2. In case of industries like handloom-weaving, Government subsidy and other kinds of direct Government help.
3. Investigation and research.

Madras.

It is necessary that a provincial organisation on the lines of the Madras Handloom Weavers' Provincial Society should be set up to attempt to organise, supervise and direct all the primary cottage industries, in the respective provinces, and to the marketing and sale of their goods. Necessary staff to be employed to give advice to the Primary Society on the uptodate technique and process relating to the Industry in which they are engaged. Government help will be necessary for the successful organisation of the Provincial Societies, in the early stages of working.

Indore.

1. Adequately financing the worker.
2. Demonstrations and instructions in the improved methods.
3. Establishing sales and purchase societies.
4. State help by way of purchase of products of cottage industries for Government requirements.

Sind.

1. Demonstration in improved appliances and methods.
2. Giving to selected craftsmen, improved appliances free of charge.
3. Propaganda to bring about a change in the mentality and the training of the workers who are generally lethargic and extremely conservative.

Bihar.

1. Protective duties, both import and excise should be imposed by the Central Government after proper examination.
2. Sales tax should also be imposed by Provincial and State Governments.
3. Advertising and marketing organisations should be started by the provincial governments for the following groups of industries :
   a. Textile industry.
   b. Wood work industry.
   c. Oil industry.
   d. Ceramic industry.
   e. Tanning & Leather goods manufacture.
   f. Chemical industry.
4. Improved methods of work should be introduced through demonstrations.
5. Financial and other assistance to be given by the State.

6. Propaganda should be carried out to educate the public regarding the advantages of buying and using the products of cottage industries.

7. Government should also purchase their own requirements from the cottage workers.

IV. Protection from Competition from large-scale Industries.

In the questionnaire which was circulated among all the Directors of Industries and certain other prominent people, the following question was asked.

"Do you accept the principle that certain cottage industries may have to be helped and protected by Government from competition of large scale industries; Indian & Foreign? In the larger Interest of the nation as a whole? And in order to prevent upsetting economic balance of the nation?"

In all the replies which were received to the questionnaire this question has been answered in the affirmative. The replies from different Provinces and States are briefly summarised below :—

1. **Mysore.**

"The Principle is generally acceptable."

2. **Bengal.**

"Such a principle may be considered only in the case of some specific industries like hand-loom cotton weaving including Khadi, which is carried on by a large number of people, and can compete with Mill Industry if only better marketing facilities and better productive technique can be secured to them."

3. **Travancore.**

"The principle is acceptable."

4. **Cochin.**

"The principle is acceptable."

5. **Madras.**

"Protection seems necessary in the case of hand-loom industry. The survey carried out by the Department has shown that of the yarn consumed by the hand-looms, nearly

50 per cent consists of yarn of 20 counts and below. It has therefore been suggested that yarn up to 20 counts should be reserved for hand-looms. This is the barest minimum of protection which the handloom industry urgently needs. It also has been suggested in Madras that a check should be imposed on sale of mill-made cloth to an extent which will off-set the higher cost of hand-loom cloth in relation to mill-made cloth. The hand-loom industry needs to be protected by either of the two methods suggested above."

6. **Indore.**

("The question has an All-India aspect and a very comprehensive one, including the small scale industries vs. large scale industries and is not possible to be answered.")

"Certain amount of protection and help, is of course necessary; the extent to be determined by particular requirements in each case."

7. **Sind.**

"Yes, in the case of certain cottage industries, in the larger interest of the Nation as a whole, it would be probably necessary to grant protection from competition against large scale industries."

8. **Gwalior.**

"From the national point of view certain cottage industries have to be viewed as more important than their sister large scale industries. The small industries in the interest of the nation as a whole deserve help and protection of the Government from the competition of large scale industries, both foreign as well as Indian, because they tend to maintain the economic balance of the Society."

9. **Assam.**

"Cotton weaving as well as Silk weaving needs substantial protection for very many years to come to withstand competition from large scale organised industries of either Indian or Foreign origin."

10. **Bihar.**

"The principle is accepted."

11. **Central Provinces.**

"The principle in question is unsound on economical grounds and on those of the vast progress that has to be made to meet the growing demands of finished goods in the country itself. Its acceptance at present to a limited extent is rendered necessary on account of the scattered nature of the population which has to depend directly or indirectly on agriculture. Agriculturists and Farm labour who have forced periods of unemployment must certainly be helped in the making of those goods which they themselves or their neighbour can consume."

V. List of Cottage Industries requiring protection against the competition of large scale industries.

In the replies received to the questionnaire from the Directors of Industries of various provinces and States, the following industries have been specified as needing protection by way of restricting the competition of large-scale industries :—

Mysore.

Such industries as may be regarded as key industries should be protected and encouraged.

The following considerations are to be taken into account for determining whether a cottage industry should be regarded as a key-industry :—

1. Magnitude of the Industry.
2. Place it occupies in the National economy of the country.
3. The number of people whom it provides employment.
4. The number of occupation afforded, whether whole-time or part-time.
5. Whether it could be replaced by alternative callings or whether it is indispensable to the existence and maintenance of those concerned with it.

Hand-loom weaving and Sericulture are specified as satisfying this criteria.

Bengal.

Industries like handloom cotton weaving.

Travancore.

1. Handloom industry.
2. Jaggery.

Cochin.

The most important Cochin industry which wants this help is hand-loom weaving.

Madras.

Handloom weaving.

Indore.

1. Hand-loom industry.
2. Manufacture of Brass works.

Sind.

So far as Sind is concerned, there are not many large scale industries, and hence the question of competition between them and the Cottage industries does not arise.

Gwalior.

1. Handloom Industry.
2. Oil pressing Industry.

Assam.

1. Cotton weaving.
2. Silk weaving.

Bihar.

1. Hand-loom weaving,
2. Manufacture of Lac, against synthetic product.
3. Indigo industry.
4. Manufacture of salt petre.
5. Manufacture of Boots and Shoes.
6. Village agriculture and industries, against rice, flour, and oil mills.
7. Manufacture of Khandsari sugar.

C. P.

An agreement may be reached in which the large scale industries shall refrain from making goods of a particular class or quality which may be reserved for the cottage industries. For instance Textile Mills may produce cloth from yarn of about 20 counts; the Rice Mills shall dehusk only that rice which is to be exported; the Oil Mills shall exclude one important class of oilseeds for being crushed in the bullock-driven ghani.

Instead of imposing unfair restrictions which would mean a dead-weight, it would be better to gain the end in view by providing functional aid and the necessary subsidy to the Cottage industries. It is intended to promote either as a measure of relieving unemployment or in general, a belief that the production of a particular commodity on a cottage basis can be more economical than on a large scale.

VI. Note on Average Income of Cottage Workers based on the replies to the Questionnaire.

The average income of persons engaged in cottage industries is extremely low and in many cases is of uncertain and precarious nature. In many of the industries like hand-loom industry, tanning leather goods and metal wares etc., the average income of the whole family is only about half of the income of workers employed in organised industries. Detailed information regarding some of the Provinces is given below :—

Bengal : The average income of a cottage industry worker ranges from Rs. 7|- to Rs. 20|- per month (inclusive of family labour).

Travancore : Coir industry, about four annas per day; Handlooms Industry, about three annas per day (family labour not included). The operatives in the Cotton Factories get about six annas per day.

Cochin. Average income four annas a day (inclusive of family labour).

Indore: Average earnings of the cottage worker is Rs. 7|- to 10|- per month. (This does not include the earnings of other members of family).

Sind: Handloom weavers, eight annas per day; Lacquer workers Re. 1|- per day. (These figures are stated to be very rough).

Gwalior: Handloom weavers, about six annas per day, (including the labour of the family members). Wages of operatives in Mills are from Re. 1|8|- per day.

Assam: Rs. 10|- to Rs. 15|- per month for fly-shuttle handloom weavers and Rs. 5|- to Rs. 7|- per month for country handloom weavers, (including the labour of the family).

Bihar: The average income of a family engaged in different industries varies from four annas to Re. 1|- per day, depending on the type of industry and market price of their produce.

Central Provinces: About three to four annas per day for most of the village industries.

Baroda: About three to four annas to Ghamas engaged in Tanning and Dheds in handloom weaving; about six annas per day in case of handloom weavers in towns; about eight annas to Re. 1|- in case of various artisans living in towns. (in all these cases family labour is included).

VII. Note on Oil Ghanis

The crushing of oil seeds by bullock driven ghanis was once a widely prevalent cottage industry in the country. This industry is now reported to be in a very depressed condition everywhere in the country.

Remarking on the displacement of country Ghanis by Oil Mills, the Central Provinces' report states, "In the smaller villages there are no ghanis at work and in the bigger villages their number has been reduced to about one-fourth during the last twenty years."

Chief Obstacles.

The main obstacles which prevent the country ghanis from successfully facing the competition of Oil Mills are as follow :—

1. Introduction of cheap groundnut oil in the market by the mills.
2. Lack of raw materials in the villages.
3. Lack of any organisation for grading and marking the genuine oil.

It is estimated in the Central Province's report that the difference in the price of oil produced by Mills and by country ghanis is only 5 to 10 per cent. By various methods for improving the village ghanis and by making available, raw materials at the lowest possible cost, this difference can be even further narrowed down. Moreover, there is an advantage arising from village ghanis by retention in the village of the oilcake which would serve as food for cattle and manure, to which due importance should be given.

The possibilities of developing village ghanis are further strengthened and increased by the fact that there is a considerable demand for country ghani oil, even if it costs a little more than the mill oil on account of its better nutritive value. At present those people who would like to buy ghani oil, usually buy the mill oil as there is no guarantee that the oil they buy as ghani oil is really genuine.

Measures to be adopted.

1. Government should set up the necessary organisation to test and mark the genuine til oil and ghani oil so as to prevent adulteration of cheap oils.
2. Licensing should be introduced for sale of oil which should ensure against adulteration by middle men and traders.
3. Village oilmen should be financed to lay-out necessary stocks of oilseeds during the season when the prices are comparatively favourable.

VIII. Note On Paddy Husking & Flour Grinding.

Until the introduction of Rice and Flour Mills, paddy husking and flour grinding were carried out in villages as subsidiary occupations by women folk belonging to the agricultural class. The claim of this cottage industry for being developed and encouraged and protected against competition of Mills is based on the following main grounds :—

1. This industry provides subsidiary occupation by which labour class in the rural areas supplement their meagre income from agricultural labour during their spare time.
2. Mill husked rice and mill flour are deficient in vitamins and minerals as compared with handground flour. Due to the general poverty of the villagers, the bulk of their food consists of rice and flour and hence it is all the more necessary that rice and flour should be as full of nutrition and vitamin as possible.
3. The rice husk can be utilised as manure which is generally wasted in Rice Mills.

Measures to be Adopted.

1. The existing Mills may be licensed and heavy licence fees may be imposed. It would be necessary to fix license fees also in relation to the capacity of the Mills as otherwise the purpose would be defeated by concentration of smaller mills into larger units.

2. New rice and flour mills may be prohibited in places with a population below a given limit, say 2,000 or 5,000.

POLICY REGARDING RURAL & COTTAGE INDUSTRIES

(Draft Resolutions by Sjt. G. L. Nanda.)

The Cottage Industries Sub-Committee of the National Planning Committee is of opinion that :—

1. A national plan for India would necessarily aim at securing the welfare of the community as a whole; but in view of the fact that the masses in the villages constitute nearly 90 per cent of the population and form the backbone of the nation, their well-being should be the special concern of the State and the primary objective of the national plan.

2. A vast mass of people, especially those resident in the rural areas, are unable to procure a sufficiency of food, clothing, and other bare requirements of a healthy, efficient and decent living, and a large proportion of them are in a state of constant want, semi-starvation and economic insecurity.

3. The competition of the machine-made products of foreign and Indian Power-driven Industries has led to the decay and disappearance of the indigenous cottage and rural industries. No occupations having been provided as a substitute, this has resulted, for the bulk of the rural population, in chronic underemployment, long periods of unemployment, economic and social degradation, and a very low standard of life in other respects. It is estimated that nearly half the man power of the country is not being utilised for productive purposes from year to year.

4. While other means of improving the economic condition of the rural masses such as :—

   (i) improvement of agriculture, extension of irrigation and other forms of intensive cultivation, vegetable and fruit growing, etc.

   (ii) provision of public utilities and social services in rural areas, such as medical and educational facilities, transport services, water supply, etc. and

iii) State programmes of providing roads, irrigation facilities, and other forms of capital equipment will, if vigorously pursued,

lead to a considerable amelioration in rural conditions, the revival and expansion of old and the introduction of new cottage and rural industries will be an important and indispensable means of rehabilitating the villages and providing adequate and suitable employment to the people in the villages and ensuring to them a satisfactory level of income and resources.

5. The importance of cottage and rural industries for improving the economic life of the large masses of the rural population arises from various advantages which cottage industries possess, such as :—

(i) employment in the natural setting of the worker's own place of habitation, combined with numerous physical, moral, material and other benefits that go with such employment;

(ii) finding means of livelihood for the largest number of persons;

(iii) offering opportunities for profitable employment and development of inherent talent and aptitude in congenial occupations;

(iv) the opportunities of following more than one vocation for means of livelihood;

(v) the comparatively lower cost of living for a similar standard in rural areas than in urban areas ;

(vi) the increased employment in rural areas owing to spreading over of purchasing power confined to urban areas at present.

6. A permanent Cottage Industries Board should be established. One of its functions shall be to examine the relative economic and social value of the different cottage and rural industries and large scale mechanised industries, taking into consideration, among other aspects :

(i) the possibilities for extending employment and absorbing the unemployed;

(ii) equitable distribution of the existing national income and wealth;

(iii) economic and social security;

(iv) reactions on the health, freedom, initiative, character and culture of the people.

The findings of the Board in this matter should guide the State in determining the respective scope of the two methods of production.

7. Considering the appalling poverty and helplessness of the people in the villages, on the one hand, and the vast amount of unoccupied time available for useful employment, on the other, major industries concerned with the satisfaction of the primary needs of the rural population, e.g. manufacture of clothing, processing of food articles for the pursuit of which the people are equipped by long tradition, which engage large numbers at present and which are capable of affording employment to much larger numbers, should be organised and developed by the State, as cottage or rural industries, irrespective of considerations of comparative cost, in relation to the competing methods of production.

No addition to or extension or replacement of plant in large scale mechanised industry, producing goods within the scope assigned to cottage industries should be permitted by the State till full employment and satisfactory living conditions have been made available to the rural population as a whole.

The use of mechanically generated motive power should not be extended in any field of industrial development in which maximum use of the available man power and animal power has not been made.

8. The national plan should provide for the adoption of all measures necessary for relieving the existing or proposed cottage and rural industries from the stress of competition of machine made goods and for facilitating the expansion of such industries to the desired size, while providing a living wage to the workers engaged in these industries.

In this connection it is of the utmost importance that the State should arrange for the training of artisans and skilled workers who would take charge of groups of unskilled workers in the villages and improve the latter to the requisite level of skill and discipline as speedily as possible.

While every possible step should be taken to strengthen the economic basis of the cottage and rural industries, by supplying the requisite finance, providing facilities for securing and storing raw materials, readjusting freights, improving marketing technique, implements, organisation, etc., such disadvantages as may remain in the matter of the price at which the products of these industries can be sold should be neutralised by a tax on the competing article and if necessary by an adequate subsidy. The means for the subsidy should be procured if feasible by a tax on the competing articles or on the establishments producing such articles.

Till a living wage can be assured to all the workers, the fair price for the purpose of this clause would be such as to cover a wage which shall not be less than annas four in the case of any rural worker, on the basis of the cost of living index in August 1939.

9. It is desirable that the State should also encourage and foster such cottage and rural industries, other than those to which clause 7 and clause 8 relate, as can with State assistance in the form of provision of finance, improved processes and equipment, research, marketing and other facilities, be in a position to produce goods and services at a cost and return comparable to those of other competing methods or production. The words 'cost' and 'return' used in this context have to be interpreted in a broad sense, so as to include long time as well as short time costs and returns, and the indirect costs and returns to society in addition to the costs and returns reckoned in money.

10. In cases where such cottage and rural industries require to be subsidised, the subsidy may be

given after due enquiry, keeping in view the principles enunciated in clauses 5, 6 and 7.

11. Government should undertake scientific and technical research in manufacturing processes which may be suitable for cottage and rural industries with a view to widening the list of cottage and rural industries which can be undertaken by the people with advantage.

12. All measures of a restrictive nature other than or in addition to the grant of a subsidy which are required for the due achievement of the purpose mentioned above should be such as not to place the mechanised industries of any province at a disadvantage vis-a-vis their competitors in other Indian provinces under the control of the Central Government.

13. The State must control mechanised industries which compete with the cottage and rural industries which are specifically selected by the State for support, so that their relations with each other may be properly co-ordinated and regulated and an effective system of licensing may be adopted.

The State should not permit the adoption of any measures which conflict with the welfare of the rural population or come in the way of its economic recovery, and the resources of the nation may not be utilised for other projects till the needs of economic reconstruction of the rural areas have been satisfied.

14. The State should specifically recognise and fulfil its obligation to provide simultaneous employment for those who lose it as a result of technical progress, rationalisation and the establishment of large scale industries.

THE FOLLOWING LETTER CONTAINING THE VIEWS OF SJT. M. P. GANDHI ON THE DRAFT RESOLUTIONS OF THE COTTAGE INDUSTRIES SUB-COMMITTEE, IS CIRCULATED TO THE MEMBERS FOR INFORMATION.

9, Clive Street, Calcutta.
30th July, 1940.

The Secretary,
Rural & Cottage Industries Sub-Committee,
National Planning Committee,
Baroda.

Dear Sir,

I regret, I am unable wholly to agree with the terms of any of the draft resolutions circulated regarding the Cottage Industries.

The problem of the Cottage Industries in India is different in many ways from the other economic problems with which the National Planning Committee has to deal. For a study of this problem, the Committee is subject to numerous handicaps which it is not the lot of the other committees to suffer. In the first place, the term Cottage Industry is in itself incapable of any precise definition, and it, in fact, covers a number of industries which do lend themselves to organisation on other than cottage basis. Secondly, there has not been, to my knowledge, any attempt to draw up a list of the industries to which this term can be reasonably applied. Much less is there a chance of obtaining any precise statistical data relating to these subsidiary occupations of the large class of agricultural cultivators in this country. Thirdly, the manner in which the Cottage Industries are worked militates against the appraisement of cost, on the same basis as in other industries. There is, above all, the attitude of what may be called sentimental fondness for these vocations which tends to befog the problems concerning cottage industries and impart extraneous and mostly illusory considerations of cultural values. These considerations could be ignored if their only result is to lead to a half academic debate on the evils of mechanical industrialisation. In fact, they

lead to a misreading of the causes of the decay of cottage industries in India and, by the same token, to the suggestion of measures of uplift which are not suited to the conditions that obtain now or that are likely to obtain in the earlier stages of the working of any conceivable scheme of economic planning in India.

Before I suggest the amended resolutions, I would like to make a few prefatory observations in order that my proposals may be understood in the proper light. Firstly, the fear of the evils of mechanisation seems to have obsessed the minds of even some of the members of the Sub-Committee. I do not believe that, if the problem of economic planning in India is approached in a practical spirit, any room will be found for such a controversy as is now being waged. For, it is inconceivable that within any reasonable distance of time in the future, this country can have all the equipment of high grade machinery that would be necessary for the mechanised mass production of the goods which will be necessary to maintain this large population of nearly 400 millions in reasonable comfort. Even if one were to conclude that cottage industries signify only wasteful methods of production, it would make no difference, for we shall not have for a long time the means of replacing them by the highly economical methods of modern mass production. The question, therefore, is only of academic importance and need not detain the Sub-Committee. **The practical problem before the National Planning Committee is the finding out of how best the standard of living in the whole country can be raised to a reasonably high level within a short time and with the means at our disposal.** The time and the means at our disposal are thus an important part of the data given to us. The cottage industries may not represent fixed capital as an accountant would understand it, but they certainly represent a certain amount of material equipment and a certain amount of inherited experience and training which are part of the national wealth. **It is inconceivable that any scheme can be formulated for raising the standard of living in the country without proposals for utilising the skill of the labourers in cottage industries.**

But interest in Cottage Industries need not lead to any manner or degree of antagonism to large scale industries. The argument that machinery tends to displace men can have no value except when it is put forward with a full

consciousness of the special conditions obtaining in India today. It is not for a Planning Committee to trot out the shibboleths of text books of economics. It is not for us either to assert that machines should go because they displace men, or that machines should be installed because in the long run they create more employment. **Our task is to show the best ways of attaining maximum output, the best pace of progress and an adequately equitable distribution in the conditions as they are and as they will be at every stage in the future.** . If machines will do the work of men and if we can get machines, our problem can only be deemed to change from one of finding the methods of production to one of finding the best methods of distribution and, probably, the best methods of utilising the consequent leisure of the working population. A **laissez faire** economy may stand aghast at the prospect of machines driving men to unemployment and to the consequent starvation. And a democratic statesman therein may even start discouraging the installation of machines. Such measures are not open to a Planning Committee.

In a country in which production is woefully inadequate, we have to tackle the problem of production; and we have no right to imagine that our problem may imperceptibly change into one of distribution. We have not mills enough to turn out all the cotton goods we shall need to clothe the whole population. We have no large scale machinery for mass production of furniture or household goods, it is even more so of the other cottage industries which do not lend themselves to mass production owing to the importance therein of skill and dexterity.

When the Cottage Industries Sub-Committee raises the problem of machine vs. men it is only starting to tilt with windmills.

I am sure there will be no clash between mills and handlooms if we plan to clothe the whole population. That is, if the demand for clothing is not limited and if mills and handlooms are not obliged to sell in the same limited market. **The task of the Planning Committee is to provide for that** general prosperity which increases the demand for each class of goods and minimises clash of economic interest, by making the producers of one class of goods the market for other classes of goods.

In economic life, marketing is always a more difficult problem than production. Consumption lags behind pro-

duction and productive capacity. But supply does not; and, even if it does, loses no time in catching up. If we have to plan for increased production, we shall fail in our purpose if we do not plan for expansion of demand. And in the case of cottage industries, the demand is mostly from individuals; and it cannot be increased except by an increase in general prosperity.

I would therefore suggest that the crux of the problem of cottage industries in India lies in the purchasing power of the masses, and classes, and in other words, in general prosperity. And in this sense, the solution of our problem lies more in the hands of other committees than our own.

I have to emphasise this point, if only as a corrective to the tendency in regard to cottage industries as solely the victim of competition from Indian and foreign mills. Here, again, a misreading of facts leads to unsound suggestions for the future. If we believe that foreign competition was the sole reason of the decay of our cottage industries, we have to accept that in recent times Indian industry has been no less culpable. We then begin to argue that cottage industries cannot progress except at the expense of large scale Indian industries. The old problem of man vs. machine is thus raised again; and with another violent tilt at the windmills, we decide that, if we have to choose between mills and handlooms, we must choose the latter and sacrifice the former. And how do we sacrifice the mills? By making rich millowners pay for their own impoverishment in the shape of a subsidy to the handlooms. How far the state of public finance in the country will make it possible for the State to pay a subsidy to cottage industries from the taxes derived from large scale industries with a restricted home market is probably regarded as outside the sphere of this Committee. We have not got before us any picture of public finance in India in the future, on the strength of which this Committee can put forward recommendations for the payment of a subsidy to cottage industry.

I have shown that a misreading of the causes of the decline of cottage industries in India leads us ultimately to a bundle of contradictions and also to suggest more or less utterly impracticable measures.

To my mind, the competition of large-scale industry, Indian or foreign or both is by no means the sole cause of the decay of cottage industries in India. Most people are given to generalising about cottage industries from the experiences of the handloom industry in the middle of the nineteenth century. Even in the case of handlooms, there is, in fact, no such sharp clash as we are prone to presume. The handlooms have suffered because of their having to sell their output to the same middle class which buys its clothing from foreign and Indian mills. If the working classes that is, those below the middle classes can be enabled to set up an effective demand for the clothing which, according to any civilised standard, is the minimum, there would be in every locality a considerable volume of output of goods which will be locally consumed. There would thus be no question of their coming in conflict with mills. The problem of rural uplift is to be viewed as one of setting up within each locality numerous lines of production which tend to be locally consumed and which do not raise intricate problems of sales over large national or international markets.

If what I have said is true of handlooms, it is even more so of other cottage industries. I include in this not only the industries which produce works of more or less artistic value, but also the village artisans of various kinds, the carpenters, the smiths, masons, etc. The blame for the decay of these crafts and the impoverishment of these artisans can hardly be laid at the door of large scale industry, though in case of smithies, imported products and those manufactured in large workshops have, no doubt, done a great deal of harm. But taking all these as a whole, the root cause of their decay is to be found in the lack of purchasing power in the localities in which they have to function. If the crudest kind of furniture is a prohibitive luxury, how can carpenters make a living? If there is no house building of any kind in the villages, which artisan can find work?

And in these conditions how can any scheme of subsidies for 'cottage industries' do anything but run the State to bankruptcy?

The solution of the problem has, therefore, to be sought along two lines which, of course, must tend to converge :—

1. the elimination of waste in the process of manufacture and the consequent reduction of costs;

2. the provision of markets for these goods, in the areas of their production in most cases, and elsewhere in others, where their special qualities are such as to command an extensive market. Subsidies cannot be considered till we can see definitely how they will be forthcoming, how they will be availed of and when they will become unnecessary and can be withdrawn.

I would suggest, therefore, that the efforts of the authorities should be directed to a scrutiny of the costs of productions, the elimination of waste, especially in the purchase of raw materials, the inculcation of more regular methods of work. Where lack of credit is the cause of waste, it will, of course, be the duty of the co-operative system to provide the necessary credit. And I believe that, if the various co-operative activities are in charge of one person in each locality and that person were well versed in rural economy, he could do a great deal by way of improving the stamina of the cottage industries.

The other line of attack on the problem is from the market side while I shall offer no opposition to the idea of forming a Marketing Bureau for the products of cottage industries, I must utter a warning against setting too much store by it. The idea that villages can be enriched by money flowing from outside is a childish fancy; and if it is adopted even in any less ingenuous forms, it must prove fatal to planning Neither this Sub-Committee nor any other nor the N. P. C. as a whole can afford to forget the fact that, if Indian economy is to progress, it must have a basis of variegated production in each locality, the goods thus produced being interchanged **for the most part** within that locality.

The greater part of the solution of the problem of cottage industries rests, therefore, in the hands of other sub-committees of the N. P. C. But we may state here, that :

1. an increase in the production of foodstuffs, by the increase in the yield and in the area under cultivation;

2. the provision of facilities for irrigation;

3. the improvement of cattle, dairy farming, animal husbandry, poultry farming, etc.;

4. the building of roads in rural areas at the expense of the central agency; and

5. the stimulation of house building under quasi-state auspices;

are necessary if each locality is to have the general prosperity which alone can enable cottage industries to thrive.

I may now set down in concrete terms the resolutions which I would like to propose for considerations and adoption :—

1. The revival of Cottage Industries is vital to the reconstruction of our rural and our national economy as (i) the cottage industries represent an amount of material equipment and inherited skill which it would be a cruel waste not to employ to the fullest advantage; (ii) that the cottage industries provide additional employment for agricultural workers whose work is seasonal; (iii) that the maintenance on a cottage basis of a considerable part of the annual output of goods and services is desirable from the standpoint of social stability, individual freedom and national culture; and (iv) that cottage industries and village artisans are in the present conditions the only means of resuscitating our rural economy.

2. The decay of Cottage Industries, though doubtless, set afoot by the competition of imported machine-made goods and accentuated by that of Indian industry is, nevertheless, due to the impoverishment of rural areas and the general lack of purchasing power in the villages.

3. The solution of the problem is to be sought on two different lines:

(i) the organisation of the production side with a view to reduction of costs of production, and

(ii) the provision of markets by the creation of consumptive demand.

4. As it is well known that for lack of credit, the producer is obliged to pay a high price for his raw materials and that the middlemen tends to become, to all intents and purposes, an employer of the workers in cottage

industries, a suitable system of credit should be instituted, preferably on a co-operative basis and the middlemen eliminated.

5. The application of electric power to cottage industries in areas in which hydro-electric systems are working is a matter for expert technical enquiry. We suggest that this enquiry should be undertaken forthwith.

6. The creation of a Marketing Bureau for the sale of products of cottage industries which command a market outside the areas of production will be of great value.

7. But the encouragement of local consumption through enlargement of local purchasing power is calculated to impart stability to rural economy and to render it comparatively immune to the disturbances inevitable in wide national or international markets.

(Sd.) M. P. Gandhi.

P.S.

Since I finished the above note, I have received the amended draft resolutions by Mr. G. L. Nanda. To facilitate discussion at the meeting, I will send you my suggestions on the draft resolutions by Sjt. Nanda circulated along with his letter No. 1219 dated 25th July 1940, during the next 2|3 days.

(Sd.) **M. P. Gandhi.**

DEVELOPMENT OF KHADI

By

Sjt. Shankerlal Banker.

In this note an attempt is made to state very briefly the position and requirements of the hand-spinning and hand-weaving industry vis a vis corresponding large scale machine industry, in terms of the resolution* of the Cottage and Rural Industries Sub-Committee of the National Planning Committee on the subject passed at the meeting of the Sub-Committee held at Wardha on 20th and 21st September, 1939.

The first point for investigation is to ascertain the extent to which Khadi is affected by the competition of the cotton textile mill industry. Khadi is an outstanding example of a cottage industry universally in vogue, at one time in this country, having been nearly done to death by the destructive competition of machine goods. This is not the place to describe the cruel methods adopted for displacing Khadi by foreign cloth. Suffice it to say here that if it had not been for the fact that Khadi was subjected to every possible handicap and the rival industry strengthened by all means at the disposal of the state, the machine industry would never have gained a foothold in the markets of this country. There is evidence on every side of the struggle for existence which Khadi put up during these days. It is a tribute to the vitality of the industry, that a very substantial volume of hand-spun and hand-woven cloth is still being produced in the houses of the people, apart from the results yielded by the efforts of the All India Spinners' Association to revive this industry. It must, however, be acknowledged that while what may be described as traditional Khadi, has stayed because of the purely economic purpose which it serves in the domestic economy of the people of the country, the production of the A.I.S.A. is dependent to a considerable extent on the success of its appeal to humanitarian feelings

*It was decided that a detailed investigation should be carried out in the case of certain important cottage industries with a view to find out (1) how far they are affected by the competition of large scale industry; (2) whether any protection against large scale industry is necessary; (3) if so to what extent and how this protection should be given.

and on the political merit it has acquired. It is estimated that of the approximately one crore and 25 lakhs of sq. yards of cotton Khadi which the A.I.S.A. centres place in the market, in the year, about 25 per cent is such as commands sale on the strength of its own economic and artistic worth in the eyes of the consumer.

It is not possible to give even a rough estimate of the quantity of cloth prepared for domestic use from hand-spun yarn. Observations made in those parts of the country, in which the domestic industry still persists, tend to support the view that hand-spun yarn utilised in the making of cloth in the country is about a third compared with the quantity of mill yarn consumed by the hand-loom weavers. This latter has been estimated to be sufficient for the production of 150 crore sq. yards of cloth.

The Khadi industry is not safe in the enjoyment of even this very small quota. Its relative place in the total quantity consumed in the country has suffered because while population has increased, there is no sign of any increase in the production of traditional Khadi. It will not be surprising, if it is found that there has been an actual decline in the production of this type of Khadi in recent years. The reason for this state of affairs is that the mill industry is making increasing inroads on the sphere of this cottage industry on account of (i) progressive rationalisation of mechanical processes, leading to a reduction in wage costs, (ii) improvement of transport facilities enabling mill cloth to penetrate deeper into the country side, (iii) increasing imitation of special varieties of cloth hitherto untouched by the mills, (iv) better marketing, (v) change in the taste and fashions brought about by the impact of urban civilization. An idea of the competitive drawback of Khadi at present may be obtained by the comparison of retail prices of unaided A.I.S.A. goods with that of the mill manufacture. It has been reckoned that the retail selling price of plain Khadi in common use produced by the A.I.S.A. is from six to seven annas per sq. yard as against 3 to 4 annas for the corresponding varieties* of mill cloth. It makes a difference of about annas 3 against Khadi.

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* Note: By the term corresponding variety is meant mill cloth which answers the same purpose, and has no reference to actual count or texture of the fabric.

The disparity disclosed has not always been at the same level. Between 1925 when the A.I.S.A. first entered the field and the year 1935 Khadi was cheapened from year to year and the difference in the prices was being steadily narrowed. During recent years the price of cotton has fallen to a large extent, and there has occurred at the same time, a very substantial mechanical improvement in the mechanical efficiency of the mill industry. If no other factor had intervened Khadi also would have become still cheaper for similar reasons, though not to the same extent, because owing to the much heavier wage bill of the Khadi industry, the fall in the price of cotton makes relatively much less difference **in the price of Khadi** than in the case of mill cloth. But as a matter of fact, Khadi became substantially dearer from 1935 owing to the increase in the rate of wages paid to the spinners and other artisans in pursuance of the Resolution of the Council of the A.I.S.A. passed in October, 1935.

The second question for answer is whether any protection against large scale industry is necessary in this case. The comparative figures of the retail price of mill cloth and Khadi prove the necessity. It may be urged that the difference in price can or should be neutralised by other means, i.e. cheap credit, improvement in processes, better designs, and better marketing. It is not our idea that efforts for the revival of the cottage industries should be confined to the imposition of a tax on the machine goods and the giving of a bounty to the cottage products. It is imperative that all other aids be procured and utilised. To the extent that is done, the scale of protection can be reduced but all the help which may thus be rendered cannot do away with the need of adequate protection. The gulf created by the large wage distribution is too wide to be bridged with the help of ordinary facilities.

The question may arise, however, that the inability of an industry carried on under handicapped conditions, to withstand the competition of the products of a mechanised system of production cannot by itself constitute a valid claim for protection. It has further to be established that the handicraft concerned deserves to be maintained at the cost involved. Khadi fully satisfies this condition. The point need not be laboured on behalf of Khadi in view of its well-known character as the largest single industry which can fully absorb a very large proportion of the idle time of the nation and bring relief and succour to lakhs of

families in the villages through remunerative occupation. Khadi possesses in fullest measure all the elements in the definition of a cottage industry adopted by the Sub-Committee at its last meeting, viz :

1. Capacity to utilise (traditional) skill;
2. Capacity to draw upon unemployed manpower of the country;
3. Processes carried on by hand (manual-power),
4. Work done in or near the abodes of the workers.

The purpose of the inquiry is finally to determine the extent of the protection and the most suitable methods for securing it.

After careful consideration of the facts, and the situation of the country, we have come to the conclusion that the most appropriate course would be to combine the two recognised modes viz. a tax on the competing articles and a subsidy to the article selected for protection. The result to be achieved will, therefore, depend on the correlation of four factors viz.

1. the rate of subsidy,
2. the scale of taxation,
3. the volume or value of the goods taxed, and
4. the volume or value of production of the protected article.

It will not be possible immediately to expand the production of Khadi to the desired extent. It takes time to impart and develop skill, to train instructors and organisers, and to produce the required appliances and tools.

If, however, a bounty on an average of annas three per sq. yard is made available it will be possible on a rough estimate to produce and market a quantity of Khadi which increasing by successive steps attains the figure of approximately 36 crores sq. yards (one crore lbs) by the end of the 5th year giving occupation to about one crore of spinners for nearly three months and three lakhs of weavers for the whole year. In this connection it should be noted that those engaged in hand-ginning, carding, bleaching, dyeing and printing will be also benefited by the development of the Khadi industry, whilst the mills use machine-ginned

cotton, hand-ginned cotton is preferred for the process of hand-spinning and if hand-ginned cotton is used exclusively for the subsidised khadi, occupation would be available to 1.66 lakhs ginners for the above production. The process of hand-carding and slivering precedes that of spinning and where the spinners do not do their own carding the carders will be available to find work. If the whole of the carding is done by the professional carders work will be available for one lakh of carders. The village Khadi would naturally be washed, dyed and printed to the extent required by hand-processes and taking 50 per cent of the above production as likely to be finished by hand-processes, work would be available to 50,000 dhobees, 25,000 dyers and printers. The subsidy extended to Khadi would thus automatically go to benefit these artisans also without entailing any separate provision. A tax on the mill cloth consumed in the country will, it is estimated, yield enough revenue to furnish the above bounty. There will be some surplus left in the earlier years after paying the required bounty, which will have to be devoted to the provision of credit, marketing facilities and improvement of the technique and equipment of the industry. The appliances and processes are also capable of considerable improvement. If these are brought about, scale of bounty and consequently the levy on mill cloth will be reduced. Even today if the two spindled Magan Charkha is made to replace the traditional wheel the bounty can be reduced by 33 per cent. It is certain that the rate of progress can be accelerated very much during the period and the size of the scheme may be taken as giving a modest idea of the possibilities.

It may be added in conclusion that various administrative steps will have to be taken to ensure the success and effective application of the scheme, foremost among them being :

1. Legal provision that the word 'Khadi' shall not be used with reference to any cloth which has not been made under specified conditions, and the provision of an adequate penalty for breach of this restriction.
2. Sale of all cloth to be made subject to the issue of a license by Government imposing suitable conditions.
3. Restrictions on extension or replacement of textile plant.

FIVE YEARS PLAN OF PROGRESSIVE EXPANSION OF KHADI WORK THROUGH THE ALL INDIA SPINNERS' ASSOCIATION.

			OTHER EXPENSES						
			Training of spinners						
Year	Production of Khadi in sq. yards in crores.	Subsidy on Khadi – /3/- per sq yd	Number in thousands	Amount in lakhs of Rs. at Rs. 5 spinners.	Supply of Implements in lakhs of Rs. at Rs. 2 per spinner.	Training of workers No. in 1000.	Amt. in lakhs of Rs. at 60 per w.	Total of other Exps. in lakhs of Rs.	Total of Expenses including subsidy col. lakhs of Rs.
1	2	3	4	5	6	7	8	9	10
I	6	112.5	1600	80	32	16	9.6	121.6	234.1
II	12	225.0	1600	80	32	16	9.6	121.6	346.6
III	20	375.0	2200	110	44	22	13.2	167.2	542.2
IV	28	525.0	2300	115	46	23	13.8	174.8	699.8
V	36	675.0	2300	115	46	23	13.8	174.8	849.2

Average annual subsidy Rs. 534 lakhs.

Revenue from a sales tax of 6.1|4 per cent on the value of mill cloth. (432 crores of sq. yds.) at 4 As. per sq. yd. Rs. 675 lakhs.

less 6.1|4 per cent cost of collection Rs. 42 ,,

Net Revenue Rs. 632 lakhs.

Statement showing fall and rise in the two main varieties of Khadi from 1925 to 1938 which were produced from the start; and of which the production has continued unbroken this day.

Years.	Tamil Nad Plain 50" per yd.	L. R. Punjab Plain 27" per yd.
1925	0-11-3	0-5-9
1926	0-10-6	0-5-3
1927	0- 9-9	0-4-9
1928	0- 9-0	0-4-6
1929	0- 9-0	0-4-6

1930	0- 9-0	0-4-0
1931	0- 8-9	0-3-0
1932	0- 7-0	0-3-0
1933	0- 7-0	0-3-0
1934	0- 7-0	0-3-0
1935	0- 8-0	0-3-0
1936	0- 9-3	0-3-6
1937	0- 9-3	0-3-9
1938	0- 9-3	0-4-3

Retail Prices of Khadi and Mill Cloth in Ahmedabad Market.

Variety	Khadi		Ahmedabad Mill
Plain	0-8-0		0-4-0
Shirting coloured	0-9-0	(Tamil Nad)	0-8-0
Coating	0-8-0	(Punjab)	0-8-0
Towel	0-10-3	(Meerut)	0-7-0 (Indore Mill)

It is estimated the difference in price will decrease by half an anna to an anna per yard if the retail prices in the Khadi producing provinces are taken for comparison. For example the Punjab plain Khadi and coating will sell in Lahore at seven annas and seven pies per yard, whilst the corresponding mill cloth will sell at $4\frac{1}{2}$ annas and $8\frac{1}{2}$ annas per yard.

Statement showing production and imports of mill cloth in India during 1938.

S. N.	Variety	Production in India in crore sq. yards,	Imports in crore sq. yards.	Total in crore sq. yards.
1.	Chaddars	7.0	..	7.0*
2.	Dhoties	144.0	8.0	152.0*
3.	Drills & Jeans	14.0	7.0	21.0
4.	Cambric & Lawns	18.0	..	18.0

5.	Printers	2.0	..	2.0
6.	Shirting & Long cloth	106.0	20.0	126.0@
7.	T. cloth & sheetings	18.0	..	18.0*
8.	Tent cloth	2.0	..	2.0
9.	Khadi Dungri or Khaddar	13.0	..	13.0**
10.	Other sorts	13.0	10.0	23.0*
11.	Coloured goods	93.0	22.0	115.0*
12.	Piece goods	..	5.0	5.0
		430.0	72.0	502.0

* Can be met with partially by khadi.

@ A large part of it can be met by Khadi.

** Practically the whole of it can be met by Khadi.

Exports and re-exports of mill cloth from India during 1938 amounted to 69 crore sq. yards. The balance of mill cloth available in India during the same year is 433 crore sq. yards.

COTTAGE INDUSTRIES:
(Their Art-Revival and Propaganda Value)

By
K. Chawdry.

That section of Cottage Industries which pertains to Arts & Handicrafts has been very close to the hearts of the Nationalist Indians. And rightly so. Its revival will not only secure for a large number of our artisans a decent income, but, what is equally, if not more, important, it will again make India famous throughout the world for her fine and artistic products.

Indian handicrafts have been dwindling for the last two hundred years or so. Indian nationalism having come into its own the Provincial Governments are now in a position to organize Cottage Industries on a country-wide co-operative basis. The States and the non-Congress Provinces also stand to gain by co-operating in the scheme. An All-India 'Centre' should be appointed to deal with and organize the project.

Aims and Objects:

It should be kept in mind that there is at least a two-fold object in the revival of Cottage Industries.

1. Economic and artistic progress of the whole artisan class in India, and
2. Publicity for India and Indian artcrafts throughout the World.

Toward these ends the Central Body should do all it can by enlisting the aid of experts; collecting samples, information and literature; ascertaining the qualities and varieties and potentialities of the demand; formation of GUILDS on modern lines; establishing Commercial Museums in large Indian and foreign cities; participating in Shows and Exhibitions; sending out commercial propagandists; etc.

Organisation, Finance & Directorate

These and similar questions are matters of detail which can be worked out by the Central Body. However, it is here suggested that the control should be in the hands of the Central Body which should consist of representatives

of the States and Provincial Governments. At the same time, it would be highly advisable to have among the Directors one or more businessmen. All the members of the Central Body should be men or women of vision, progressive ideas, and some business experience.

Marketing

In order to carry out the objects most satisfactorily, the study, the creation, and the meeting of the demand should be in the hands of competent people. Illustrated catalogues and other literature on articles of gifts, decoration and art-ware should be collected. Adaptations from these sources would find a better market than the old fashioned stereotyped articles. New creations may be obtained either through prize competitions, by invitation from consumers or through paid artists.

Usual and unique methods may be adopted for the creation of Demand. Among other means, Commercial museums, lectures, and publications on Indian Art, should be utilized to stimulate demand.

It has been found practically impossible to meet the demand satisfactorily without an organized source of supply. The whole chain of activities should be co-ordinated and be under the supervision of the Central Body.

Advertising

We, in India, have not yet realized that advertising is a science and that it should be handled by experts in the line. In an effort to save the experts' fees, we frustrate the purpose for which we advertise and get too inadequate returns for our outlay. Appropriations for advertising are an essential investment.

Commercial Museums

In large cities of the West, like New York and London, most of the countries of the world maintain tourist bureaus, show places, and publicity centres for their products and for the dissemination of their cultures. India has been very backward in this respect. The establishing of such centres will be found very profitable not only in enlightening the foreigner about our culture, but also financially.

The Foreign Market

It can be truthfully said that the only outlet for handmade articles are the highly industrialized western countries. People in those countries not only appreciate handicrafts, but are also able to pay for them. The really artistic artcrafts are beyond the reach of the Indian. By an intensive foreign organization, we shall not only be aiding our craftsmen, financially, but shall also be reviving the best skill and artistry they are capable of.

The foreign organization should have branches in the large cities frequented by the buyers in the fashionable trade, and in seasonal resorts.

The foreign market requires vision. Hence its management and supervision should be in the hands of people of long and thorough foreign experience. While it would also be advisable to adopt modern business methods in India, such practice should be insisted upon in the foreign countries.

In this connection a portion of an article entitled 'Advertise your India' by Kay Austin is quoted below :—

> "Handicrafts—as in every highly industrialised country, hand workmanship and crafts are highly prized and hence highly paid for. Hand woven textiles, hand stitching and embroidery, hand beaten metal work, hand carving—all this sort of thing has a premium on it. Even if India did not open a market in America for such things—and this is unlikely—she would provoke interest (and dividends) in them and in her by representation at the Fair.
>
> If representation at the Fair is not feasible, why does she not at least employ a publicity agent to vie with the representations of other nations or localities? Even prohibition might have a press value; many Americans who lived through the "Noble Experiment" in their own country might be sufficiently curious to travel half way around the world to see how another country fares with it. Thousands of speak-easy inhabitants regretted Repeal; it seemed to take adventure out of drinking.
>
> Anyway, India deserves her place in the sun and in the tourists' limelight."

(From the 'Times of India', Feb. 22, '39).

The scheme as outlined here is by no means exhaustive or ready for adoption as such. The writer would be glad to work out any of the points at length to the satisfaction of cottage-industries enthusiasts, and would feel rewarded should he be called upon to do so.

COTTAGE INDUSTRIES VERSUS INDUSTRIALISATION

X'Rayed.

By

V. Sambamurthy, M.A., LL.B.

SECTION I.

At a time when decisions are being taken regarding the economic development of our country, the industrial policy that is being generally propagated and proposed to be followed by the Madras and other Congress Governments stands in need of through examination. Some of the general assumptions underlying the policy appear to be briefly these :—

1. that the agriculturist has become poor owing to the loss of subsidiary occupation which itself was a direct result of the decline of our handicrafts.
2. that the rehabilitation of the same would provide him with a second string to his bow and thus remove the cause of his trouble.
3. that the success of our industrial policy depends upon making agriculture a paying proposition by providing him with a subsidiary occupation.

I will take the first two assumptions jointly and come to the third later on.

It is a matter of common knowledge that in the pre-British days a high percentage (as much as 40 per cent) of India's population was wholly dependent on industries and that as a result of the decline of our handicrafts, the disengaged artisans, in the absence of other occupations, were forced to take to agriculture either as landless labourers or as tenants or as small landholders. Thus we find an ever increasing burden on land. All the industrial products on which so much praise was showered came from the urban artisans and not from the rural. So apart from spinnig (which was mostly confined to women) we have no evidence to show that the agriculturist had any subsidiary occupation worth the name, and to trace the origin of our agriculturist's troubles to the loss of his subsidiary occupation is rather distorting the picture. So the root of

the troubles is not the loss of subsidiary occupation but the pressure on land due to the disengaged artisans falling on it, plus absentee land-lordism and the land revenue policy.

As regards the third assumption, it gives rise to two more assumptions which the protagonists of Cottage Industries take for granted as axiomatic truths. They hold that India is going to be and should primarily be an agricultural country and that the present 83 per cent on land is conducive to the healthy economic development of our country. It is only these people that cry against the exodus to towns and recommend "back to villages." No economist worth his salt would subscribe to the above view, i.e. that India is to be an agricultural country in view of the immense and varied natural resources of our country. On the other hand in a well planned economy the percentage on land is not only not conducive to our economic development but highly alarming and distressing.

SECTION II.

Granting the above assumptions are correct let us see how far Cottage Industries as handmaids to agriculture will work out in practice. These industries are bound to be spare time occupations, the output of which is determined by the spare time which itself depends upon the methods of cultivation as dry or wet land by the nature of crops as rice, sugar or garden crops.It is a matter of common knowledge in this connection that most of our agricultural operations and consequently the spare time of the agriculturist depends upon the vagaries of the monsoon.

The above reasoning shows that the supply market, (i.e. production) would be fluctuating. The proposal now offered is that in the production of certain "articles of daily use which are largely consumed by the masses" for which the demand is steady, machine should be eliminated and that they should be under cottage industries. Thus consumption goods by their very magnitude which form more than 60 per cent of the total production of all kinds of goods, demand a steady supply market. A fluctuating supply market and a steady demand market go ill together. The spare time of the producers varies in different districts and in different years (for the same crops cannot be repeated every year on the same land) and what is more the cheap and quick means of transport that is intended

to be made available to the remotest of the villages brings in the most serious complication by effecting a cheap and quick movement of goods, thus dislocating the supply market. With a fluctuating supply market and with as many production units as there are agriculturists, planning and regulation of production are simply unthinkable. In these days, we all admit that the importance of planning in our national reconstruction programme cannot be over exaggerated. Under these conditions, while every village is going to be connected by wire and wheel, it is high time that we drop the notion of a self-sufficient village.

By all this, I do not mean that there is absolutely no place at all for cottage industries as handmaids to agriculture in our economy. There are no doubt certain occupations such as dairy and poultry-keeping which are closely allied to agriculture. My submission is that the field is neither so wide nor the case so strong to be put forward as an economic proposition. The game is not worth the candle.

SECTION III.

Now coming to the main problem of the industrial policy, that should guide our Congress Governments and which can root out India's poverty and unemployment, providing leisure at the same time for the higher development of man; let us examine some of the solutions that have been offered from time to time and over which controversy is going on in the press in the light of the above principle.

1. Cottage industries producing both consumption and capital goods in which machine is completely eliminated.
2. Cottage industries producing consumption goods only in which machine is eliminated.
3. Complete industrialisation in all branches of production in which the labour saving devices are used.

Horror of the Machine

The people who propose the first solution, have got a terrible horror of the machine expressing the extreme reaction of the 19th century to

mechanised production. But the advent of humanising conditions in the factory by way of factory legislation of the 20th century, however halting it might be—has not only removed much force in their argument but has clearly recognised the superiority of **human values** over **material values.** As for the monotony and strain arising out of factory work, the one can be removed by a change from one operation to the other which are mostly allied and the other by a reduction in the number of working hours; thus increasing the amount of leisure.

Joy and Work :—Further, they look back with wistful eyes on the past longing to return to the primitive methods of production; for they contend that there is joy in the work and that both are identical. In spite of the lyrical vagueness about happiness and simplicity of doing one's own work, it must be said that work, as a means of earning livelihood—barring certain occupations as research work and some fine arts—is always sustained and irksome and the lesser the time devoted to it, the better.

Material Goods not a be all and an end all

It is generally argued by these people that material goods are not a be-all and an end-all of humanity. It is not as an end that we long for the modern amenities of life, but as a means to an end, i. e. the higher **development of the individual.** If in some of the western countries we do not find this, it is because they have no philosophy of life as we with our rich traditional background have. Let us not forget in this connection that Ancient Greece with its slave owning democracy was able to foster a high kind of civilisation and the leisure afforded by their slaves was utilised for the higher development of man. We are much better off now in this direction since our mechanical slaves are more productive and obedient. The case in point reminds us of the story of the slave who was killed because the four brothers would not satisfactorily divide and enjoy the leisure afforded by his presence.

Exploitation and Concentration of Wealth

As for the contention that centralised production would concentrate wealth in a few hands and that it "gave pain and pleasure to two different sets of people" the answer is that the state can remedy these by a progressive

financial and labour policy. To destroy on this plea the apparatus that gives pleasure and wealth would smack of "cutting one's nose to spite the other's face." In this connection it is essential to focus our attention towards current fallacy ,viz. that there cannot be a high standard of life without exploiting some one else. The origin of this fallacy might perhaps be some vague notion that wealth is a fixed amount and not a regular flow which increases and decreases as the resources of a country are well or ill directed; it is not unoften that we find an echo of this when some of our Finance Ministers glibly talk of "Economy of money" realising that "economy of money and economy of wealth" are different.

Industrialisation and Armaments

The magnitude of the armaments required by a country does not depend upon the degree of industrialisation, but upon our friends and foes, their strength and their intentions. Whatever might be the truth of this as regards those industrialised countries depending for their supply and demand markets on foreign countries, it is certainly not applicable to self-sufficient countries like India, which have a vast unexplored supply and demand market.

Unemployment & Industrialisation

There are others who indulge in platitudes that our problems are 'unique' and that we should organise our industries as it suits our "National genius" or the peculiar features of our Country or according to the 'Dharma of our land.' What this 'Dharma', 'National genius or peculiar features' are, nobody takes care to explain. Next come the moderately large section of people who advocate that we can have both, large scale production for capital goods and Cottage Industries for consumption goods. They give no valid reason why we should stop the machine at a particular stage. They say that any slight increase in the cost of production is compensated by the advantage of giving employment to a number of jobless people. Clearly consumption goods, by their very magnitude require a greater amount of energy in the process of production than in the capital goods. Elimination of machine under this head means that a high percentage of our national work should be done by manual labour with the result that we are

still destined to our old drudgery. **So the main principle on which the elimination of machine is based seems to be that of creating work.**. If machine has created unemployment, abolition of it should prove a very effective antidote for the matter of that, elimination of the plough would give all of us work, for all the twenty four hours. The problem now is not one of creating work, but one of producing maximum utilities with minimum expenditure of energy under conditions consistent with human welfare. If unemployment has arisen as a result of the application of machinery, it is due to the faulty system in which it is worked. So the right way of dealing with the problem is not quarrelling over a lifeless machine, but effecting slight adjustments in our social organisation. Under a more judicious system of taxation and public expenditure, every labour saving device will be hailed as a factor contributing to our national leisure; to the nation as a whole, it is not unemployment, but leisure and it is only a question of utilising that leisure for the production of more goods and services or converting it into "learned leisure" which contributes to the betterment of the individual. When once this is recognised, all suggestions of displacing machinery in consumption goods or in capital goods or '**Machine only so far and no further**', fall flat on the ground.

The present appallingly low level of our National income would convince everyone that the problem in India to-day is production and more production. That cottage industries cannot perceptibly increase our standard of life is accepted by all the people. So the industrial policy that should guide our Congress Governments is complete industrialisation in all branches of production under state planning coupled with a bold progressive financial and labour policy, through a system of high taxation and heavy public expenditure and the employment of a large number of people with lesser number of hours of work; which while rooting out India's terrible poverty and unemployment provides leisure at the same time for the higher development of the individual. When we advocate this policy we are not unaware of the financial limitations of our Provincial Governments. But once the policy is recognised, we can begin planning even within the restricted sphere and march on with every increment of financial autonomy,—"well begun is half done".

RECOMMENDATIONS IN THE FORM OF DRAFT RESOLUTIONS BY MR. AMBALAL SARABHAI FOR CONSIDERATION AT RURAL & COTTAGES INDUSTRIES SUB-COMMITTEE MEETING AT WARDHA ON 16TH APRIL, 1940.

As industries run on cottage or rural basis offer great advantages in the matter of :

(1) employment in own places of habitation with the numerous material, moral and other benefits that go with such continuation of habitation;

(2) finding means of livelihood for the largest number of persons;

(3) offering opportunities for profitable development of inherent talent and aptitude by selection as means of livelihood of a handicraft which may be most congenial;

(4) the opportunities of following more than one vocation for means of livelihood;

(5) the comparatively lower cost of living for a similar standard in rural areas than in urban areas;

(6) increased employment in rural areas owing to spreading over of purchasing power confined to urban areas at present;

this Committee recommends that promotion, encouragement and development of industries on cottage and rural basis should have preference over any other form of industrial development provided such development, judged as a whole in respect of the national well-being, offers more advantages than disadvantages when compared with similar production by machine-driven organised industry in respect of the following :—

(1) efficiency of production judged from the effective recovery from raw material and the loss in it due to lower efficiency of recovery resulting in higher percentage of otherwise useable material going to waste—the example of the recovery of sucrose in cane in an efficient power-driven sugar mill as compared with sugar crushed with manual or animal power and the consequent much larger percentage of sucrose left in bagasse; similarly also in oil pressing industry etc.

Hence the following will be some of the relevant considerations.

(a) the extent to which price of finished article can be raised without putting it beyond the reach of those for whose consumption it is intended;

(b) based on the above, whether an economic price will be available for payment to producers of raw materials;

(c) the extent by which area under cultivation will require to be extended on account of lower recovery.

Note :—In a number of articles substitution may be possible based on higher nutritive or lasting value, even though the price of the finished article may be initially higher and recovery from raw material may be less in operations on cottage scale as compared with those of large scale.

We define cottage industry as under :—

An industry which can be carried on in or near one's own residence in the town or village of habitation, in which the normal operations are carried out by members of the family, but without permanent or semi-permanent hired labour. So also an operation conducted on a co-operative basis, in which the co-operating members contribute the labour and skill required and participate in the profit of the venture without employment of hired labour.

We feel that by judicious adjustment it is possible to establish a mutually beneficial co-operation between large scale and cottage industries. We favour, therefore, looking at the constituent parts of an industry and apportioning production in such a manner between large scale and cottage industry as to provide for legitimate expansion of both and utmost contribution to national well-being. We recommend that there should be a permanent Board of Research to go into the changing economics of large scale and cottage industries including its reactions on those employed in the cottage industry and a much larger number of consumers as a result of which the State may decide their respective scope.

We are of opinion that production in certain industries on a large scale would be justified where the benefits

of bringing the article within the reach of a large number of consumers, as also payment of better price to producers of raw materials, outweighs the disadvantage of short-term unemployment. In considering large scale and cottage industries, their effects on employment as well as the well-being of the community as a whole should be taken into consideration.

If the State decides to encourage any cottage industry in the form of subsidy or in any other form entailing expenditure on grounds of national well-being, we are of opinion that the amount required should be found from the general revenue or by imposition of direct or indirect taxes, but not by imposition of a levy on the article manufactured on factory scale for giving benefit to similar article on cottage scale. If a cottage industry is to be developed at the expense of the State the consideration for such assistance would be the good of the community and as such the burden of taxation should fall on the community on the criterion of taxable capacity, and not on the industrial section which may be competing with a similar product of the cottage industry. The difficulty of levying the amount is fully recognised particularly so when it comes in the form of a direct tax. But such a levy can be made indirect by a terminal and|or octroi tax on receipts and despatches by road and water. This may not be possible under the present division of sources of revenue between local bodies, provincial governments, and the Government of India. Failing to secure a change, it should not be difficult to accomplish the result if local bodies and provincial governments come to an agreement which does not offend against the provisions of the Government of India Act. The following is an extract from a Memorandum by Chairman of the N.P.C.:—

> "Therefore, it should be laid down that any large scale industry, which may come into conflict with a particular cottage industry encouraged and supported by the State should itself be controlled by the State. Such control will prevent any conflicts arising and co-ordination will be easy".

In such cases, the State may acquire the competing large scale industry on payment of adequate compensation.

The object of cottage industries is to supplement the income of cultivators derived from agriculture. We are of

opinion that undue concentration on cottage industries has resulted in the neglect of the root cause of the trouble, which is the land revenue system. This is so, because the present system of land revenue amounts to a fixed rent rather than a charge on income.

MEMORANDUM ON COTTAGE & VILLAGE INDUSTRIES

By

Shri Misrilal Gupta

A vast mass of literature has sprung up round the subject of 'Cottage & Village Industries' and even a cursory perusal of this will convince an unbiassed reader that the village and cottage industries of India stand in urgent need of protection. It is a lamentable fact that the introduction of modern machinery has upset the old village economy of India and village industries are quickly decaying and disappearing.

It is also to be regretted that due to various causes the phenomenal increase in the population of India and the insufficiency of means and employment to cope with this growth, have thrown an impossible burden on land already impoverished for want of good manuring and scientific farming. Nor can we shut our eyes to the deplorable fact that there is extreme poverty in our villages and that this poverty is partly due to the decay of village industries. Some occupation must therefore be found for the spare time of the agriculturists and landless labourers. The task is so stupendous yet so pressing and so urgent. It is well therefore that the National Planning Committee has been formed to devote its best attention to the solution of this problem and it is hoped that it would do so on strictly economic principles.

The discussions during the first sittings of the Cottage Industries Sub-Committee left an unfortunate impression on my mind that the economic aspect might be clouded by political considerations. There was a cry to scrap the cotton mills. Unfortunately it is difficult to believe that Khadi is economically a sound proposition. These lines are not written in a spirit of controversy, nor to discredit the magnificent work being done in this connection by a large number of selfless workers. The object is to suggest other possible means of providing employment and work to village workers.

I beg to submit that such a controversy as cottage industries versus industrialisation need hardly exist. There are industries which must perforce be large scale industries. A motor car or an aeroplane cannot be manufac-

tured in Nagla Paddi. There are certain Industries that can be carried on as small industries and as such they could favourably compete with large mills. Similarly there are many things which can be manufactured in villages and which can hold their own even in competition. The difficulty is not so much of competition as change of outlook and taste. The village is no more cut off from civilisation and modern means of communication have brought the agriculturist into contact with modern fashions. The villager has come in contact with modern civilisation and has been caught in its net. Can we confine his taste to village products? I would, therefore, most humbly suggest that such controversy is injurious to the best interests of the country. The National Planning Committee should take into consideration all the factors and try to evolve a system in which all industries may have full and free scope. A happy compromise between cottage and large scale industries requires to be quickly arrived at and would it not be better if our village communities were so organised as to fit in with the requirements of the modern age? Let me give an example of what I mean.

From times immemorial the greatest pride of India has been the cow, and yet the cow usually found in our village is only a shadow of her former self. Whatever be the cause—poverty or ignorance or something else—the deterioration in the milk yielding properties of the cow is most deplorable and requires immediate attention of the best brains of the country if the Indian Cow is to be preserved. Would it not be desirable and in the best interests of the country if a thorough and searching inquiry were made into the causes that have brought about this terrible state of affairs and suggest methods of improvements in the breed? Such research could be undertaken by either the Central Government or the various Provincial Governments and if a method for increasing the milk yield of the cow could be found, it would be a boon to the country and would give suitable and lucrative off-time occupation to the agriculturist for whom cow-keeping is the best subsidiary occupation, and ghee-making being India's ancient village industry.

Let me take another example. Given a little education, there is plenty of scope for preparation of Achars, Pickles and fruit preserves in villages. A certain proportion of mangoes go to waste when the harvest is plentiful

and these can be easily and usefully converted into money. The demand for these products is great and very elementary knowledge is required for their preparation.

I will take yet another example :—Preparation of scented oils and ottos. This is essentially a cottage industry and was once famous and flourishing but has now decayed due to the more attractive products of the West. Examples of this nature could be multiplied. Bee-keeping; Vegetable and Fruit gardening; Ghee-making; Basket-making; Leather-goods and Shoes; soaps and paints and varnishes; toy-making, etc, etc. These are industries suitable mostly to village though they do require some training, scientific research, and elementary education.

I have purposely avoided the mention of Khadi, above. So much has been written on the subject and so much controversy has raged round it that lesser men may not tread this dangerous preserve of the mighty. Who is there to enter into controversy with a personality like Mahatma Gandhi who has spent a life time in evolving his scheme for the regeneration of India through Khadi. Some say that it is a mere political weapon, but even as such it has had its effect; Mahatma Gandhi says what he means and one cannot accuse him of saying anything with mental reservation. He would not have made the spinningwheel his symbol, had he not believed that salvation of India lay in its adoption. But frankly, I am not convinced of the argument that for the sake of 'Khaddar' the cotton mills should be altogether scrapped. Just imagine the plight of the middle class residents of towns and cities were they required to pay double the price for the cloth which is not as good in appearance as the mill made one and which is less durable ! And would it be possible to change the tastes and habits of the entire country and bring the entire population down to a dead level? Even if such a consummation were possible I would not wish it to be carried out. The best way is to grant protection to the Khadi workers in the form of a subsidy, preference in Government departments, provision of Technical and expert help, stopping of weaving of coarser counts by Mills and propaganda.

I would therefore reiterate that harmonious working of village and small industries along with the mill industry is possible. India is already industrialised and the establishment of more industries is necessary. The watchword of the country should be industries and more indus-

tries—village industries, cottage industries, small industries, and mills and factories. It is not in the interest of Khadi itself to make it a centre round which political controversies may rage.

I would now put down briefly a few proposals for fostering the village industries. Centres for the various training of Cottage workers should be started by various Provincial Governments; scholarships should be granted to cottage workers to go out and learn a craft; co-operation credit societies should help the cottage workers with money; marketing officers should be appointed by Provincial Governments to help the cottage workers in disposing of their products; depots under Government control if possible for the supply of raw materials and purchase of finished material; opening of cottage industries museums etc., etc., are some of the necessities.

Cutlery

The Cutlery Industry, so far as it exists in India may well be called a cottage industry. In every Province of India, at least in all the bigger Provinces, there are a few towns which are noted for cutlery manufacture, where the industry is carried on in homes. One man employs a few workmen, turns out a few dozen articles of cutlery per day, and sells his product to a local shop-keeper who in turn collects the articles from numerous other small manufacturers, and finds a market throughout the Province.

A large scale cutlery industry as existing in western countries would, on the other hand, employ hundreds of workmen in every factory, where every single operation is done by one man only, who does nothing else except that single operation, and where latest and most up-to-date automatic machines are employed to minimise hand labour as much as possible. The existing cutlery industry in India has not got to meet such a competition. Even in medium sized industries like the one we have in Dayalbagh, the fittings on cutlery articles are done by hand, as manual labour is cheaply available, and the grinding, polishing etc., carried out by machines.

The most important and essential raw material required by this industry is "quality" steels, which, unfortunately, are not being produced in India. Even the biggest

iron and steel companies in India have not yet turned their attention towards the production of quality steels, probably because their consumption is very much less compared to the commercial class of iron and steels required in the country. It is, therefore, very necessary that our national Government should take early and effective steps for the production of steels comprising of high-speed tungsten-chrome steels, stainless conission resisting steels, tools and spring steels, etc., required for various purposes. At present these are all imported, and the cutlery industry in India will keenly feel the pinch, should their import be stopped due to the present European War.

One of the cheapest and best method to start the manufacture of the quality steels would be to erect electrical steel furnaces at those places where electric current is cheaply available, specially in areas where hydro-electric energy is generated. By having a metallurgical laboratory and rolling mills, etc., attached to the furnace, the quality steels could be produced in India more than half as cheap as we are paying for imported ones at present. A modest plant of this size would cost about a lac of rupees, and if our national Government would like it to foster and prosper, we in Dayalbagh can take up the work, and are confident of its success provided funds are forthcoming for working it.

Regarding the protection required for this industry, it is considered that merely enhancing the duty on imported cutlery goods would not prove adequate and effective, as the local industry will always suffer because of dumping of the imported goods. The industry should however be subsidised by the Government who should help the manufacturers by contributing say 10 per cent of the cost price incurred by them, so as to favourably meet the foreign competition.

It may be noted that practically all the high class cutlery used in this country is imported. The Government should therefore take practical steps regarding the following important points to check the inflow of foreign cutlery and enable its production in this country :—

(1) An arrangement for producing the main raw material, i.e., quality steels should be made, as suggested above.

(2) Suitable protection should be afforded, mainly by subsidising it, and also increasing import duties on foreign finished goods of cutlery.

(3) The services of an expert be requisitioned, who may train us in the art of manufacturing cutlery economically and of the same quality as the best imported ones. He should also train our men in the art of proper tempering of the steels, which is one of the most important and difficult operations involved. We should suggest that the Government may establish such a centre at Dayalbagh, which may afford facilities to train up the men of other Indian manufacturers within its precincts.

Dairying

There are not many big dairies in India except the Military Dairies which mostly cater for the needs of armies and British residents. They do not compete with the village milk producers. In fact the reverse is the fact. The **Goala** can easily compete with the Dairies.

The problem of milk production is however serious. The cow has deteriorated qualitatively and probably quantitatively. The average village cow yields from one to two seers of milk daily and the agriculturist usually keeps it on dry fodder and grazing. He is ignorant of the science of animal husbandry. And so long as cow keeping is not a profitable profession, it is useless to expect a goala to keep a good milcher. The following modes of disposing of his products are in vogue :—

1. Selling milk.
2. Selling cream.
3. Converting milk into **Khowa.**
4. Preparing Ghee.

No. 1. is the most profitable and No. 4 is the least. All the milk that is produced in the country does not sell as milk and hence methods numbers 3 and 4 are adopted. If it were possible to make cow keeping an economic proposition, the agriculturist might be persuaded to keep good cows.

Ghee-producing is a great cottage industry of India, but here again the vegetable ghee has come in and its adulteration with genuine ghee is going on in the whole country on an enormous scale. It is usually mixed in proportions of 20 per cent. to 50 per cent with genuine ghee. Provincial Governments could easily adopt measures to prevent this provided it could command the services of good honest staff. All vegetable ghee should be required to be coloured at the source and heavy penalties should be imposed on merchants and sellers of adulterated ghee. The villager should be able to realise a fairly good price for his Ghee and if this is secured, the country side may again have good cows. For the present the areas round about big cities produce milk for the city market, and villagers who cannot sell milk as milk, convert it into cream and sell it to Dairies which prepare butter for consumption by European residents and highly paid government officials, who can afford to pay high price. If ghee could be sold at the same price as butter, ghee-making would become a profitable business. Again the price paid by butter-making dairies for cream is very low and legislation is necessary to ensure better prices for cream on the same lines as U.P. and Behar Governments have done in the case of sugar cane by fixing the price to be paid to the cultivator. Fixing of a minimum price for milk by each Provincial Government, is also likely to prove beneficial.

At present the agriculturist is too poor to bargain at an advantage with money-lenders, dairies or shop-keepers with the consequence that he has to sell his products at a disadvantage. In most of the U. P. towns, the shopkeepers and dairies purchase milk at 13 or 14 or even 15 seers per rupee and retail it at 8 seers per rupee. Surely the milk producer needs protection.

It would probably surprise some of the readers of this note that butter is also adulterated by mixing fish oil to the extent of 50 per cent. to 70 per cent. Most of the **Goala** butter sold in the big cities by hawkers contains fish oil to the extent of 60 per cent. This fish oil is imported in bags at a very cheap rate.

To sum up, the following measures are necessary:

(1) Fixing a minimum price to be paid to the milk producer for milk and cream.

(2) Either banning the sale of vegetable ghee or allowing its sale on condition that it is coloured at the source;

(3) Fish oil and tallow should not be allowed to be sold except in a form in which it cannot be adulterated with ghee or butter.

(4) Making it criminal to sell any of the milk products in adulterated form.

Cottage Industries in the Leather Trade in Agra

1. **Tanning :**—There is quite a large number of chamars engaged in country-tanning. Their products are much inferior to those made in a well-organised tannery. Consequently the demand for country Tanned leather is very poor even though the prices are comparatively very low. The main defects are :

(a) Incomplete tanning and (b) Bad odour.

The sole leather produced by country process is sold as unpressed with wrinkles and generally is of blackish colour.

The country tanned sheep skins possess almost similar defects with the result that they fetch very poor price.

If the country Tanner is somehow brought in contact with tanneries and his products be finished there, a lot of improvement can be made and the increase in selling prices of the improved articles will more than compensate the expenses. There should also be some Technical guidance regarding the use of new chemicals and the changes in the processes of tanning. If the Government can, by suitable grants to the existing Tanneries, help in erection of special machines and building for the purpose, much good can be done.

2. **Shoe-making :**—Agra is the biggest Centre of India in Shoe-manufacture; it exports shoes to almost every part of India, Ceylon and Burma. It produces all varieties of shoes from the cheapest to the costliest. There are no big factories in Agra on the same scale as the Cooper Allen of Cawnpore or the Bata Factory of Calcutta. Some factories are equipped with a few machines but the work is done mostly by hand-labour. Quite a large population of the town is engaged in this and the allied trades.

In spite of the enormous volume of trade in Agra-made shoes these products have acquired a bad reputation so much so that many Shop-keepers would not like to stamp them as "made in Agra"—they would rather change the name to Akbarabad, Cawnpore, or Calcutta. The condition of the workers is also very deplorable. Most of the manufacture is done by Cottage-workers. They bring their products to the market every evening and buy raw-materials from the sale proceeds. The difference between the costs of materials and the sale proceeds represents their labour, depreciation of tools and profits. This is very low and sometimes does not even represent the wages. The consequence is that the workers are mostly in debt.

Their products do not compare or compete with Factory-made articles. The factories always disburse standard and fixed wages and also have to bear pretty heavy overhead expenses, so the large-scale factories do not in any way affect the Cottage-workers. On the other hand, Factory labourers get better wages, work for shorter hours in clean and airy surroundings and get all possible facilities as for instance monetary help in the dull rainy seasons.

The outstanding need of the Cottage Leather Goods Industry in all its aspects, is the improvement in the present marketing methods to secure a reasonable return for their efforts. They also need training on scientific lines to improve their Workmanship and raise the standard of their products.

If the Government can appoint some experts to train the Cottage-workers, there is no reason why their lot should not improve. Given proper scientific Training and Government help, the future of Cottage-industry is assured. It may be mentioned here that hand-made leather goods of all description usually fetch better prices than machine-made goods.

List of Village and Cottage Industries in United Provinces and Punjab

Spinning and weaving; Preparation of scented Oils and Ottos; Preparation of Achars, Chutnis and Fruit Preserves; Dairying and Ghee-making; Making of Mats, Durries, Kalins, Baskets, Cane and Bamboo furniture; Woodwork of various designs; Calico printing; Pottery;

Leather Tanning and making of leather goods; Hosiery; Brushes of all kinds; Soap making; Paper making; Clay modelling and Toy making; Manufacture of copper and brass utensils for household use; Cutlery; Enamelling; Chikan work and Brocades; Oil pressing; Bee-keeping; Locksmithy; Gur making; Manufacture of Sugar.

NOTES ON MARKETING AND FINANCING OF COTTAGE INDUSTRIES IN BENGAL.

By

Mr. S. C. Mitra, Director of Industries, Bengal.

From a careful investigation of cottage industries in Bengal as also in other Provinces, it would appear that their organisations betray the following defects :—

(1) Cottage Industries are generally run as individual concerns by families of workers with very limited resources at their disposal;

(2) The poverty and ignorance of the workers make it impossible for them to keep in touch with conditions of demand and supply and hence they are unable to effect improvements whenever necesary to impart a dynamic impetus to the industry. And because of their poverty they cannot hold their products with the result that they fall easy victims to middleman, namely, the Mahajanas.

(3) The Cottage workers are extremely individualistic and therefore there is hardly any organisation among them in order to make corporate effort to improve the prospects of the industry and **pari passu** their own conditions.

(4) As a result of these defects the Mahajani system has become consolidated and every cottage industry is controlled by the Mahajans, for they perform the dual functions of financing and marketing. Most of the cottage workers are thus under the grip of these middlemen and are no better than mere wage earners. This process having been continued for many decades past, the cottage workers in most cases have become so entangled in obligations to the Mahajans that there is no chance of their obligations being liquidated if things are allowed to take their course.

A reference to these difficulties easily indicates that, the problems of marketing and financing of cottage industries in the existing state of things have become closely related and any scheme intended to remedy the drawbacks of the cottage workers must have in view the solution of these two problems simultaneously. The present system in which the Mahajana is the pivot and carries on the

functions of marketing and financing has grown up through many decades necessitated by circumstances. Although the Mahajana has performed a necessary and useful role in advancing finance to the workers and accepting finished products to be marketed, the system has turned out to be very unsatisfactory to the improvement of the workers. The whole organisation has taken such a shape that the workers have gradually become entangled in obligations to the Mahajanas from which they can never expect to be free. The rapacious nature of the Mahajans is, of course largely responsible for this sorry state of the cottage workers. But human nature being what it is, the helplessness and poverty of the workers thrown entirely on the mercy of the Mahajans in the absence of any suitable marketing and financing agencies could not but make the workers easy victims to the exploiting middlemen. In other words, the entire organisation by its very nature favoured exploitation and the Mahajanas being in a position of advantage could make the best use of the opportunity. If now these processes of exploitation have to be stopped such organisations will have to be evolved which may look to the marketing and financing of cottage industry products in a co-ordinated manner.

Before a scheme of such a system can be suggested we may examine the different methods by which these problems of marketing and financing can be tackled. They are :—

(a) Cooperative Societies.

(b) Sales Depots organised and financed by Government.

(c) Marketing Boards; and

(d) State subsidised shops.

(a) Cooperative Organisations.

If it were possible to organise co-operative sale societies among the workers of most of the important cottage industries, the problems of marketing and financing of their products would be largely solved. The experience of co-operative societies in other countries for agricultural as well as industrial marketing would naturally suggest that the same methods should prove helpful in tackling

the problems of Indian cottage industry workers also. But the working of such co-operative sale societies in India seems to belie this expectation. In the first place, considering the poverty and small resources of the workers', co-operation in marketing and financing of industrial products has not progressed to any great extent. Secondly what societies were organised in Bengal or other Provinces have not worked so satisfactorily as to warrant the conclusion that co-operation among cottage industry workers has struck roots. In individual cases success may have been achieved to a certain extent owing to special favourable factors, but speaking in terms of generality co-operation as a movement has not been a success among the cottage industry workers. In view of this experience it would be too much to expect that the organisation of co-operative sale societies will alone solve the problems of marketing and financing of cottage industry products. While co-operation must be tried inspite of its ineffectiveness other methods will also have to be adopted as and when necessary or as suitable according to circumstances.

(b) Sales Depots organised and financed by Government.

Organisation of sale depots at Government initiative and by Government finance would amount to setting up organisations in direct opposition to the Mahajans—the middlemen who control both the marketing and financing aspects of cottage industries. The rural middlemen are so strongly established and hold the cottage industry workers under such financial obligations that it would be very difficult to oust the Mahajans. Besides, the cottage indutsries are so scattered all over the country and are so numerous and diversified that huge sums of money would be required to organise the sales depots. If the depots are merely for marketing the products no cottage workers will possibly come forward to offer his products for sale for as he is under a perennial burden of financial obligations to the Mahajans, he is unable to cut off his connections with him. It will therefore be necessary to advance finance either in the shape of cash money or in the shape of raw materials. Even it may be necessary to advance money for the liquidation of the workers debts to the Mahajans in order that all the workers of a particular centre may come forward to collaborate with the sales depots.

Huge sums, therefore, would be necessary to establish Sales Depots at all the important centres of the principal cottage industries in a Province for,

(a) the provision of working capital in cash or in raw materials,

(b) the provision of money for the liquidation of old debts to the mahajans, and

(c) the marketing of the products.

It may be contended whether expenditure of such large sums for the marketing and financing of cottage industry products would be worth the while. Without going into the question in details, it may be stated that even if it be not possible to establish numerous sales depots for most of the important cottage industries a few at least may be organised on an experimental basis in order to demonstrate that the cottage industries may be quite remunerative under efficient management in respect of marketing and finance. It may not be necessary to initiate experiments with all industries at all the important centres. But for the purpose of demonstration, we should select those industries and those centres where prior investigation may have revealed the prospects of success quite promising. If under such circumstances depots are started, there is no reason why they may not yield satisfactory results. After they are successful and profitably run, they may be handed over to private firms or organisations.

The staff that would be necessary for running such Depots should be :

I Inspectorate.

(1) One Principal Marketing Officer.

(2) Several Marketing Inspectors.

(3) Office Staffs.

(4) Menials.

II Depots Staff :

(1) One Manager.

(2) One Clerk.

(3) One Accountant.

(4) One Cashier.

(5) Several Commercial Travellers.

(6) Menials.

(c) Marketing Board.

It would be evident that sales depots cannot fully serve the entire requirements of cottage industries. For the purpose some other methods should be adopted so that all cottage industries may be assisted. In this connection the organisation of a Cottage Industries Marketing Board may be considered.

Outlines of a Marketing Board.

A Marketing Board may be set up in every province. It may better be a limited liability concern constituted under the Indian Companies Act with a capital of say Rs. 10 lakhs with powers to issue debentures. The local Government should make a capital contribution of say, Rs. 1,50,000 and a recurring grant of Rs. 2,000 per month for the period of first five years at the conclusion of which the Board will have to be self-supporting. The Board will have its branches in every district with a depot attached to each branch, each depot possessing necessary staff for supervision and marketing of the affiliated industrial undertakings. These district depots should have agents in the different industrial regions and the duties of these agents will be to act as a liaison between the central depot at Calcutta and the products in the countryside. What in effect is sought to be attempted is the practice of regional marketing which has proved to be of immense practical usefulness in many countries and may not be impossible of attainment in India also.

The Central Depot in the Provincial Capital will be helped by the Department of Industries. The Board and the Central Depot will also receive technical assistance from the technical staff of the Department. It will be one of the main functions of the Central Depot to study the market and changes in tastes of the buying public with a view to ascertain the present and also the possible future demand and regulate the output accordingly. Before "samples" of things to be produced are sent down to the

manufacturers in the mofussil through the chain of the Central Depot, district depots and outlying agencies an accurate analysis of the manufacturing costs has to be made and the costing chart sent to the producers. It has got to be impressed on them that their output must be of uniform quality and similar to samples supplied, that is to say, their produce must be standardised. When the producers will have understood what is wanted of them and accepted the details of the costings and the conditions of production the raw materials and other necessaries will be sent to them. After the articles have been manufactured according to specifications and delivered at the regional depots, the producers are to be paid off either in full or in such parts as may be determined less any advances made to them prior to their taking up the manufacture. The regional depots, will send the output to the District Depot and if necessary to the Central Depot for disposal and in this manner the chain of production and distribution will be complete. The regional depot has this advantage that it will enable the workers to get their requisite quantities and receive payment for their produce promptly. Thus the two formidable difficulties facing our cottage workers may perhaps be effectively solved through the medium of the system of regional marketing.

The organisation of a marketing system on these lines is certainly a difficult task. In order that the complexities of the problem may be gradually resolved, it would be advisable to make a small beginning at the start. That is to say, the provincial marketing Board will, at the first instance concentrate on such industries which in the considered opinion of the Department of Industries and the Board, enjoy a substantial demand and have reasonable possibilities for profitable development. This will lead to the conservation of the limited resources and help the Board to proceed on lines of safety and soundness.

It is quite true that regional depots will involve considerable expenditure to be established on as extensive a scale as the requirements of the Province should demand. The services of an expert supervising staff will be indispensable at the early stages in order to initiate the workers in the principles and practice and standardisation and to see that the work of production is executed strictly in accordance with specifications. Once the workers get used to these, the intending purchaser may feel certain about the kind and quality of the finished product.

As the compatibility of the Marketing Board and the sales Depots functioning side by side it may be said that as none of these schemes will at the first instance cover the entire province, they may work quite effectively in close collaboration.

(d) State Subsidised Shops.

Private shops or firms may be subsidised in order to market cottage industry products. This method was experimented with by the United Provinces Government but is reported to have failed. In Bengal also the Government pay subsidies to certain institutions which perform the function of marketing certain varieties of cottage industry products. It is true that they render some service however meagre, but it may be often contended whether such subsidies are worth the trouble. On the whole it may be said that this method of subsidisation is necessary only when no other agencies of marketing exist. If there are sales Depots organised and financed by Government or a Marketing Board as described above, there would be no need for such subsidised shops.

NOTE BY SJT. N. S. VARDACHARI ON COTTAGE INDUSTRIES.

If the industries of our country are to be planned with a view to use the natural resources available to the fullest extent and also to employ large masses of people, cottage or village industries must find a very major place in the economics of this country. Cottage or Village industries must undoubtedly serve to find employment for millions of our people who are now either wholly or partially unemployed. They must also be village industries in the sense that the products made in the villages must be capable of being consumed in the villages themselves, apart from their finding a market in the towns. They must be of such a character that they will harness the little skill that is still to be found among the village population; rather they should be suited to the comparative lack of skill in our villages and still doubtless serve the purpose of converting raw material into finished products for internal consumption. If cottage or village industries fulfil the above functions, they will be Village or Cottage industries in every sense of the term.

The words "Cottage Industries" have come to acquire in recent years a very restricted conotation, in that they have come to mean "Industries" which may fill the gap left by machine production. Every Government in previous years that met to consider this question assumed the above proposition and attempted to find out what industries could still be started on small scale and yet withstand competition from machinery. The various attempts made in the past to survey and explore the ground for cottage industries were based on the assumption that it was possible to run only such industries on Cottage Scale as would meet a very special demand that existed for them in view either of the exhibition of the special skill displayed by the artisans in the occupation or in view of machine made goods not being able to satisfy consumers' taste. The case of every industry whose output could be more rapid and made cheaper by the use of machinery went to the board. In fact, the field left for cottage industries became narrower and narrower and the phenomena of the artisans engaged in such industries being driven to the limit of their skill on the one hand and on the other of facing increasing difficulties to find and retain markets far from their reach, was noticed. In this view

of things the field left for Cottage Industries would be extremely nebulous and can lead to no definite conclusions, for the simple reason that what could succeed as a Cottage Industry today may disappear by mere efflux of time and the field wherein such industry could avail would have to be reviewed if not year by year at least decade by decade. In fact Cottage Industries products came to mean a few particular artistic or fanciful things whose organisation, production or maintenance was itself no easy problem.

There was no question of the restoration of dying or dead industries. The basic assumption was that they had perished because of competition from machine made products and could not succeed. There was no use in renovating work which could not stand. This was the strict economic theory that when once the products were displaced there seems little use in trying to go over the same ground which is found to be untenable. Only one village Industry lingered and lingered and that was Handloom weaving. The story of the handloom industry need not be detailed in full and so is not taken up here. Apart from this no other industry which perished or was damaged in the past could be re-started since in the very fitness of things the economic law was definitely against them. If they could at all withstand competition they still survived but with very circumscribed markets. Some attention could be paid to bolster up these merely to keep alive industries which showed a persistence all the time.

We should not commit ourselves to defining cottage industries in the above manner. It should be clear even at the very outset that the field to be provided for cottage industries should meet both the industrial and the human problem of employment and the economic needs of the nation. We should really define the sphere of cottage industries which in the present and in the future would be suitable to the peculiar conditions of our country. We have a teeming population counting not in lakhs but in crores. And most part of it unfortunately for us is comparatively unskilled labour except few classes who have acquired traditional skill in particular directions. Work should be of the sort which would provide employment of a fairly permanent character. Such employment cannot however be found enough if the markets for those products are either found to be restricted in the very nature

of things or were made to depend on the choice of fastidious consumers who live wholly apart from the surroundings of the artisans.

If the articles produced from these industries could be consumed locally and could be within the reach of the comparatively low purchasing power of those who live with those artisans, there would be much use in concentrating on cottage or village industries. If village industries are to fulfil the above test, (1) that of finding employment for those people who are either wholly or partially unemployed and who are at present dependent only on agriculture, or on the chance of being absorbed in agricultural labour, (2) that of producing articles ordinarily capable of being marketed in the whole of the countryside apart from the towns and (3) that of fulfilling vital needs of the community the distribution of which is found to be deficiently ordered, then the sphere best suited for these industries would be that of serving the food and clothing needs of our people. It is only on these that unskilled labour could be usefully employed and that in a large measure. There would also be little difficulty in marketing arrangements since local tastes can be readily attended to and every deficiency promptly corrected. Broadly speaking, all industries connected with those two main and vital needs of the population, food and clothing, should be conducted as village industries in this country.

The maximum of production and the maximum of employment is the economic ideal we have to strive for in the peculiar circumstances of our Country and Cottage or Village industries must find their proper place in the plan. Village industries may be classified under two heads, those connected with food and clothing which may be termed "universal" whose domain will not be limited except to the extent of our soil, and others not aspiring to such universality but still fashioned to use raw-materials in the province or in the district for purely local or particular needs. The latter class can again be split into two. There is specialised skilled workmanship difficult and hard to imitate or replace or whose product deserves not merely recognition but protection and even support in the interest of higher art. This description will cover various small industries, such as artistic pottery, ivory-work, jewellery, carving designs, carpets etc. The markets for these may have to be found over a wide area

but still the total number of consumers will remain few and restricted. It is more the desire to protect the cunning of the fingers and the upkeep of art which once allowed to go into decay may well become irreparable and total loss that gives encouragement to this sphere of cottage work. Each province will necessarily have varying industries under this head. The problem in this case will be one of exploring the market for the finished products. The craft itself must be found suitable to the genius of local workmen. Then there are industries which are closely allied to agricultural pursuits such as bee-keeping, carpentry and wood-work, basket-making, mat-weaving, the manufacture of paper, slates, etc., which cover more common needs. These may not be universal but can certainly be very widespread. In these cases markets for the products will have to be closely correlated to the needs of our urban-population. The employment they can afford is at once limited by the amount of the off-take of the finished articles. The availability of raw-material may also set limits to the pursuit of this type of industry. It is very likely that in most of these cases half-skilled labour may have to be grouped together and work taken from all of them under co-operative or other capital furnishing agency. Quite a variety opens out under this head and deserves our close attention. The first class which may be termed "Universal" needs immediate attention and following up. Their production would find limits only with the population. Each village or group of villages may produce only small quantities, but in the aggregate or in the mass such production would go to save the whole country. The one peculiar and distinctive feature of these industries is that there need be no grouping of labour at one or more fixed centres. Work may be done at home, whenever there is the inclination and even more the need to work. The markets for the produce would be in or very near the homes, where the work is carried on. Their need of transport facilities would be the minimum if only they are organised with care on a wide front. They would ensure not merely employment to those who are now forced to spend idle days, but would bring about in the very process of production and marketing a just and more even distribution of wealth. No huge commercial organisation would be needed to make the goods acceptable unlike as in the other classes of cottage industries, the same work would be done in all districts and provinces and there would not be occasion for much detailed plan-

ning except for the fact that the production would need to be organised in almost all the villages of the country. There would be no conflict of interest between province and province. The occupation will be more or less the same in all provinces and yet there would be neither waste of effort nor duplication of work. Above all there will be no errors of over production. In a nation whose selling efficiency in food and clothing can be set on foot, they will form the basic foundation of all village effort. This class will cover in our presidency as in many others the organisation of khadi, the hand-pounding of rice, oil-pressing, manufacture of salt, matches and charcoal to name the important ones. Hand spinning is not dealt with in full here since the case for it has been elaborately set out in other places. It is, however, necessary to point out that throughout the dry districts of the Madras Presidency, there are survivals from the past which if pursued can lead to complete revival . This has in part been done by the A.I.S.A. whose organisation has sought with its limited resources to bring about this revival in as many places as possible. Over 80,000 spinners are now employed in the Madras Presidency. It is not my purpose to elaborate on hand-spinning since its occupational value is undoubted and since its universality can be assured.

There would be no two opinions about hand-pounding of rice as a suitable occupation. It was being done till recently in all the vast rice tract of our province. It was the main occupation of the Irulons Jendis and the like who after its having ceased to be a live occupation took to crime. The classes which were not found fit for the better kind of labour needed by agricultural operations were finding their food through this occupation. The wage was mostly paid for in kind and part of the rice when it was given away could also be bartered for salt and condiments. The wages for hand-pounding even if paid in cash could easily be given three annas per woman worker which is a little more than she gets today for other work throughout our districts. The rice eaters in our province live all over and not merely in the delta. On a rough calculation the total consumption of rice is about 12 million tons annually and it is possible to employ in this one single occupation of hand-pounding over 8 lakhs of workers in the province. When the hand-pounding of rice became universal, part of it will be done for home-consumption by the villagers themselves and only that part which is meant

for export to other districts far from rice-tracts will engage whole-time wage-earners. The ways and means to make hand-pounding universal must be found in a gradual state, prohibition of rice-milling by machinery, in the State popularising hand-pounded rice through insistence on its use in prisons, cooking and eating houses and hotels, in hostels attached to educational institutions, in hospitals and the like. The propaganda part is not hard to fulfil since scientific expert opinion has pronounced on the superior nutritive value of hand-pounded rice. Some doubts were cast on this claim to superior nutritive values by a recent publication entitled "Nutrition in the English", extracts from which were read by the Vice-President of the Imperial Council of Agricultural Research at one of its recent sittings, but whatever this be—the Coonoor food Research Workers seem to be in no doubts at all—no misgivings can exist regarding its occupational value. In periods of famine, this is the work into which hundreds can be engaged in their own homes, not having to go out in the sun to distant camps. Paddy can be transported to the areas where signs of famine make their appearance and wages not commonly earned in times of famine when there is a cessation of agricultural operations and general dearth of employment is felt, can be made available. At all times, the industry would be widespread. There are absolutely no difficulties to be anticipated in respect of marketing since the basis of employment furnishes the very food of the people.

It is not inconceivable that Madras Presidency can have all the cloth produced only on hand-loom. The total number of people absorbed by handlooms in the Madras Presidency was put down as 6 lakhs and the total number of looms was said to be in the neighbourhood of 170,000 in the year 1921. The Special officer for cottage industries, appointed by the Madras Government, in 1928, puts them at 250,000. This figure is, however, considered to be an under-estimate. The consumption of yarn on handloom increased by nearly 10 million lbs. in the 10 years between 1921 to 1931. The difficulties of the handloom weaver in Madras are the same as experienced elsewhere. The persistence of the handloom is explained by the fact that the industry is producing pattern cloth both in cotton fabrics and in silk which it has not been so far found easy for the mills to produce. Secondly by the fact that tastes have been slow to alter and that there is a general preference

in the Presidency for handloom cloth. It was helped till some time ago by the good export trade that existed in Loongis and Sarees mainly to Penang, Federation of Malay States, and Africa. Of late, however, export trade is in great difficulties, since local production in the importing countries and the competition from Japan has tended to weaken the demand. Further weaving has had to be done at unremunerative price levels. That even the handloom cloth produced for the people of the Madras Presidency has had also to be produced on unremunerative returns is not hard to prove. The number of workers engaged in handloom produce has not however suffered but on the other hand increased, and unless protection is given to this industry, it will suffer irreparable injury. The looms in Madaras can produce the cloth that is needed for the Presidency. The protection that should be forthcoming must be in three directions. (1) In the shape of handing over rural markets to the handloom weaver by a system of licence fees so fixed as would dissuade numbers of cloth dealers and hawkers in mill or foreign cloth from attending village fairs. (2) By exempting the sale by handloom weavers in such a way that they would get their yarn supplies at the minimum cost. As it is, there is little cloth produced in mills in Madras excepting in the Buckingham and Karnatak Mills. Most of the mills in Coimbatore and elsewhere are spinning mills. No more weaving mills are to be permitted in the Presidency, and even the work of the spinning mills should be so regulated as to co-ordinate it with the needs of the handloom industry, so long as it has to depend for its supplies of yarn on the mills. To the extent that in the future years handloom weaving can engage itself on handspun yarn, even mill-spinning will have to be subjected to the exclusion of certain counts and to the fixation of quotas for the product.

Oil-pressing is already in vogue, but on crude country Ghanis. It is also being done in the cities particularly in Madras and elsewhere on electrically driven power mills. It is said that the yield of oil on the power mill is larger than that on the Ghani. But it remains still to be seen whether the country Ghani cannot be so improved as to give an increased yield. It should be a matter for detailed investigation whether the cake left over after the pressing of the oil in the case of the country Ghani is better fitted to be used as manure than the cake from the power mill. Whatever it is, there is a whole caste of oil-mongers and

oil vendors who do this as their only occupation. Whether their number needs increasing one cannot tell. The fact that the efficiency of the oil-mongers in their own work needs to be improved is hardly to be disputed.

The manufacture of salt is again one of those cottage industries which the coastal population particularly on the east coast may be engaged in usefully. The east coast of Madras has all along its 600 miles stretch numbers of salt marshes. Some of these have been utilised for Government factories, but there are innumerable extensions possible. Wind power may usefully be employed wherever the lifting of the brine becomes necessary. Attempts should be made on a survey of the use of wind power which is the most economical for this purpose. Besides there is at present a vast market of salt in Bengal and in certain other parts of North India where the Imported salt to the extent of 2 crores of rupees a year is being consumed. Madras needs only to improve its grade of salt and should be enabled to put it on the market at favourable rates. A tax on foreign salt should be very necessary, since the salt that comes from abroad is carried literally free on board ships and possibly is cheaper than the salt made in India. Bitterns now wasted may be used for the manufacture of bye-products such as liquid chlorine to mention only one of them. A number of chemicals and acids can be manufactured from these bitterns which are now thrown away in all our salt factories. The question needs close study and attention.

The manufacture of matches is at present going on in the Madura and Ramnad districts and also in parts of the Salem district. There is no difficulty in spreading this cottage industry excepting that large scale industry comes very unfairly into competition with it. The Government excise-duty is no doubt a little less on the cottage production, but does not leave enough protection for the industry. It should be further reduced. The availability of soft wood for this manufacture is an important factor. But this can be arranged by encouraging plantations for soft woods in the forests on the west coast and in the Nilgiri ranges. There is another difficulty in unfair competition from large-scale factories. It is not unusual for the factory products to be sold in places where the cottage industry is successfully being carried on at lower rates than in

other centres where there is no such cottage industry. This means that there is one price in the areas where the cottage industry is prevalent and another where there is not, thus forcing the cottage industry to close down. A representation in this matter has already been made to the Government of Madras and the Government of India.

More or less universal and which can be carried on in a large number of districts is the manufacture of charcoal. Nine-tenths of our forest increment goes without being used every year. It is either not worked at all or it is wasted. Area where timber and fuel coupes are worked is very small, compared to the extent of the forests we have. If charcoal, however, can be worked on a large scale, it will help us to tackle the use of this unused increment which occurs year after year. Experiments are to be carried out to find out the types of charcoal obtainable from various species of trees burnt for the purpose, and concentrated effort should be made on the very best types. Much work has been done in this direction by the Dehradun Research Institute, and the improved charcoal kiln can be pressed into service. The hill tribes and backward classes can find employment this way. Charcoal produce can be used to drive lorries and buses. The Forest Department of the Government of Madras have a charcoal lorry running and it is estimated that the costs of running the motor lorry on charcoal is only half that of a lorry running on patrol. At Tinnevelly there is a bus-owner who runs about half-a-dozen buses on charcoal, and his returns are certainly to be laudably good. In fact he offered to convert all the bus traffic into charcoal driven traffic, if he was given a monopoly on certain routes. We can also have charcoal engine producing power for lighting in areas where hydro-electric power cannot reach. The same plant can also give power for irrigation.

Paper-making as a cottage industry has enormous possibilities. It has been found possible to manufacture paper by hand even from Lantana and Sholitanthus, two useless and troublesome weeds growing wild in our forests. Besides there are tons of records which are burnt every year in every head-quarter and district office. These need not be set on fire, but may be reduced to pulp and remade into paper. A scheme for this purpose is in working in the Madras Presidency. Prison labour may be usefully employed for this kind of work. The difficulty even here

would be the competition with large-scale industry. But this can be avoided even in the initial stages if the Government, Local Bodies and the Schools run by the Government agree to use hand-made paper for their requirements. The number of people that can be engaged by this industry would be considerable.

A second class of cottage industries are bee-keeping, mat weaving and the manufacture of slates, and such like. It is hardly necessary to go into the details beyond mentioning one or two important factors. Manufacture of slates can be made a very large cottage industry in the Kurnool district. Markapore has a number of slate quarries. The industry is already set on foot and a number of operatives find employment. The production is only Rs. 50,000|- worth but there is scope for raising it upto ten lakhs of rupees worth. The sale of these slates is not a difficult proposition, provided the Education Department issues instructions that slates should be preferred to paper at least in the lower classes and our primary schools are enjoined to encourage the slates produced in the Presidency. The area where these slate quarries are situated is a famine area and there is nothing more helpful than to provide permanent employment through some such industry, which will go on every time the seasons fail.

Mat-weaving can be taken at a number of centres. A lot of good and sound reed is available in all river banks; the Godavary, the Kistna, The Kaverry, the Pennar, the Tamraparni and the Vigai. The Tinnevelly mats are particularly of fine texture, and will suit the fastidious tastes of rich customers. Bombay has been taking a lot of these mats. There is still much more to be done. Out of a thousand and more mat-weavers who are said to be engaged in this, only 30 are now working. A lot depends on propaganda which should convert us to the use of mats in preference to costly furniture. Middle class families would particularly benefit by this arrangement and at the same time would serve to employ 1000 of these weavers.

Bee-keeping can be made a large cottage industry in areas where there be no difficulty regarding pasturage for the bees. In the other districts it would not be easy work, but an impetus should be given to this by Government organising bee-keeping training centres. For instance it could be made obligatory that every training centre established should train a minimum number of village people

and should also have before their work in the district changes to another district, a minimum number of hives established.

The manufacture of wooden combs is another very large cottage industry. In fact the need is universal. Every man and woman needs a comb. The skill in this occupation is of a very high degree, and is still in the possession of hundreds of tribesmen who have been declared criminal. It is the duty of the Government to save them from crime, and to enable them to live upon the only occupation which they had been accustomed in the past, to look for an honest living. The Dommara population of the Presidency is not very small and the daily wage that can be secured by wooden combs is as much as 5 to 6 annas. In a village in Chittoor district, thanks to prohibition, the Dommaras have been saved from extinction and are still carrying on this trade, though in a very attenuated condition. The demand for wooden combs can be revived if only the proper sort of wood is used and combs designed to suit changing tastes.

The manufacture of lac products e.g. polish, sealing wax, electrical switches, black-Japan made from lac, etc. can be made small cottage industries in the lac producing areas. There is an experimental centre working on these at Dengurkota in Salem district. Lacquer sticks for toys can be expanded very much further and needs to be studied. The Forest Department Madras is now directly in charge of the work.

In the Presidency, there are a number of toy manufacturers. This cottage industry is in the hands of skilled workers in Kondapalli near Bezwada, Ettikopalem in Vizag, in Cuddalore, in Pondicherry and in a few other places. Thanks to the Navaratri celebrations every year in our households, these toys are finding a steady market to a limited extent. In daily purchase, however, they are found to suffer great disadvantage in competition with the Japanese toys. Better and changing designs should be made available. The Government should train, not all and sundry, but the children of toy-manufacturers and make them good designers. A tariff on foreign toys would go a long way to protect the indigenous industry.

It is hardly necessary for me to enumerate the smaller cottage industries, smaller in the sense that they can em-

ploy only either exceedingly skilled artisans or can produce only goods for which only very limited markets exist. Such Cottage Industries are dealt with along with others by Mr. Narayan Rao in his report of the survey of cottage Industries, published by the Madras Government. A reference to this book will possibly help in a study of these. The part, which, however, the Government can play will be restricted to organising the markets for these products by dessiminating proper information. Co-operative marketing may also be tried in a few cases.

NOTE BY THE DIRECTOR OF INDUSTRIES HYDERABAD

The Indian Central Banking Enquiry Committee, have, in their report, described the method of financing of rural industries. From the point of view of finance the artisans can be divided as follows :—

(1) Independent artisans,

(2) Kharkhanadars,

(3) Dependent artisans.

(1) Independent artisans buy the raw-material on cash basis and sell the product in the market at the best price available. They devote part of the week or the month in producing the articles with the help of their family members and one or two employees and spend the rest of the week or the month in selling their wares. They may, if necessary, borrow funds at 12 to 18 per cent. They are hampered by lack of finance both for appliances and for raw-materials. They generally suspend their manufacturing operations for about 10 days in a month to sell their products and to recoup the working capital for further purchases of raw-material. Lack of finance and marketing arrangement reduces their productive capacity.

(2) The Kharkhandars have either got a shed of their own where the workers come and execute the work or they distribute the raw-material to the workers to be worked up into finished products at their homes. Generally the wage paid to these workers is very small but the important factor is that there is some kind of security of income for the artisans. The Kharkhanadars generally possess a small capital of their own and may borrow money at a heavy rate of interest varying between 12 to 18 per cent.

(3) The largest number of artisans are in the group (3) given above. They purchase raw-material from Sowcar on payment of a price much higher than the bazar rate. In some cases, they are allowed to sell the product in the bazar and pay back the amount to the Sowcar. But in most cases the Sowcar has a lien on the finished product and purchases it at a price lower than it could fetch in the open market. This class of artisan suffers both ways by paying higher price for the raw material and obtaining

lower price for the finished product. The rate of interest on his loans works out to about 18 to 30 per cent.

The Sowcar has complete hold on the artisan on account of two very important factors which cannot be over-looked in any scheme of reform. (1) He gives them advance not only for raw material but also for household expenses, marriage etc. The artisan can always fall back upon the local Sowcar for help in time of need. It may be very costly help, but it is there nevertheless. (2) He supplies raw material and takes back the finished product more or less regularly giving some kind of semi permanent employment to the artisans. The traditional dependence on the Sowcar has sapped the enterprise from the artisan.

Co-operative societies of artisans were established all over India but most of them failed. The problem of financing of cottage industries is not only a question of providing funds but also of providing appliances and of marketing. Any organisation which aims at only providing funds to artisans is sure to fail unless it creates a wide spread organisation for marketing of the product. The question of financing cottage industries therefore consists of two important factors that is to say, (1) finance and (2) marketing organisation. The Government of India recently allotted a certain amount of money for organisation of handloom industry. As the conditions of the industry vary somewhat in different provinces, each province was given free hand by the Government of India to tackle the problem facing the handloom weavers. In Madras a Provincial Marketing Society is established to which primary societies of handloom weavers are affiliated. Sales Depots have been established at a number of important centres. The Central Society arranges the supply of raw-material, e. g., yarn direct from the mill to the primary societies on its own guarantee. The Sales Depot purchases the cloth manufacture. The Primary societies are subsidised and a staff has been appointed to supervise the work.

In the Bombay Presidency, the marketing scheme for handloom products, comprises, the organisation of district industrial co-operative associations with the following aims and objects namely :—

(i) to supply improved appliances on a hire purchase system or otherwise;

(ii) to supply raw-material at reasonable rates;

(iii) to advise weavers with regard to the production of improved and easily marketable patterns and designs;

(iv) to accept on consignment account against partial payment, handloom products from weavers and to purchase outright handloom products and to sell them; and

(v) to undertake preparatory and finishing processes and dyeing and printing in connection with handloom industry.

Similar schemes with slight variations have been in operation in other provinces. The aim is to free the artisan from the middleman. But in order to free him from the middleman, it is necessary to organise the whole industry from the beginning to the end and from the stage of purchasing appliances and raw-materials to the sale of the products.

Another important factor is that the organisation has to begin from the top rather than from the bottom i.e. the Central Organisation for sale of products and supply of raw material has to be established first. Generally the organisation is extended downwards in the hope that the primary societies of weavers will be organised at a later stage. The primary societies can be successfully established only when the members have gained confidence in the Central Sale-and-Supply Organisation. The weavers have to be shown that they can dispense with the hereditary middleman without any danger of being left in suspense.

In order to rehabilitate cottage industries, the Governments concerned have to take initiative and spend a large amount of money in the beginning to establish proper organisation on the lines indicated above. It is not expected that all the artisans will come within the proposed organisation. A successful organisation is, however, expected to benefit indirectly even those artisans who do not come within its scope.

The Committee may also consider the possibilities of encouraging the establishment of small kharkhanas on co-operative or profit sharing basis.

NOTE BY MR. DHARMSY M. KHATAU ON "THE COTTAGE INDUSTRIES OF INDIA."

Before the era of Machinery the various indigenous industries in many parts of this country, known as "Cottage Industries" were thriving. They were the accumulated result of centuries of efforts and experience and formed the sole secondary occupation of the inhabitants of each Province, the first and primary occupation being, as it even now is, agriculture. The very need of supplying the population with articles of necessity such as clothes, utensils, (brass, earth, clay), leather-made goods, etc., led to the invention of applying manual labour and skill to the production of these, and had not the introduction of Machinery in the 19th century made a drastic and an all too sudden inroad into all parts of the country, perhaps the old "Cottage Industries" would not only have still persisted, but would also have, with the modern economical methods of organised production, transport facilities, banking arrangements, etc. to help them, probably developed to an enormous extent. It was inevitable, however, that Machinery should hold sway over the activities of production in this country, as elsewhere. The concentrated attention therefore of both, the old artisans who had inherited the technique of hand-made production, and of the hoards of consumers who found cheapness and decided improvement in the new Machine-made products, was diverted to the task of encouraging and fostering the latter.

In addition to this, capital also found itself flowing from the foreign Capitalists who came and started Industries here and later they were assisted by Indian Capitalists with the result that the Industries of modern type dependent on machinery for their products at once mustered all the modern resources to their help including, railways,—i.e. transport facilities—and encouragement from the owners that be, required for their flow.

The result is that today in several Industries we have reached the stage where this country cannot only supply a large portion of its requirements but also export material abroad. Inspite of all this we have not still got industrialisation in India, in the sense in which it is understood at present in Western Countries, to any great extent at all. Our industrialisation is limited to a few big industries like Cotton and Jute Textiles, Coal, Iron and Steel,

etc. Where are our ship-building yards? Where are our workshops for the manufacture of locomotives? Where are our heavy Chemical Industries? We have to depend for all these upon foreign countries, and yet, unfortunately, there is a school of thought which says that India is too much industrialised and that we must go back wholly to the revival of cottage industries. The large scale industries will also be helpful in reviving some of the cottage industries and in making rich the village life,—rich I mean in the various problems of social and educational advancement. Indian States like Mysore and Travancore have successfully introduced electricity in the villages and this has given a great spurt to the village industries. One should not argue on the basis that by the introduction of a particular type of machinery so much manual labour will go. Unless the ideal is set before us of relieving manual labour and introducing machine work, the villages will have to rot in the same miserly economic manner in which they have been doing for centuries.

This growth of mechanised industry has resulted as it was bound to—in creating a certain amount of unemployment amongst all the classes who were formerly the producers of all kinds of goods. The problem before us is how to find wholetime or part time work for all these people without affecting the existence of mechanised industries, because the wealth or well-being of a nation depends as much on its industrial prosperity as on the prosperity of its entire population.

Everything therefore that can be done should be done to encourage the growth of cottage industries keeping in mind the fact that there will be a certain amount of clash with large scale industries. In order that this may be achieved the Cottage Industries should be divided into two categories.

(1) Those that do not clash with large scale industries like bee-keeping, ghee-making, manufacture of carpets, Cashmere Shawls, gold lace, inlaid articles, poultry farming, etc. etc.

(2) Those which come into competition with large scale industries like hand-spinning and weaving, leather goods etc. etc.

In regard to Class (I) I think the two most important ways in which help can be rendered would be :

(i) Financial facilities for a co-operative scheme of production.

(ii) Arrangement for intelligent marketing through an Association.

To-day most of these artisans are in the hands of Sowcars or Mahajans who pay an infinitesimal little for the work done by these artisans and themselves reap the profits, or if they advance money to the artisans it is at such exhorbitant rates of interest that when the artisan has produced and sold his article, he finds nothing practically remaining in his hand.

Regarding class (2) it is extremely difficult to lay down any hard and fast rules. Certainly co-operative production and marketing should be encouraged, financial facilities given, but to lay down restrictions on general lines for large scale industries in order to help Cottage Industries is to my mind looking at the problem from a rather impractical point of view. I consider that it is too late in the day to dispense with large-scale industries and to impede their progress. India cannot now stand alone. She forms a part of the comity of nations. The steamships, railways, wireless, aeroplanes, have all combined to make the world smaller, and whatever happens in the remotest districts, say of America, will now influence our agriculturists and our manufacturers. Even though, therefore, the ideal of maintaining the cottage industries in their pristine purity in the country may appear to be good, the ideal cannot work. The population of the country has recently increased by leaps and bounds and the problems, social, industrial, political and economic which India has to face are vastly different from those which she had to face sometime back when large scale industries were not thought of. There are several European countries where even now cottage industries are holding on, but this does not mean that those countries will have nothing to do with large scale industries. India has adopted the products of modern large-scale industries like steamships, railways, aeroplanes, motor cars, etc., and surely it is now too late to say that she will not adopt large scale industries for the purpose of manufacturing her clothing requirements, her leather goods requirements, her toilet requirements, etc. You cannot have at one section of the country seventeenth or eighteenth century and at another section of the country twentieth century.

I think therefore that such Cottage Industries which are likely to clash with the mechanised industries must be individually examined, and their problems separately tackled. I also feel that there is considerable scope for co-operation between the large-scale industries and cottage industries, and this can be achieved if representatives of both the industries are approached in a spirit of cooperation and their help requisitioned for this task.

NOTE BY LAKSHMI NARAYAN

In endorsing the note of Sjt. Gulzarilal Nanda expressing the opinion of our Committee with regard to the place of cottage Industries in National life, I give below my reasons for doing so :

1. According to Government records the total man power of India is represented by 40 per cent of the population. This would mean roughly about 150 millions of men and women available for work in the country.

2. Out of this huge man power of 150 millions souls, man power to the extent of about 46 millions is utilized for agricultural purposes, about 15 millions are engaged still in surviving village Industries, about 2 to 3 millions find employment in large scale organised Industries leaving an unutilized balance of 80 to 90 millions of man power.

3. Only Cottage Industries are capable of utilizing this huge asset which would otherwise be wasted. More than this if the scope of cottage Industries is extended, the available man power and therefore the National asset tends to increase in as many men and women beyond and below the age limit prescribed for out door duties would be available for work. Moreover, Basic education scheme has been accepted by the Indian National Planning Committee and as such a further strength of man power becomes available for the country. It is expected that the rise in man power on account of the former item viz. old men, women and children working would come to about 18 millions and on account of the latter to about 11 millions bringing the total man power available to 180 millions in case free scope is given to Cottage Industries.

4. No planning can ignore this great store of National human power which really constitutes the Nation. On the other hand the sustenance of this man power in tip top condition should be the object of all schemes of Nation Building.

5. If this vast man power have insufficient opportunities of work as at present they are bound to deteriorate, vast masses of Indian manhood suffering from chronic unemployment now are no better than beasts and if they have to be saved from utter extinction they must be pro-

vided with work so that their intelligence, resourcefulness and human faculties in general might increase and they may be able to take their rightful place in human society.

6. It is argued that centralised manufacture by machines increases the wealth of the Nation. This increase of wealth can come only when huge quantities of articles are produced. But man power utilized in the production is negligible compared to the available man power in India.

As such the result would be that the production of gross wealth at the expense of the vast man power wealth would sink further and further into degradation.

7. There is no end to economising human labour as is found in western countries and if this process is carried on in India scientifically large numbers of human hands are liable to be unemployed. It is therefore that we have recommendations before us to limit the erection of new factories and also labour saving devices in existing factories.

8. The point now remains to be seen whether it is indispensable to have machines even to a limited extent for the well-being and necessities of Indian life. Mass life in India is very poor. Food, cloth and shelter for full human life is not available to them and any practical scheme for ameliorating these conditions should aim at bringing these necessities within the easy reach of the Nation compatible with the enjoyment of an independent and full life. When these elementary needs of human life are almost a luxury for the general masses of Indian manhood it seems Utopian to think of planning for providing the general masses with Cinemas, Radios, Pitched roads gramaphones and other such articles which today are considered almost necessities in western countries. Viewed from this angle of vision it appears that power machines and centralised Industries cannot find a place in any scheme for the happiness and prosperity of the general Indian masses. We must clearly feel the necessity of the situation and make our plans accordingly. When the general masses are fully provided with the elementary needs of life, it would be time to plan for furthering their growth and happiness by other practicable and suitable means.

As it is power production and centralised manufacturers freely stand in the way of the happiness of the

masses. Unemployment is created thereby, the intelligence, resourcefulness and initiative of the Indian Nation is sapped thereby and if this process continues God only knows where the Nation would be landed.

9. Centralised Industries are a heavy burden on the State in as much as huge expenses have to be incurred for their protection by the State in the shape of large police forces and even armies. Inherently wealth tends to get centralised through these Industries, and artificial means of distribution of wealth has to be adopted by the State. The distribution is not automatic and as such would involve the State into huge expenses for organising the distribution. Add to this the waste of huge man power converted to money and it would follow that production by centralised industry, from the point of view of National Economy, is not at all cheaper than that of cottage Industries. There are more reasons than one for this deduction. Firstly, the tendency of wealth to accumulate in small groups of individuals diminishes. Wealth gets more or less distributed and as such the liability of the State to make elaborate arrangements for protection of wealth from internal disorder or even external aggression is greatly diminished. Secondly, there is distribution of wealth automatically. The masses get into their own hands the means for providing for their general welfare work with their own money. Today the State has to diminsh centralisation of wealth by levying taxes on the richer people and making them available for the Nation. In case of State managed centralised Industry, also the question of proper distribution of wealth remains unsolved. That has to be done under a centralised organisation. Thirdly, in a system showing preference to Cottage Industries the masses in villages constituting the largest bulk of Indian humanity get full opportunity to work and develop their faculties and the whole nation begins to look up.

10. It is possible to produce the requisite wealth for the nation through Cottage Industries. If a proper planning is made on the lines of cottage industries, it is estimated that, of the unemployed man-power of about 85 to 90 millions as shown above, about 46 millions would be absorbed for supplying the cloth needs of the nation, some 7 to 7.5 millions would be engaged in growing fruits and vegetables, about 4 millions for house repairs, some 6 to 6.5 millions in teaching occupations and 9 to 10 millions in milk production. This would still leave 15 to 18 mil-

lions man-power unabsorbed besides the extra man-power of 29 millions which can be available only if conditions suitable to the growth of cottage industries are created. The nation can have a plain sailing condition having all its needs satisfied, its wealth properly distributed and a sage reserve of about 40 to 45 millions of man-power. This would prove more than for the construction of necessary roads, canals, bridges etc., for the nation. This process, therefore, is bound to enliven the whole nation into activity from the present inactivity and consequent degeneration. It is calculated that if planning on these lines is undertaken, every individual in village would be able to have on an average 20 square yards of cloth for himself per year and every town-dweller 40 square yards of cloth. Every individual can get sufficient fruit, jaggery, oil and ½ lb. of milk per day.

It is therefore, necessary that centralised power industries should be made to pay up more fully for the protection they receive from the State. A progressively rising tax should be levied on them and all foreign articles must be taxed to safeguard the continuity of cottage industries. In National Planning only such industries should receive protection as really serve the nation as a whole.

List of Cottage Industries.

I. TEXTILES.

A. Cotton.

1. Hand-spinning of cotton.
2. Hand-ginning of cotton.
3. Hand-loom weaving.
4. Newar and Tape-making.

B. Silk.

5. Seri-culture, eri-culture, etc.
6. Silk-reeling and spinning.
7. Silk-weaving.

C. Wool.

8. Wool-shearing.
9. Wool-carding and spinning.
10. Wool weaving, woollen blankets.

D. Flax, Hemp, etc.

11. Spinning & Weaving of flax, jute.

E. Coir.

12. Mats and mattings.

F. Leaves & Grass.

13. Mats made from Palmyra leaves, grass etc.

G. Hosiery.

14. Cotton & Woollen knitted goods.

H. Embroidery.

15. Sari-borders.
16. Nakki and gota.
17. Lace-work.

I. Carpet-Making.

18. Woollen Carpets.
19. Durries.

J. Printing and Dyeing.

20. Block-making.
21. Printing.
22. Dyeing of cotton & silk cloth.

II. LEATHER GOODS.

23. Tanning of leather.
24. Manufacture of footwear.
25. Suitcases, hand-bags, straps, etc.
26. Glue making.
27. Gutts making.

III. APPAREL.

28. Cap-making.
29. Hat-making.
30. Turbans.
31. Shoe-laces.

IV. PROCESSING OF FOOD.

32. Rice-husking, pulse-husking.
33. Grinding of flour.
34. Oil-pressing.
35. Confectionery and sweet making

36. Gur making.
37. Sugar making.
38. Preservation of fruits etc.
39. Pickles etc.

V. WOOD, CANE & BAMBOO ARTICLES.

40. Furniture from wood, cane and bamboo.
41. Basket-making (also from leaves & grass)
42. Carts.
43. Fishing and other boats.

VI. METAL INDUSTRY.

44. Utensils from brass, copper and other metals.
45. Bell-metal articles.
46. Agricultural implements.
47. Cutlery.
48. Electroplating.
49. Locks, strong boxes etc.
50. Iron furniture,
51. Enamel-ware.
52. Musical wire drawing.
53. Making cheap ornaments of alloys.
54. Wire-drawing and manufacture of 'Badla', Chamki, 'Salma' and gold and silver leaves.

VII. CERAMIC INDUSTRIES

55. Pottery & earthen ware.
56. Brick & tile manufacture.
57. Manufacture of stone-ware.
58. Slate industry.
59. Washing of china clay.

VIII. ENGRAVING & INLAY-WORK

60. Sandal-wood and rose-wood engraving and inlay work.
61. Ivory articles (including bangles).
62. Brass & other metal sheets.
63. Embossing.

IX. FOREST INDUSTRIES

64. Cultivation of lac.
65. Katha-making.
66. Rosa-oil & Lemon-grass oil distillation.
67. Charcoal making.

X. TOY-MAKING.

68. Earthen toys.
69. Paper toys.
70. Wooden toys.
71. Tin and other metal toys.
72. Celluloid toys.

XI. DAIRY FARMING.

73. Milk.
74. Butter & Ghee making.

XII. PERFUMERY.

75. Attars, scents, etc.
76. Hair-oils, brilliantine, etc.
77. Cold creams, etc.
78. Incense, oodbattis, etc.

XIII. FISHING & PISCICULTURE.

MISCELLANEOUS.

79. Rope-making, (Cotton, coir, siral, etc).
80. Umbrella-making.
81. Button-making (metal, horn, plastics, rags).
82. Granite and laterite work.
83. Articles from horn.
84. Soap-making.
85. Bidi making.
86. Cigar-making.
87. Snuff-making.
88. Hand-paper.
89. Match industry.
90. Lacquer work.
91. Glass bangle making
92. Carpentry.
93. Quick-lime making.
94. Manufacture of paints and varnishes.
95. Manufacture of ink.
96. Manufacture of drugs and medicines.
97. Book binding.
98. Silvering of glass.
99. Bone & flesh manure.

NOTE BY MR. K. S. RAO, TEXTILE EXPERT TO THE BIHAR GOVERNMENT ON THE IMPORT DUTY ON YARN

There is an import duty of 1.1|4 anna per lb. in the case of British yarn and 1.7|8 anna in the case of foreign yarn, subject to a minimum of 5 per cent of the cost of yarn. As the bulk of the yarn used by handloom weavers is of counts varying from 10 to 20, this specific duty comes to about 25 to 33 per cent of the cost of yarn in these counts. It is true that weavers use at present yarns spun in the Indian mills, but the price of the same is regulated by the price of foreign yarn. If the duty is abolished or reduced our weavers will be able to get raw materials very much cheaper than they do at present.

As the mills are using their own yarn, they are not affected by this import duty. Therefore, if the handloom weavers are to be placed on the same footing as the cotton mills so far as their raw material is concerned ,the former will have to be subsidised to the extent of 25 per cent of the cost of yarn or 12½ per cent of the price of woven goods; the cost of yarn in a piece of cloth being ½ as much as that of the price of cloth itself.

In short adequate relief can be given to the handloom weavers only when machine made cloth is taxed to the extent of at least 12½ per cent, if not more. By doing so Government will be doing bare justice to the handloom weavers.

RESOLUTIONS OF THE NATIONAL PLANNING COMMITTEE ON THE REPORT OF THE SUB-COMMITTEE ON RURAL AND COTTAGE INDUSTRIES

Dr. C. A. Mehta, Secretary of the Sub-Committee, presented a note on the Policy regarding Rural and Cottage Industries, on the 3rd September. Sri S. C. Das Gupta, Chairman of the Sub-Committee, was unable to be present. Discussion continued on the 4th.

There was a prolonged discussion on the relative virtues and failings of large-scale and cottage industries. It was stated, however, that cottage industries were not intended to come in conflict with the industrialisation of the country, but to absorb the large numbers of the unemployed and partially employed in rural areas.

The following resolutions were adopted :

1. A National Plan for India would necessarily aim at securing the welfare of the community as a whole; but in view of the fact that the masses in the villages constitute nearly 90 per cent of the population and form the backbone of the nation, their well-being should be the main concern of the State and primary objective of the national plan.

2. A vast mass of the people, especially those resident in the rural areas are unable to procure a sufficiency of food, clothing, housing, and other bare requirements of a healthy, efficient, and decent living; and a large proportion of them are in a state of constant want, semi-starvation, enforced idleness and economic insecurity.

3. The decay of rural and cottage industries was brought about by the deliberate suppression of indigenous industries by the East India Co. for the benefit of British industry, and has been accelerated by the competition of the machine-made products of foreign and Indian power-driven industries; and by the failure of the State to recognise cottage industries as an integral part of the national economy. No occupations having been provided as a substitute, this has resulted, for the bulk of the rural population, in chronic under-employment, and a very low standard of life.

4. While other means of improving the economic conditions of the rural masses, such as :

(i) Improvement of agriculture, extension of irrigation and other means of intensive cultivation, vegetable and fruit growing etc.

(ii) Provision of public utilities and social services in rural areas, such as medical and educational facilities, transport services, water supply etc. and,

(iii) State programmes of providing roads, irrigation facilities, and other forms of capital equipment, will. if vigorously pursued, lead to a considerable amelioration in rural conditions, these measures will, in the nature of things, take time to materialise. The revival and expansion of old and the introduction of new cottage and rural industries will be an important and indispensable means of rehabilitating the villages and providing adequate and suitable employment to the people in the villages and ensuring to them a satisfactory level of income and resources.

5. The importance of cottage and rural industries for improving the economic life of the large masses of the rural population arises from various advantages which cottage industries possess, such as :

(i) employment in the natural setting of the worker's own place of habitation, combined with numerous physical, moral, material and other benefits that go with such employment;

(ii) finding means of livelihood for the largest number of persons;

(iii) offering opportunities for profitable employment and development of inherent talent and aptitude in occupations which should be congenial to them;

(iv) the opportunities of following more than one vocation for means of livelihood, particularly subsidiary occupations for the cultivating classes;

(v) the comparatively lower cost of living for a similar standard in rural areas than in urban areas;

(vi) the increased employment in rural areas leading to spreading over of purchasing power which is confined to urban area at present.

6. A permanent Cottage Industries Board should be established. It will be a function of this Board to arrange for the training of artisans and skilled workers, who would take charge of groups of unskilled workers in the villages and train up the latter to the requisite level of skill and discipline as speedily as possible.

The Board should also undertake scientific and technical research in manufacturing processes which may be suitable for cottage and rural industries, with a view to widening the list of cottage and rural industries which can be undertaken by the people with advantage.

7. In determining the respective scope of cottage and rural industries on the one hand, and large-scale mechanised industries on the other, there shall be an examination by the Planning Authority of the relative economic and social value of the two methods of production, taking into consideration, among other aspects :

(i) the possibilities for extending employment and absorbing the unemployed;

(ii) the possibility of substantially raising the standard of life of the masses;

(iii) equitable distribution of the existing national income and wealth so as to assure a proper standard of consumption;

(iv) economic and social security;

(v) reactions on the health, freedom, initiative, character and culture of the people.

8. While all possible measures should be taken to strengthen the economic basis of the cottage and rural industries, by arranging for the requisite finance, providing facilities for securing and storing raw materials, readjusting freights, improving marketing, technique of production, implements, organisation, etc., such other protection should be given as the Planning Authority may consider necessary and desirable in order to neutralise such disadvantage as may remain.

Till a living wage can be assured to all the workers, the wage which is paid to rural workers shall not be less than four annas, on the basis of the cost of living index in August 1930.

Note : Mr. A. D. Shroff disagreed with this resolution.

Mr. Joshi wanted to draw the Sub-Committee's attention to the conditions of work of rural and cottage industry workers. This matter should be considered in their fuller report.

9. Such cottage and rural industries as are specifically selected by the State for support should be controlled and regulated by the State.

Note : The Sub-Committee be asked to report on the nature and extent of the control necessary for this purpose.

10. The cottage and rural industries, selected specifically for support by the State, should be organised so as to fit into the agrarian economy recommended in the resolutions of the N.P.C. passed in regard to Land Policy. (Vide pages 32-33 of Handbook No. 3).

11. Large-scale mechanised industries which compete with those cottage and rural industries, which are specifically selected by the State for support, must be owned or controlled by the State, so that there may be proper coordination between the two.

12. In view of the fact that the general effect of the administration of the State in the past has been in favour of the urban areas and to the great disadvantage of the rural areas, the State should take particular care to redress this balance, and to avoid any measures in the future which injure, or are in conflict with, the interests of the rural population, so that a balanced structure may be built up under Planned Economy.

13. It is desirable that the State should also encourage and foster such cottage and rural industries as can, with State assistance, in the form of provision of finance, improved processes and equipment, research, marketing and other facilities, be in a position to produce goods and services at a cost and return comparable to those of other competing methods of production. The words "cost" and

"return" used in this context have to be interpreted in a broad sense, so as to include long time as well as short time costs and returns, and the indirect costs and returns to society in addition to the costs and returns reckoned in money. The Planning Authority will consider all these aspects and shall be the final judge.

14. All measures of a regulative nature, other than or in addition to the grant of a subsidy, which are required for the due achievement of the purpose mentioned above, should be such as not to place the mechanised industries of any Province or State at a disadvantage vis-a-vis their competitors in other Indian Provinces.

15. All measures pertaining to the regulation of the relation between cottage and mechanised industries should be planned and coordinated on an all-India basis, so as to avoid inter-Provincial conflict and rivalry. In doing so the Planning Authority shall, however, take care that infant industries in economically undeveloped areas are not thereby put at a disadvantage in their development.

The resolution of the Sub-Committee in regard to the obligation of the State to provide alternative employment for those who lose it as a result of technical progress etc. was considered to cover too big a subject to be considered in this connection. In Planned Economy there should be no unemployment. During the transition stages various measures will undoubtedly be necessary to provide alternative employment. The Committee appointed to draft a resolution on Rationalisation might consider this aspect of the problem.

The N.P.C. then reverted to a consideration of resolution No. 7 as recommended by the Rural and Cottage Industries Sub-Committee. There had previously been a great deal of discussion over this and it had been passed over. Many members pointed out that they would like to have full data in order to consider this recommendation. It was ultimately resolved that this resolution be sent back to the Sub-Committee, so that they might amplify it and give full figures and particulars. It should be considered in relation to the norms of progress laid down by the N.P.C. The resolution sent back for further report was as follows:

"Considering the appalling poverty and helplessness of the people in the villages, on the one hand, and

the vast amount of unoccupied time available for useful employment on the other, industries concerned with the satisfaction of the primary needs of the rural population, e.g. manufacture of clothing, processing of food articles for the pursuit of which the people are equipped by long tradition, which engage large numbers at present, and which are capable of affording employment to much larger numbers, should be organised and developed by the State, as cottage or rural industries.

"The national plan should provide for the adoption of all measures necessary for relieving these cottage and rural industries from the stress of competition, and for facilitating the expansion of such industries to the desired size, while providing a living wage to the workers engaged in these industries".

QUESTIONNAIRE ISSUED BY THE RURAL AND COTTAGE INDUSTRIES SUB-COMMITTEE

Information regarding the Present Position of Cottage and Small Industries.

1. What are the principal indigenous cottage and small Industries in your Province or State?

2. If there are any centres in your Province or State having special handicrafts or small industries please mention their names and also state the approximate number of families or persons employed in each industry at such centres.

3. What are the handicrafts and small industries in your Province or State which were once in a flourishing condition, but which have now disappeared completely or to a large extent?

4. Which handicrafts and small industries in your Province or State are severely affected by the competition of the large scale industry, whether Indian or Foreign?

5. Are there any handicrafts and small industries in your Province or State, which find a market (a) outside the Province or State and (b) in foreign countries?

6. How do the cottage workers and handicraftsmen generally obtain the necessary finance and on what terms?

7. How do they get their raw materials and how are their finished products marketed?

8. Have any efforts been made to organise the existing cottage industries on a co-operative basis either for one or more of the following :

(a) Financing.

(b) Buying of raw materials.

(c) Selling of finished products.

(d) Installing improved processes and plant.

9. What is your opinion regarding the success of efforts made so far in this direction and what are the main difficulties in the way of co-operative organisation of these small-industries for various purposes mentioned above?

10. What is the average income of a person engaged in each of the principal cottage or small-industries? Please state whether the labour of the family members is included in earning this income.

II. Development of Cottage and Small Industries.

11. What existing or new cottage industries and small industries could be developed in your Province or State?

12. Please state in detail what measures would be necessary to develop existing cottage industries and handicrafts or to start new ones for which there are facilities in your Province or State?

13. What industries are in your opinion particularly suitable for being organised on a co-operative basis in your Province or State?

14. Do you accept the principle that certain cottage industries may have to be helped and protected by the Government from competition by large scale industry, Indian and foreign, in the larger interests of the nation as a whole and in order to prevent the upsetting of the economic balance of the nation?

15. In case of which cottage and small industries do you think it is necessary to restrict the competition of large scale industry in order that these industries may be safeguarded and developed?

16. What steps would you suggest to secure wider markets for the products of the cottage industries?

17. Do you know of any malpractices either in manufacturing or marketing which hamper the progress of the cottage industries? If so, please state them in detail.

18. What improvements would you suggest in the products of various cottage industries either in respect of design, quality or workmanship and in the technical equipment and process of these industries?

ALL-INDIA VILLAGE INDUSTRIES ASSOCIATION

Village Industries Questionnaire

I. Industry.

1. What are the industries in the village? (e. g. gin, oil-mill, flour-mill, rice-mill, dairy, sugar crushing, brick & tile-making.)
2. What are the old and indigenous industries? Which of them have been abandoned and why?
3. What artisan classes are there? Are carpenters and black-smiths paid in cash? What is their condition at present?
4. What kind of articles are imported into the village? Is it possible to manufacture any of them in the village itself or in the surrounding districts?
5. Are there any Chamars? Do they skin dead animals? What do they do with the skins and the bones?
6. Are there any spinning wheels working in the village? How many? Are any carding bows working? How many? Is there any professional carder? How many looms are there? How much hand-spun yarn is woven and how much mill-spun yarn and what quantity of cloth is produced? Where is the cloth sold?
7. What work is done by menials of the village? What are they paid? What is their condition?
8. What occupation do the 'untouchables' follow? Do they get enough work? What is their condition?
9. What facilities are there for their water supply?

II. Market.

1. How do the farmers dispose of their produce? Who are the purchasers? How is the price fixed? If produce is given as a payment of debt, does the farmer get proper value for it?
2. Is there a local market? If not, how far is the village from the nearest market? Does the far-

mer go there to sell his produce or does the purchaser come to the village therefrom?

3. How much of the proceeds does the farmer get—the whole or subject to commission?

4. What are the means of transport available to the farmers?

5. Are there any retailers in the village? How many? What do they deal in? Do they allow any credit? Give the disadvantage of credit purchases.

6. Are there any fairs which help in the exchange of goods?

III. Miscellaneous.

1. General health and cleanliness of the village.

   (a) Disposal of night-soil, urine, vegetable and other waste, carcasses, bones, etc.

   (b) Storage of manure.

   (c) Number and condition of wells for drinking water.

   (d) Are there any tanks? Whom do they belong to? In what condition are they?

   (e) How far is the nearest river from the village?

   (f) What medical help is available? Which are the most prevalent diseases?

2. Is there any school in the village? To what stage does it teach? The number of pupils, number of teachers; annual expenditure of the school. How is it met? Where and how is the school housed?

3. Is there any liquor shop within the village limits? Quantity of liquor sold. How many are habituated to taking opium?

4. What are the means of transport. How far is the railway station from the village? How far is the pacca road? What is the condition of the roads in the village site? Possibility of constructing pacca roads in the village? What has been the effect of bus service and railways on the village

conditions? What postal facilities are available for the village?

5. Are there any stud bulls or male buffaloes? What use is made of calves? Are there any pasture lands? Is the grazing available less than before? What is the arrangement for treating cattle diseases?

6. What is the average of births and deaths in the village during the past five years? What is the infant mortality?

7. Has the village suffered during the past ten years from calamities such as famine, flood, frost, locust etc? How have the people withstood these calamities?

8. During the past ten years, how many families have gone away from the village? Where and why?

9. Is there any village fund? How is it managed? What are the local rates in the village? Are there any caste Panchayats? What are the occasions for mutual co-operation? How do people co-operate among themselves?

10. How many public buildings, e.g., temples, mosques etc. are there in the village? What use is made of them? How are they maintained?

11. What is the burden thrown on the village by astrologers, fakirs, etc.?

12. Should the Local Board spend money on pucca roads, schools or wells? What has been spent by the Local Board or the Government on these in the past 10 years?

13. What will be the annual expenses an adult would require according to the general standard of living prevailing in the village?

ANSWERS TO THE QUESTIONNAIRE OF RURAL AND COTTAGE INDUSTRIES SUB-COMMITTEE, FROM THE DIRECTOR OF INDUSTRIES, BIHAR.

1. A list is placed below.

2. Special handicrafts like 'Bidi' work of Purnea, Gun-making of Monghyr and fancy pottery of Siwan have practically died out in the absence of patronage and due to competition with machine made articles. There are a few families, making 'Tikkies' (ornament for forehead) in Patna City and a few weavers in Bihar weaving Dacca muslins and saries.

3. Defunct industries: The following industries are reported to have died out or are dying out mainly on account of the competition from machine made articles and other cheap substitutes which are either produced locally or imported from outside. Lack of public patronage is also responsible for the disappearance of these industries.

Hand ginning and spinning of cotton, jute spinning and weaving, carpet weaving, tassar rearing, reeling and weaving, manufacture of salt petre, production and dyeing of indigo and "Al", tanning, paper making, bell-metal work, manufacture of sugar on cottage industry basis, wire-drawing, making of "badla", "chamki" etc. and glass blowing of Patna City, iron smelting by "Santals" & "Gols" and "Zardozi" and "Bidri" work and "naicha" making in Purnea district.

4. The principal industries carried on by individual workers in their cottages on a small scale are given in list enclosed. Practically all of them have to face strong competition from large scale industries. The hand weaving industry has a constant struggle against mill competition. But it has fortunately managed to exist although the weaver gets a very poor return for his labour. The tassar silk industry is hard hit by the importation of cheap artificial silk. Boot and shoe making is fast disappearing on account of the competition it has to meet from the well organised firms as that of "Batas." There are increasing imports of rubber and celluloid toys, buttons, and tinsel articles from Japan. Foreign cutlery is replacing the indigenous cutlery. The gur-making industry is also having a precarious existence.

5. Bihar handmade art textiles, both cotton and silk were sold, till the outbreak of war, in Europe, New Zealand and America through the Department of Industries. The sales of these goods during the last two years were as follows :—

	1937-38	1938-39
	Rs.	Rs.
Europe	41398	31044
New Zealand	45691	29931
America	4131	—
	91220	60975

Lac is largely exported to America and Europe besides to the other provinces and the export of the same for the last 3 years is given below :—

1936-37	..	779,216 mds. (includes figures for Orissa).
1937-38	..	539,127 mds.
1938-39	..	587,201 mds.

6. Financing is generally done by local "mahajans" "arhatdars" and merchants, and the rate of interest varies from 12 to 18 per cent. There is no system of advancing loans against stocks of manufactured articles.

7. The Cottage workers and handicraftsmen get their raw materials from local dealers or "Banias" who buy the same from merchants of large towns and cities. Generally the cottage workers sell their products to "arhatdars" and direct to the consumers in local "hats." The markets for the products of the cottage industries in this province are mostly within the province. The department of Industries, All India Spinners' Association and a few private merchants market these products in other parts of India and in foreign countries as well. But this business is comparatively very small.

8. Efforts made in the past to organise societies among the cottage workers invariably failed. There are at present 7 weavers' "production" societies financed either by the Central or Provincial Co-operative banks.

These are supplied with raw materials by the Government Marketing Organisation which also undertakes to supply them improved appliances and market their production.

9. The artisans are not sufficiently enterprising and educated to undertake and discharge the heavy responsibilities of financing and marketing. Unless they are trained in co-operative principles, they cannot be expected to organise themselves for co-operative work.

10. The average income of a family engaged in different industries varies from -|4|- to Re. 1|- per day depending on the type of industry and market prices for their products. While a basket maker can hardly earn a couple of annas a day, a tailor or a silver-smith earns as much as Re. 1|- to Rs. 1|8|- per day. While the income of a wage-earner under an employer is almost steady throughout, the year, the earnings of a cottage worker vary considerably. Very often he is found to remain idle either due to absense of markets or want of working capital. For this reason, a large number of cottage workers have given up their ancestral trade to work in organised factories, coal mines or tea gardens.

10A. The cottage industries do not generally suffer on account of transport difficulties. Their markets are mostly local.

11. As Bihar imports about 8 crores worth of cotton cloth the local hand-loom industry is capable of considerable development. Surely there is scope for improvement of silk and wool industries, as necessary raw materials are available and markets exist within the province. As over 40,000 acres of land are cultivated for production of castor seeds, eri rearing and spinning can be profitably introduced among the agriculturists and their income can be increased by nearly half a crore of rupees 3½ lakh maunds of hides and skins are now exported in raw condition. These could be converted into leather if tanning industry is organised on cottage industry lines as in Madras. Although 2½ lakh maunds of bones are exported, much of this raw material is being wasted. A profitable bone-crushing industry could be introduced and the output could be utilised locally to enrich the soil. There is scope for development of pisciculture and fishing in rivers and "jheels". As sugarcane is very largely grown, manufacture of sugar on cottage industry basis can be easily developed.

In addition to the existing cottage industries, there are a few more which can be introduced in Bihar with advantage. The indigenous paper-making industry can be easily revived provided a market is created for the product. It is however rather difficult to do as the handmade paper does not compare favourably with machine made paper either in cost or quality. For the manufacture of matches, we might exploit our resources in cheap bamboo. Linseed straw which is now being burnt as fuel can be converted into cottonised flax. Manufacture of glass bangles, chimneys and bottles, porcelain or Chinaware, bone and horn buttons, guts for surgical and sports goods, perfumery, hair oil and cosmetics are other new small scale industries recommended for Bihar.

12. The following measures are suggested to protect the existing industries and to revive such of the old industries as have the possibilities of competing successfully with factory industries :—

(i) With a view to enable the cottage workers to carry on their hereditary trades in competition with the well-organised and powerful factory industries, either of this or foreign countries, protective duties both import and excise should be imposed by the Central Government after proper examination. Sale-taxes should also be imposed by the Provincial and State Governments for the benefit of indigenous cottage industries.

(ii) Advertising and Marketing organisations should be started by the Provincial Government for each of the following groups of cottage industries under the charge of an expert for each (1) Textile industries, (2) Wood working industries (3) Metal industries, (4) Ceramic industries, (5) Tanning and leather manufacture and (6) Chemical industries.

While marketing the products of various industries, these organisations will try to (1) cheapen the cost of manufacture by introducing improved appliances and methods of work, (2) improve the designs and quality of the products, (3) give wide publicity to the products of cottage workers through advertisements and exhibitions, and (4) form Co-operative "production" societies of artisans.

(iii) Teaching institutions should be started only when the demand for trained artisans and organisers of

cottage industries is created. Improved methods of work will have to be introduced among the adult artisans through demonstration parties.

(iv) The financial and other assistance should be given to cottage industries under the 'State Aid to Industries Act' and through co-operative institutions.

(v) The Provincial and State Governments should carry on intensive propaganda to educate the public in the advantage of buying and using the products of local cottage industries and also purchase their own requirements from the cottage workers.

13. The following industries are suitable for being organised on a co-operative basis in this province :—

Agricultural Industries :—Paddy husking, flour milling, oil pressing, gur making and dairy farming should be organised, to some extent with a view to market a part of agricultural produce in towns and cities.

Hand weaving, silk rearing, tanning, leather work, carpentry, brass and bell metal manufacture are some of the important cottage industries that can be organised on co-operative lines.

14. Yes.

15. (1) Hand weaving of cotton goods against cotton mill competition.

(2) Manufacture of lac against the synthetic product,

(3) Indigo industry.

(4) Manufacture of saltpetre.

(5) Manufacture of boots and shoes against the organised factories, both local and foreign.

(6) Village agricultural industries against rice flour and oil mills.

(7) Manufacture of "Khandasi" sugar against the product of sugar mills.

16. Vide replies to question No. 12.

17. The following mal-practices are said to be the main causes that have hampered the progress of cottage industries in this province.

(1) Adulteration of ghee, oil, flour etc. while manufacturing and marketing.

(2) The use of inferior and cheap raw materials such as artificial silk and mercerised yarn in the place of real silk, lead and zinc for tin, cardboard for leather, iron for steel, bamboo for canes etc.

(3) Short weights and measures, and short reeled bundles of yarn used by handloom weavers.

(4) Incorrect marking of sizes, weights and descriptions on manufactured articles.

18. It will take considerable time and labour to answer this question, as there are several cottage industries requiring various improvements in manufacturing. This question is however answered in respect of hand weaving which is at present the largest cottage industry of India. The existing crude and laborious methods of warping, winding, and sizing are to be replaced by labour-saving ones and in the place of four processes, viz. winding, warping, sizing and weaving only two namely (1) winding of sized hanks of yarn, and (2) sectional warping on weavers' beams or drums are to be introduced. The primitive looms are to be replaced by pit fly shuttle ones fitted with take-up motions. Dobbies and jacquards are to be employed for weaving improved designs. The use of improved looms and long warps alone can reduce the cost of hand weaving by half. The weavers are to be trained to use modern fast dyes and to dye a variety of shades of colour required for the creation of chaste designs . The woven cloth will have to be bleached and finished so as to make it attractive. Mercerising of handwoven cloth will improve the appearance of the latter and its weaving qualities.

LIST OF INDUSTRIES

I. Agricultural Industries :—

1. Husking of paddy and pulses. 2. Grinding of wheat and other cereals. 3. Oil pressing or crushing of oil seeds. 4. Gur and sugar making. 5. Preservation of fruits and vegetables and preparation of pickles, "Baris", condiments etc. 6. Tobacco curing. 7. Manufacture of Hooka, "Tobacco" and Snuff, "Zarda", "Sukha" and "Biri" making. 8. (a) Dairy farming. (b) Rearing of live-stock. (c) Poultry farming.

II. Textile Industries :—

1. Cotton ginning. 2. Cotton spinning. 3. Hand weaving of cloth and durries out of mill yarn. 4. Sericulture—(a) Eri rearing and spinning (b) Tassar rearing. 5. Wool shearing, spinning and weaving. 6. Jute spinning and weaving. 7. Rope making. 8. Weaving of palm leaf or bamboo mats. 9. Printing and dyeing. 10. Tailoring, embroidery, needle-work and knitting. 11. Hat, cap and turban making.

III. Wood Working Industries :—

1. Sawing. 2. Village carpentry. 3. Furniture and cabinet making. 4. Bamboo-work and basketry. 5. Making of tomtoms, carts, cartwheels etc. 6. Making of combs, toys and clogs, "Hookas"; "taklies", flutes, and other miscellaneous articles.

IV. Metal Industries :—

1. Extraction of metals from ores. 2. Village smithy. 3. Cutlery. 4. Electro-plating. 5. Manufacture of trunks, boxes, safes and steel furniture. 6. Brass and bell-metal work. 7. Gold and silver smithy. 8. Wire-drawing and manufacture of "Badla", "Chamki", "Salma", "Tabak", or gold and silver leaves, etc. 9. Making of cheap ornaments of alloys.

V. Leather and Allied Industries :—

1. Tanning. 2. Manufacture of foot-wear and leather goods. 3. Manufacture of fat and manure from dead animals. 4. Bone-crushing. 5. Horn-work.

VI. Ceramic Industries :—

1. Village pottery. 2. Brick and tile manufacture. 3. Manufacture of glass bangles. 4. Manufacture of stoneware and porcelain articles. 5. Washing of china clay. 6. Soft and hard stone and slate industries. 7. Manufacture of stone boulders, ballast, chips, etc. 8. Manufacture of lime.

VII. Chemical Industries :—

1. Lac manufacture. 2. Making of lac bangles. 3. Manufacture of dyes, ink, paints and varnishes. 4. Manufacture and refining of Salt-petre. 5. Soap-making. 6. Manufacture of catechu. 7. Manufacture of miscellaneous toilet requisites, such as "Alta", hairoil, scents etc. 8. Manufacture of indigenous drugs and medicines.

VIII. Other Industries :—

1. Printing and book-binding. 2. Making of "Tiklies" and tinsel articles. 3. Making of musical instruments. 4. Silvering of glass. 5. Button making. 6. Paper-making. 7. Manufacture of charcoal.

IX. Fishing and Pisciculture :—

REPLIES TO THE QUESTIONNAIRE OF THE RURAL AND COTTAGE INDUSTRIES SUB-COMMITTEE BY THE DIRECTOR OF INDUSTRIES C. P. (ABRIDGED)

Introduction.

A rapid survey of a few villages in each district of Central Provinces and Berar was carried out early this year by the Industrial Survey Committee under one of its terms of reference. No detailed information is, however, available as regards the important centres of cottage industries in the province nor are there available any statistics about the production of these industries or about the number of workers or families engaged in them. The replies to the questions Nos. 1, 2 and 10 are based mainly on the scanty information collected during the above survey.

Bidi-making industry which gathered its momentum from the Swadeshi movement of 1921 is one of the most important cottage industries of the province and is in a thriving condition probably because the workers are paid low wages.

Hand-loom weaving of mill and hand-spun yarn to produce coarse and medium cloth, of silk yarn and of mixed yarn, in spite of its being in a moribund condition, is still one of the most scattered but unremunerative, except for certain organisations, cottage industries of the province . Other industries which are also widely scattered, though to a less extent, and which narrate the same woeful tale are dairying, and poultry farming, pottery including brick and tile making, carpentry, blacksmithy, bamboo work and mat weaving, tanning etc.

Besides bidi-making, the other important cottage industries in regard to which the province holds distinctive position which is being threatened are the growing of oranges, the making of seed lac and shellac and the production of rusa oil from the motia and sofia grasses grown in the forests.

The cottage industries are followed mostly by persons who are still considered low in the social status and less-advanced but whose skill, particularly when considered in relation to their lack of education and training, stirs our admiration.

Question 1.

Definition of cottage and small industries :—

In what follows, a cottage industry has been taken to mean an industry which is followed at the home of the worker by him, mostly with the help of the members of his family. Cottage industries can be divided into two classes :—

1. Main i.e. the family earns its living solely by following a particular industry.
2. Subsidiary or auxiliary i.e. the family adds to its meagre income by following this industry.

A small scale industry is one which requires a small capital which is invested by one or more persons. Though they employ wage-earners to do the work either manually or with the help of power, they are in direct touch with every stage of production and distribution.

Detailed information about the location of the various cottage and small industries and the statistics about their output and the number of workers or families engaged in them are not available.

Conditions of various Cottage Industries in C.P.

I. Food Industries :

1. **Paddy Husking and dal splitting.** Paddy husking at home is followed to a very limited extent in the rice growing districts on account of the installation of mills.

2. **Flour grinding.** Even villages have got flour mills and the traditional method is fast losing ground.

3. **Oil pressing.** In the towns as well as in almost every large village there used to be oilmen (telis) who used to supply the demand in oil in their localities. This has changed considerably on account of the establishment of power driven oil mills and of the imports of cheap oil. **Ghanis** may still be seen particularly in villages remote from the towns but they are fast disappearing.

4. **Gur making.** On account of the imports of cheap gur from the neighbouring provinces and in view of this province not being a sugar-cane growing province, the industry is declining.

5. **Confectionery.** No factory either for making biscuits or for making chocolates, toffees or boiled sweets have yet been started in the province, and the confectioners in big villages and towns carry on their work for supplying local needs according to their old methods.

6. **Dairy.** The villages in the Saugor and Mandla districts produce large quantities of ghee, much of which is exported.

Poultry farming. Poultry (and also pigs) are kept in villages, particularly by Harijans. The greater number of fowls are found in hilly tracts and comparatively few in plains. The estimated number of hens including pullets in C.P. and Berar excluding 14 States, is about two millions. The estimated annual production of eggs is about 106 millions which works out at 53 eggs as an annual output by one hen.

7. **Fishing (Pisci-culture)** The Nerbudda, the Tapti, the Wainganga, the Mahanadi and their principal tributaries and a few tanks in Raipur, Bhandara and Nagpur districts provide fish which is usually consumed locally. In Bilaspur district there are about 200 tanks and the biggest fishing centre is Ratanpur where there is the "Khutghat Dam".

8. **Bee-keeping and honey-collection.** In certain regions wild honey is being collected, there being no api-culture as understood by the term. Only the All India Village Industries Association at Wardha has made some attempt to start this industry on a scientific basis.

II. Clothing.

1. **Ginning.** Hand ginning is not done in the province except by persons who grow a little cotton **(deo kapas)** for home use. All the other ginning is carried out in the ginning mills.

Hand-spinning and weaving. Hand-spinning and weaving has been revived by the Swadeshi movement and the anti-mill propaganda. Agents of the All India Spinners' Association and the Maharashtra Charkha Sangh are working to establish centres for the spinning of cotton and making of cloth.

2. **Weaving of mill yarn.** The weaving of mill yarn to make coarse cloth is carried on in almost every district of the province, though to a much less extent than before.

Saree weaving by hand-loom process is carried on at Nagpur, Burhanpur, Chanda, Mandla, Seoni, Bhandara, Betul, Lodhikheda (Chhindwara district), Pandhurna (Chhindwara district) and Chhindwara.

3. **Woollen kambals.** These are made by the shepherds who use the wool they get from their flocks of sheep they tend. This industry is carried on in a scattered manner in many districts of the province. The blankets produced are cheap, though not attractive looking, but have a great advantage in that they serve as rain-proofs.

4. **Seri-culture and spinning and weaving of tassar silk.** Sericulture is practised, though to a diminishing extent, in Bilaspur district. Imported silk yarn is used at Nagpur, Bhandara, Chanda and Burhanpur.

5. **Tanning, making of shoes and leather goods.** There are four or five small tanneries in the province employing about 400 people, one of them being at Raipur. This occupation is still followed by a large but diminishing number of **chamars** in the villages and towns. They are giving up this work in view of its becoming unremunerative under the present conditions.

6. **Making of indigenous dyes, dyeing and calico printing.** Red dye is still made from the roots of the Al plant at a few places.

III. Housing.

1. **Brick and Tile making.** The **kumbhars** are found practically in all large villages and towns and they supply the local needs.

2. **Limestone quarrying and lime-burning.** Limestone is mostly derived from Katni in the Jubbulpore district and is used in making quick lime.

3. **Carpentry including cabinet making.** Almost all big villages and towns have carpenters, those in towns being mostly engaged in furniture-making and house-making. The urban carpenters are most skilful in their work than those living in rural areas.

4. **Mat weaving and bamboo and cane work.** Mat weaving from the leaves of Sindi tree is carried on in few places.

Making of articles from "green" bamboo is carried on in many villages and towns, as the goods produced find a ready local market. This industry has become concentrated in particular areas where there has been demand from organised industries such as for baskets in mining (Balaghat, Bhandara and Chhindwara districts) and baskets necessary for the export of oranges (Nagpur district).

5. **Blacksmithy, tools and implements making.** Almost in every village there is a blacksmith who attends to the sharpening, repairing etc. of implements of the cultivator and makes during the off season axes, nut crackers, **tawas, khurpis** etc. Skilled blacksmiths are found in towns and make crude implements and cutlery.

In a village in the Buldana district a blacksmith prepares spring-cots, shelves etc. A small industry has been started at Chhindwara to make iron furniture such as camp and iron beds, shelves, racks, railings, sun-shades, watering cans, brass containers, copper heaters etc.

6. **Making of earthenware pots.** These are made by potters in all big villages and towns, particularly where there is a ready availability of good clay and fuel.

7. **Brass and metal wares.** Places noted for brass-industry in this province are Bhandara, Drug, Chichli (Narsingpur sub-division), Handia and Seoni Malwa in Hoshangabad district, Lodhikheda in Chhindwara district.

Bronze and bell metal. The bell metal industry is carried on at Mandla, Dhamda (Drug), Waraseoni (Balaghat district), Ratanpur, Champa, and Rajim (Bilaspur district) and Narsingpur. That of Drug, Waraseoni, and Mandla enjoys a good reputation and the wares made there are eagerly sought for. At Mandla, there are about 25 families engaged in this work.

8. **Carpet-making and newar-making.** These are jail industries at Nagpur, Jubbulpore, Amraoti, Raipur, Akola etc. and are also followed at such places as Akot, Ellichpur and Balapur in Berar, and Kiranpur in the Balaghat district.

9. **Rope making.** Although sunn-hemp and aloe fibre are available in the province in appreciable quantities, rope

making industry does not appear to have made any headway in the province, either in the villages or in the towns. The villagers use barks of trees as substitutes for ropes.

IV. Industries providing sundry necessities including amenities and luxuries:

1. **Toy making.** A large number of earthenware and a small number of wooden toys are produced by the village potters and carpenters respectively. Katangi is noted for its skilled wood carvers and Katni for its expert lacquer-ware-makers. The toys made at Marble Rocks, Bheraghat, from soap stone are exported to distant places. The once flourishing toy-making industry at Ratanpur in the Bilaspur district is now in a moribund state.

2. **Soap making.** Soap making by the cold and semi-boiled processes is carried on on a small scale in almost all towns to supply a very small part of the local demand for washing soaps.

3. **Gold and silversmithy.** Gold-smiths who also work in silver are found in all towns and in a few large villages.

4. **Lac (and also glass) banglemaking.** Lac bangles are made in towns and in some villages by a caste known as **lakheras.** Glass bangles of a crude quality are made at the following places :

Narsingpur sub-division, Barhiya, Basuria and to a small extent at Shahpur (one family) Chhindwara district. At Pandurna (4 families) and Mokhed (15 families).

5. **Paper making.** This industry has been revived at the head-quarters of the A.I.V.I. Association at Wardha and at Anji (Wardha district) by one of the old students of the Association.

6. **Bidi making.** Gondia is the chief centre in the province. Bidi making is the most important cottage industry of the province as it gives employment to a large number of people.

7. **Match manufacture.** One factory at Chanda and two in the Bilaspur district.

8. **Shellac making.** The shellac factories come under the Factories Act but the work is really on a cottage or small scale basis. The chief centre of shellac making is

Gondia where there are 13 factories employing about 2000 workers. There are also factories at Seoni (annual output 500 maunds) and in Janjgir and Katghora tahsils of the Bilaspur district.

V. Forest Industries.

1. **Lac culture including propagation and collection.** Lac culture is carried on in many forests of this province.

2. **Charcoal making.** Charcoal making is carried on in the forests of this province particularly in such districts as Jubbulpore, Mandla, Betul, Chhindwara and other districts.

3. **Katha making.** This is a minor forest industry employing only a few people because the **khair** tree is found only scattered in the forests of this province.

4. **Rusa oil.** This is an important industry of the province. There are two qualities of oil produced viz. (1) Palma Rusa oil from the sofia grass and (2) the ginger grass oil, which contains only 40 to 50 per cent of geranion from motia grass.

The annual production varies but the average for the last three years is estimated to be about 25 thousand pounds of which nearly 85 p.c. is exported to Bombay.

5. **Iron smelting.** This is still carried on in the forests by a class of people known as **'agarias'** in such districts as Mandla, Raipur, Chanda and Jubbulpore. The output is very small.

Question No. 2.

The industries requiring special mention are the following :

1. Bidi making,
2. Rusa oil.
3. Bell-metal and brass ware.
4. Shellac making.

Question No. 3.

The general causes which led to the decay of cottage industries of the province are given below and the names

of the industries which are now extinct or in a state of coma, follow :—

1. Changes in the needs and tastes of the people in view of the advent of British rule, the eventual dyeing out of traditional customs, the lack of adaptability on the part of cottage industries to meet the change. Hapless disregard of indigenous industries by the State in the 18th and 19th century and even earlier.

2. Increased facilities of transport (roads and railways) which have made a growing variety of products available in remote villages or to the villagers coming to towns or fairs.

3. Large imports of foreign goods, cheap, attractive and new fangled.

4. Manufacture of goods, formerly prepared in cottages or small units, in the mills at a cheaper rate in the country itself. (It must, however, be remembered that it is these mills or factories which have stemmed the ruinous influx of goods from foreign countries e.g. spinning and weaving mills, sugar mills, iron and steel works, vegetable ghee factories etc.).

Introduction of machinery which reduced not only the monotony of work but also the cost of production e.g. rice mills, flour mills, dal splitting mills.

5. Superior appearance of the mill product combined with its cheapness and easy availability.

6. Lack of State help, either functional or financial; the poverty of the cottage workers, their social habits and customs which hamper their work; scattered and unorganised condition of the cottage industries, lack of finance.

The methods of production of cottage workers were never inquired into in order to improve them in view of the keen competition of the imported goods or of those made in factories in the country. No industrial training in the improved methods was given to the workers nor were there provided any facilities for marketing.

7. Introduction of cheap substitutes e.g. in the case of dyes, ghee etc.; or of substitutes which though more expensive are more convenient and lasting e.g. brass, aluminium and cheap alloy pots and vessels for earthenware, corrugated sheets for tiles.

8. Slowness of the methods employed by cottage workers, lack of promptness in executing orders, and practice of adulteration.

The following are the industries which have suffered from one or more of the above reasons:

1. Paddy husking, dal-splitting, flour-grinding, oil pressing.
2. Gur making.
3. Hand spinning, ginning and weaving.
4. Wire and tinsel industry.
5. Making of indigenous dyes.
6. Toy making.
7. Glass making and glass bangle making.
8. Paper making.
9. Iron smelting and making of kheri.
10. Stone carving and inlaying.
11. Comb-making.

Question No. 4.

1. Bidi making, Bidis find a market in other parts of India, even as far as Burma. Quantity of exports not known.

2. **Horticulture** (orange gardens). Oranges are sent to almost all parts of India.

3. **Making of Rusa oil.** The oil from sofia and motia grasses (palma rosa oil and ginger grass oil) is exported principally to Bombay and in smaller quantities to other parts of India. Average export to Bombay during the last three years is about 20,000 lbs. annually. From Bombay the oil is exported to foreign countries.

4. **Quarrying lime stone and burning lime.** Quick lime is exported to other parts of the country.

5. **Bell metal ware.** The artistic wares from Mandla are supplied occasionally to other provinces and foreign countries like England and United States of America.

Question Nos. 6 and 7:

1. Borrowing at a high rate of interest; two pice to one anna per rupee per month, i.e. 37½ and 75 per cent respectively. Seldom is money lent at the rate of one pice per rupee per month i.e. at 18¾ per cent.
2. Buying the raw material on credit. The price charged in such cases is as a rule half an anna to one anna in the rupee more than the cash price. Cases of this kind may be found in the weaving of mill yarn, oil pressing, brass and bell metal wares, bamboo and cane work industries.
3. Getting the raw material from the merchant or dealer and handing him over the finished goods on receiving payment of an agreed wage or amount.

Marketing:—

The cottage workers sell their goods at their own houses when the customers call for them, by hawking at the evening bazaars, weekly markets and fairs, etc.

Question No. 8:

In a few cases where the co-operative organisation has been tried it has not been successful. A co-operative dairy has been, however, working satisfactorily.

Question No. 9:

If any degree of success, particularly from the point of view of the worker, is desired, the co-operative effort should be in all the four directions:

1. Installing improved plants and introduction of better processes.
2. Buying of raw materials.
3. Selling of finished products.
4. Granting of loans at low rates.

In the early years, the societies' work should either be managed or be closely supervised by the Government.

Causes of the failure of co-operative organisations:

1. Few of the people formed into co-operative societies understand the principles and significance of this course.

2. Mismanagement on the part of honorary workers.
3. Lack of or failure to exercise business acumen, as is present in private enterprise.
4. Failure to find a ready market for the finished goods of the kind and at the cost produced.
5. The indifference shown by the workers, once they begin to get a regular income, not because of laziness but on account of the monotonous nature and long hours of work. Every one looks forward to the use of labour-saving devices and neatness.

Question No. 10:

Average daily wages of cottage workers are as follows:

Oil man with ghani: -|4|- to -|6|- for one man and one woman per day.

Weaving Khadi: -|2|- to -|3|- per day.

-|8|- per day is paid by the All India Spinners' Assn. and Maharashtra Charkha Sangh.

Hand-loom weaving of mill-yarn:

90|- to 130|-	annually	(family income)
6|- to 7|-	p. m.	(,,)
-|5|- to -|7|6	daily	(,,)

Question No. 10A:

For most cottage industries, the provision of transport facilities runs counter to their interests in view of the influx of outside goods into their old preserves (markets).

Question No. 11:

There is scope for developing the following industries:

1. Paddy husking, dal-splitting, flour grinding and oil pressing.
2. Gur making.
3. Dairying.
4. Bee keeping.

5. Ginning, spinning, weaving, and weaving of mill yarn.
6. Seri-culture.
7. Tanning and making of leather goods.
8. Brick and tile making.
9. Bell metal industry.
10. Carpet making.
11. Rope making.
12. Toy making.
13. Soap making.
14. Glass bangle making.
15. Paper making.
16. Match manufacture.
17. Shellac making.
18. Rusa oil making.
19. Iron smelting.
20. Hosiery making including making of knitted garments.

Question No. 12:

In making the following suggestions, the primary consideration has been the encouragement of cottage industries **in their interests :**

1. The measure which strikes at once is that the State or an organisation under its close control should conduct these cottage industries, paying a living wage to the workers for their skilled work. In other words, the cottage worker should be provided with improved implements and processes and with all the necessary raw materials at his home. After he has made the goods, they should be collected and paid for at an agreed and fixed rate. The goods may be sold either through a Government agency or by an organisation.

2. Quotas may be fixed for cottage industries in certain categories of goods.
3. Imposition of a heavy duty, e.g. in the form of a Sales Tax on all mill-made goods whether produced in India or abroad, as has been done by the Bombay Government in the case of cotton piecegoods on which the tax is 6¼ per cent. Whether this will have the desired end, viz. encouragement of khadi, experience alone will show.
4. Payment of a bounty or subsidy to the cottage worker on the quantity and value of goods produced by him.
5. No new factories or mills should be started or the old ones extended without permission from the Government.
5. Investigation of cottage industries by unbiased observers under average conditions to find out the unit cost of production relative to that in large scale industries, e.g. comparison of the efficiency of the **ghani** with the expeller, of the **charkha** with the spindle, of the power loom with the handloom, of the Chakki with the flour mill. In those instances where it can be demonstrated that the cottage unit is as efficient, considered from the point of view of cost of production and wages, as the factory, the former must be encouraged.

Question No. 13:

It is generally believed that the production on a cottage basis is uneconomic and that the goods produced lack uniformity in many cases. Subject to these important considerations, the following industries may be considered suitable for being organised on a co-operative basis:

Paddy husking
Oil pressing
Dairying (also poultry farming)
Bamboo work and mat weaving
Toy-making
Making of ragpaper
Making of rusa oil
Flour grinding
Gur making
Weaving of mill yarn
Tanning and shoe making
Brass and bell metal ware
Rope making
Lac and glass bangle making
Match manufacture

Question No. 14:

The principle in question is unsound on economic grounds and on those of the vast progress that has to be made to meet the growing demands of finished goods in the country itself. Its acceptance at present to a limited extent is rendered necessary on account of the scattered nature of the population which has to depend directly or indirectly on agriculture. Agriculturists and farm labourers who have forced periods of unemployment must certainly be helped in the making of those goods which they themselves or their neighbours can consume. In bad years, this auxiliary occupation can become a gainful one to earn a living, with the necessary subsidy from the government, which, on its part, will be saved by the opening of relief works for the villagers.

Question No. 15:

An agreement may be reached under which the large scale industries shall refrain from making goods of a particular class or quality, which may be reserved for the cottage industries. (Foreign competition in this class of goods must, however, be taken into consideration). For instance, textile mills may produce cloth from yarns above 20 count. The rice mills shall dehusk only that rice which is to be exported (in polishing the rice, the mills are doing an anti-social work). The oil mills shall exclude one important class of oil seeds for being crushed in the bullock driven **ghani.**

Instead of imposing unfair restrictions which would amount to a deadweight, it would be better to gain the end in view by providing functional aid and the necessary subsidy to the cottage industries, it is intended to promote either as a measure of relieving unemployment or in a genuine belief that the production of a particular commodity on a cottage basis can be more economical than on a large scale. In our solicitude for the cottage worker, no unwise step should be taken that would deprive the country of what little it has by way of organised means of production and of the employment provided therein.

Question No. 16:

In order to create the necessary demand, a number of methods suggest themselves, though the practicability,

the desirability and the effectiveness of some of them are open to question :—

1. Making the goods cheap, of standard and uniform quality, of superior appearance; adapting them to the changing needs and modes, and effecting improvements in design and quality.
2. Appeal to the people to patronise only cottage goods and to discriminate against (boycott) mill-made goods.
3. Increasing the price of mill-made goods considerably by the imposition of rates and taxes. It is doubtful how far those who consume the articles of common use will submit tamely to have the prices increased by these arbitrary means.
4. Establishment of Commercial Museums;

Question No. 17 :

1. Practice of adulterating vegetable oils, ghee, milk, honey.

Soap making :—Addition of disproportionate amount of fillers;

Shellac making :—Adulteration with rosin was prevalent when the price of shellac was high. Now rosin is added in grades of shellac in which it is generally accepted to be present.

Making of Rusa Oil :—Adulteration with vegetable oil or kerosene oil has been reported.

REPLIES TO THE QUESTIONNAIRE OF THE RURAL AND COTTAGE INDUSTRIES SUB-COMMITTEE

by the

Director of Industries—Bengal.

Question 1.

The following is the list of cottage industries in Bengal:—

1. Bamboo basket manufacture.
2. Boat making.
3. Button & Combs making.
4. Brass and Bell-metal.
5. Cane Industry.
6. Black smithy.
7. Blanket making.
8. Carpentry.
9. Cigar making.
10. Coir making.
11. Conch-shell.
12. Cutlery.
13. Cotton Embroidery.
14. Cotton ginning & spinning.
15. Fishing nets.
16. Gur making.
17. Hat making.
18. Horn Industry.
19. Hosiery Industry.
20. Hooka making.
21. Jewellery.
22. Lac Industry.
23. Leather Industry.
24. Locks.
25. Match Industry.
26. Mat making.
27. Oil pressing.
28. Handmade paper industry.
29. Pati making (straw mat).
30. Pottery.
31. Rope making.
32. Shoe making.
33. Soap making.
34. Spinning (fibre).
35. Spinning (jute).
36. Sugar.
37. Tanning.
38. Umbrella Industry.
39. Weaving (Cotton).
40. Silk weaving.
41. Jute weaving.
42. Mukta weaving.
43. Tape Newar.
44. Tassar weaving.

Question 2.

Special Handicrafts of Bengal.

Name of Craft	Centres	No. of people engaged	Value of production (Annual) Rs.
Conch-shell	Dacca.	800	4,50,000
industry	Palong, Dacca. (Baliadanga	40	9,000
	Kutubpur) Nadia	300	1,00,000
Button-making (Mother-of-pearl)	Dacca	2,200	70,000
Hand-made Paper	Arial, Dacca	15	1,800
	Patiya, Chittagong	80	2,000
	Kendapara, Pabna	100	3,000
Brass and Bell Metal	Kagmari Mymensingh	300	2,52,000
	Dhamrai, (Dacca)	600	12,96,000
	Palong-(Faridpur)	750	1,25,000
	Khagra-(Murshidabad)	315	1,70,000
	Sadhanpara (Nabadwip)	247	1,20,000
	Dainhat-(Burdwan)	120	1,70,000
	Kharar,- (Midnapore)	1200	4,90,000
	Vishnupur-(Bankura)	525	6,20,000

Question 3.

(a) Dacca Muslin Wear.

Causes of Extinction.

(i) Disappearance of old aristocratic families and royal courts which encouraged such goods.

(ii) Demand fell off owing to the importation of cheap goods.

(iii) Gradual decline in the technical skill of workers.

(b) Ivory goods.

Causes of Extinction.

Many cheap products made of artificial materials like celluloid, ivory nut etc. came into the market and hence the demand for genuine ivory products has practically disappeared.

Question 4.

Cottage industries affected by large scale industry:

(a) Handloom Cotton weaving.
(b) „ Silk „
(c) Cutlery industry.
(d) Handmade Paper.
(e) Laundry Soap making etc.

Question 5.

Industries, the products of which find market in other provinces and countries :—

1.	Button industry. (Horn and Mother of Pearl).	Burma, U.P., Bihar and Assam.
2.	Handloom Weaving.	Bihar, Orissa and Assam.
3.	Cutlery.	Bihar, Orissa and Assam.
4.	Washing Soap.	Bihar, Orissa, and Assam, Burma, U.P.

Question 6.

The majority of cottage workers are very poor and cannot invest any capital in obtaining raw materials. They

have therefore to depend on the Mahajans for the supply of raw materials. Very rarely do they take cash advances for purchasing raw materials, but as the Mahajans themselves are traders they advance raw materials to the cottage workers to be fashioned into finished products. They pay only bani (charges) on a quantitative basis, often varying the rates according to the qualities and types of goods fashioned by the workers. Bani is a sort of wage but it is a bit different from wages paid to hired labour. Bani is a charge that is received by owners of family factories from the mahajans for the quantity of finished wares they can offer in exchange of an equal quantity of raw materials from them. It is therefore interrelated with the receipt of raw materials for it is so graduated, (at least it is so claimed) as to make allowance for the wastage of raw materials involving in the process of manufacture. Wages on the other hand is the ordinary remuneration on a time basis that is received by the hired workers.

Apart from advancing raw materials in this manner the Mahajan lends funds in cash also in order to assist the workers in carrying on their industries and more often in meeting their everyday requirements. As the workers cannot earn enough to have some surplus funds to liquidate debts they are always in debt and their indebtedness goes on increasing with years. The excessive rates of interest exacted by the Mahajans are to a large extent responsible for this perpetual indebtedness of the cottage workers.

Question 7.

Although in the cases of all cottage industries raw materials are supplied by the Mahajans as stated in the reply to query No. 6, the workers in some cases purchase raw materials themselves. But their number is very small and even in their cases most of them obtain the necessary funds for such purchases as loans from the Mahajans. Cooperative organisations are nonexistent in most of the industries. It is only in handloom cotton and silk weaving, leather and cotton rearing that a number of cooperative societies have been working. But judging from the volume of business handled by them, it cannot be said that they are working satisfactorily.

As regards the method of marketing, the Mahajans control and manage the major portion of marketing. They either have their own selling depots through which the finished products are disposed of or they serve as the agencies of distribution of such products. It is very rarely that the workers themselves market their finished goods except in the local markets easily accessible to them.

Question 8.

For all these functions efforts have often been made to organise co-operative societies, but more often than not they have proved abortive. The results of such efforts may be illustrated by the following accounts :

Industry	Total no. of cottage industry workers engaged in the industry (approximate)	No. of members of cooperative production and sale societies (1937)
Handloom cotton weaving	2,50,000	5,705
Cocoon rearing	79,000	1,158
Cocoon reeling	5,500	14
Blacksmiths and other workers in iron	42,000	231
Workers in leather	9,000	231
Manufacture of sugar and molasses	4,000	1,036
Pottery and earthenware	46,000	30

Question 9.

The chief handicaps to the success of cooperative organisations among cottage industry workers are :—

(a) The hostility of the mahajans.

(b) The individualistic outlook of the workers.

(c) The ignorance and conservative traditions among the workers.

(d) The extreme poverty of the workers so that they are left without no surplus earnings.

Question 10.

The average income of a cottage industry worker ranges from Rs. 7 to Rs. 20. It varies from one industry to

another but generally the lowest income of a worker ranges from Rs. 7 to Rs. 10 while in certain industries a highly skilled hand is known to earn even Rs. 40 a month. The estimate of average income applies both to family workers and wage earners.

Question 11.

The following cottage industries have good prospects of development under efficient management.

(a) Handloom cottage weaving.

(b) Handloom Jute weaving e.g. carpets.

(c) Handloom wool weaving e.g. blankets, carpets etc.

(d) Cutlery.

(e) Glazed pottery.

(f) Toymaking with wood, clay, tin, paper pulp.

Most of the raw materials necessary for these industries are available in Bengal or within India.

Question 12.

In order to assist the cottage industries to successfully compete with machine made goods imported from abroad the following measures may be adopted :

(a) Adequate publicity for the indigenous goods through museums, exhibitions and emporiums.

(b) Financial assistance to the cottage workers in the shape of cash or raw materials.

(c) Adequate marketing organisations.

(d) Technical assistance by experts of the Department and by the supply of new designs.

Question 13.

Cooperative organisations are suitable for all categories of industries.

Question 14.

Such a principle may be considered only in the cases of some specific industries like handloom cotton weaving

including Khadi, which are carried on by a large number of people and can compete with mill industries if only better marketing facilities and better productive technique can be secured to them.

Question 15.

Vide reply to 14.

Question 16.

By better publicity and adoption of designs to suit changing demands in different provinces.

Question 17.

The malpractices that may be particularly mentioned are :

(a) High rate of interest exacted by the Mahajans. As the cottage workers do not come within the meaning of the Agricultural Debtor's Act they cannot claim relief from their indebtedness. The high rate of interest therefore operates hardly for the cottage workers.

(b) In many towns where municipalities exist, very often the cottage workers are made to pay a trade licence fee at a flat rate. As their earnings are very small the rate becomes a veritable burden on cottage industries in comparison with other trades and professions.

Question 18.

In the cases of most of the cottage industries the scope for improvement in technical equipment is not very large though in such industries as handloom weaving, button making, cutlery etc. improved appliances may save labour and conduce to greater efficiency in production. The need for the introduction of better designs and patterns in order to conform to changing demand is however much pressing.

NOTE BY THE REGISTRAR, CO-OPERATIVE SOCIETIES, MADRAS, ON THE QUESTIONNAIRE, OF THE RURAL AND COTTAGE INDUSTRIES SUB-COMMITTEE.

It is a well-known fact that Cottage industries though they form in bulk the most extensive occupation of the rural population next to agriculture, have been languishing for a variety of reasons. An analysis of the present condition of most of the industries shows that they suffer from one or more of the following disabilities or difficulties :—

(i) difficulty in securing raw materials, easily and cheaply;

(ii) lack of guidance in production in the matter of standard and design;

(iii) lack of capital;

(iv) lack of adequate marketing arrangements; and

(v) conservatism, unreliability and illiteracy of the cottage worker.

It has always been recognised that the most suitable agency to tackle the problem is the co-operative society and that the question of organising village artisans on a co-operative basis for purposes of credit, for the purchase of raw material and marketing should be considered by both the Departments of Co-operation and Industries. Technical education and co-operative organisation are the means by which the smaller industries can try to hold their own in the midst of intensive competition from machine made things.

If Cottage Industries should thrive, state-aid is necessary at least in the early stages. But it is impossible for a Department of the Government to deal individually with the thousands of workers scattered all over the country, the State can give its help only to organisations of Cottage industries. For organising the Workers with limited means, there is no institution better fitted than the co-operative society run by the workers themselves. Besides passing on to the members whatever help the State may give, the society can finance them for carrying on their business, provide them with raw materials and efficient tools and also help them to market their finished goods.

It is no doubt true that the development of cottage industries on a co-operative basis is an uphill task, and no quick results can be expected in a limited time, however, the present time is very favourable for the revival of the cottage industries. I have already called for detailed reports from my Deputy Registrars on the position of the cottage industries in the districts which I have sent to you for offering your suggestions on the technical and industrial aspects of the industries concerned with particular reference to their survival value in the face of the competitive conditions created by modern industrialism. I hope it will be possible to draw up a programme of development of such at least of the industries on a co-operative basis as can be successfully put on their feet under these conditions.

As for the questionnaire, I wish to make the following observations on some of the questions relating to the Co-operative Department.

Question Nos. 8, 9 and 12:—

The first attempts at organising cottage industries on co-operative lines were made in the direction of starting weavers' societies in important weaving centres to supply the members of such societies with credit and to market the goods produced by them. But these societies did not work well till the formation of the Madras Handloom Weavers' Provincial Co-operative Society under the scheme approved by the Government of India for the utilisation of the subsidy given by them for the development of the handloom industry in Madras. With the formation of this society, a striking advance has been made in the direction of organising the weavers on co-operative lines. The Provincial Weavers' Society gives subsidies to primary production societies which now exceed 170, co-ordinates their activities, grants loan to them for the purchase of yarn and for payment of wages for their working. It has opened an emporium at Madras and sales-depots at several centres in the province for selling the cloth of the primary weavers' societies. During the year 1938-39 (1-3-38 to 30-6-39) the values of sales effected by the societies and in the depots amounted to Rs. 9.27 lakhs.

Excluding the weavers' societies there are a few other co-operative societies for the artisans, such as the Tiruppanyadu Button Manufacturers' Society in the North

Arcot District, Kondapalli Toy Manufacturers' Society in the Kistna District etc. which are doing useful work in a limited sphere.

From the experience gained so far, I find that it is necessary that a Provincial Organisation more or less on the lines of the Madras Handloom Weavers' Provincial Society should be set up to attend to the organisation, supervision and direction of the primary cottage industries societies in the Province and to the marketing and sale of their goods. The necessary staff should be employed by it to give advice to the primary societies on the up-to-date technique and processes relative to the industries in which they are engaged. Government help will be necessary for the successful working of the Provincial Society in the early stages of its working. The Co-operative Central Banks in the districts have been reluctant to finance these industries as the societies have no tangible assets to offer as security. I hope that when a Provincial Society on the above lines is formed and undertaken the supervision of the primary societies and the marketing of their goods, Central Banks will come forward to help the societies with the necessary finance.

Question 13.

As I have stated above, the reports received from my Deputy Registrar on the position of the cottage industries have been sent to you and I am awaiting your suggestions as to which of the industries can be organised on a co-operative basis. I cannot, therefore, express any opinion at present on the question.

Question 14 and 15.

Protection seems necessary in the case of the handloom industry. One of the grievances of the handloom weavers is that they are unable to compete with the mills in the open market as the mills also produce several varieties of cloth with yarn of low counts which are largely used by the handlooms. Recognising that this is a real grievance which has to be remedied, a suggestion has already been made as a result of a survey of the industry undertaken by the co-operative Department last year, that it is necessary to restrict the production of mill goods by imposing a condition that the mills should not use yarn of low counts below a specified limit. The survey referred

to above showed that out of the yarn consumed by the handlooms, nearly 50 per cent consists of yarn of 20 counts and below. It has therefore been suggested that yarn upto 20 counts should be reserved for the handlooms.

This is the barest minimum of protection which the handloom industry urgently needs. This suggestion is under the consideration of the Provincial Government.

It has also been suggested that a tax should be imposed on sale of mill made cloth to an extent which will itself offset the higher cost of handloom cloth in relation to mill-made cloth. The handloom industry needs to be protected in either of the two methods suggested above.

Question 16.

The establishment of the Provincial and the District Museums would go a long way to bring the urban consumer and the rural producer together. The following steps may also be taken :—

(1) Posters may be displayed in all the important Railway Stations.

(2) Wherever co-operative sale and other societies have put up godowns, the products may be exhibited and sold in such godowns. As many ryots will come to the godowns to store their produce, they will all come to know of the cottage industries products and this will stimulate the sales.

(3) The touring exhibition vans run by the Agricultural Department may also be utilised for advertising the products of cottage industries.

(4) Big shandies are held in some places in the province on certain fixed days in each week. The products may be exhibited for sale in such shandies.

(5) The officers of the various departments may during their tours bring to the notice of the ryots the existence of the cottage industries products.

REPLIES TO THE QUESTIONNAIRE OF THE RURAL AND COTTAGE INDUSTRIES INDUSTRIES SUB-COMMITTEE

by the

Director of Industries, Travancore.

Question 1.

1. The retting of cocoanut husk and the preparation of coir yarn therefrom. This is carried on along the backwaters from Chirayinkil (20 miles north of Trivandrum) north-wards to Vycom—a distance of about 120 miles. The making of cocoanut fibre mats and mattings. The chief centre is Alleppey. But the industry is carried on in nearly all the places where the retting and spinning of coir yarn in being conducted.
2. Hand spinning of cotton yarn and hand loom weaving. This is prevalent throughout the State, but is most popular in the South, particularly in the region south of the capital.
3. Carving in ivory, horn, wood; inlay work with ivory and metal. Centre—Trivandrum.
4. Manufacture of screwpine mats—mostly Karunagapally Taluq.
5. Manufacture of palmyrah mats—South Travancore.
6. Distillation of lemongrass oil—in North Travancore, round about Muvattupuzha.
7. Manufacture of jaggery from palmyrah juice—South Travancore.
8. Manufacture of cane jaggery from cane juice in Central Travancore.
9. Furniture making—wood and rattan—scattered throughout the State.
10. The milling of copra, laurel seeds and other seeds in country chuckis—throughout the State.
11. The making of earthenware pottery—for domestic utensils—Kottar, Earniel, Attingal.

12. The making of brass vessels—Kottar, Kayamculam, Vazhapally.

13. The preparation of quicklime from lime shells and limestone—throughout the State.

Question 2.

1. Lace and Embroidery—Nagercoil, Neyyoor, Mulgumud, Trivandrum, Changanacherry.

2. Embroidery and decorative work on screwpine, mats, bags, &c.,—Trivandrum.

3. Making of jewellery—silver, gold—throughout the State.

The Statistics of people engaged in these industries and of the volume of production are not available.

Question 3.

Nil.

Question 4.

1. Handloom weaving—both foreign and Indian mill made cloth.

2. The manufacture of jaggery—competition with refined sugar from India.

3. Milling of copra—owing to competition from Ceylon, the margin of profit from milling copra has fallen low and it is very badly affected. There is also severe competition from power driven mills.

4. Making of brass vessels. Competition from imported pressed vessels, of brass and of aluminium vessels.

Question 5.

Coir mats and matting—both Indian and Foreign markets which include Great Britain, Africa, Australia and Germany.

Coir yarn—as above.

All carved articles—India and various foreign countries.

Lemongrass oil—mostly to foreign countries.

Cocoanut oil—to British India.

Question 6.

The Cottage industry workers do not command any large finance. Except for the few who may invest their own money, the large proportion borrow at high rates of interest varying from 9 per cent to 12 per cent per annum. The Government also advance loans at low rates of interest (4 per cent.) payable in easy annual instalments. In many cases the raw materials are taken from the suppliers on credit, paying high interest.

Question 7.

Most of the raw materials are of local production. The workers purchase them from the producers direct. Imported raw materials are obtained from stockists either for cash or on credit.

The finished products are brought to a market of which we have many, distributed over the length and breadth of the State. The middlemen purchase the products from these markets. Sometimes these latter visit the workers in their houses and purchase goods from them. The middlemen take the products to the bigger towns where they are sold to the wholesale dealers who carry on export trade. The Government also have a Sales Depot at Trivandrum where the articles can be exhibited for advertisement and sale.

Question 8.

Just a few efforts have been made. Hitherto, the large majority of cooperative societies were credit societies. That feature is being gradually changed and of late a few societies have been registered to deal with purchase of raw materials, supervise production and marketing of products.

Question 9.

It is not yet time to pass any final judgement on the success or otherwise of these societies. The chief difficulty is to find people of character and standing who will voluntarily do this work, without placing their self before the interests of the society.

Question 10.

The average income in the coir industry will be about 4 annas. In hand loom weaving it is about 3 annas. The wage earners in the coir factory industries get from 5 annas to 6 annas and for skilled work they may get as much as 12 annas. But such people are few. The operatives in the cotton factory get about 6 annas.

Question 10A.

There are hardly any difficulties of transport. The bullock cart and vallom (a small boat punted with a pole) are the chief vehicles of conveyance—the charges for these are very low indeed. Most of the products from the cottages are carried as head loads to the neighbouring markets.

Question 11.

The hand loom and hand spinning could be further developed and improved. The lacquer industry which is being introduced is having a good future before it. The production of ivory and carved articles can be made to have bright prospects if new modern designs and patterns, pleasing to the modern tastes are introduced. The artisans are skillful enough to carry on any work, provided the way is pointed out to them, but in the matter of ideas, they are far too conservative and stick to the ancient conventions and types.

Question 12.

Measures for giving facilities for commanding finance —the worker must be above want, and should not be worried about the resources for purchasing his materials and paying the few that may be under him. Very often it happens that he has to sell at whatever price they may fetch, the articles he makes, to purchase the raw materials for the next production and pay his workers who may not go to him the next day for work if he defaults payment. Measures for collection and marketing of goods are very urgently needed. If the marketing of goods at reasonable prices can be guaranteed, the artisan can work without much apprehension. To facilitate marketing, standardisation of goods is absolutely essential. The worker is also to be taught the advantages of doing genuinely good work, always up to the samples, of keeping to his

work in regard to supplies at the proper time, probity in business transactions. There should also be an agency along with the marketing agency, to keep in touch with the requirement as regards likes and dislikes of customers, and also to introduce and popularise novel and attractive designs, patterns, etc.

Question 13.

Almost every one of the industries mentioned under 1, can be organised on a co-operative basis—particularly the coir industry the hand loom industry, the screwpine and palmyrah mat industry and the brass vessels industry.

Question 14.

Yes.

Question 15.

Hand loom industry, the jaggery industry.

Question 16.

Vide 12.

Question 17.

In the coir industry, the inferior yarn is mixed with superior mats and matting. In the milling industry sometimes cheaper oils are mixed with more costly oils.

Question 18.

Vide 11 and 12.

REPLIES TO THE QUESTIONNAIRE OF THE RURAL AND COTTAGE INDUSTRIES SUB-COMMITTEE

by the

Director of Industries, Mysore.

Question 1.

The folllowing are the principal indigenous and small industries of the State:—

Cotton Weaving on Hand-looms:—Hand-loom weaving ranks next in importance to agriculture and is one of the oldest industries of the State. It is estimated that there are at present about 30,000 weavers with an equal number of looms (each weaver having one loom on an average) engaged in the weaving of fabrics of cotton, silk and wool. The annual production of these fabrics amounts to about a crore of rupees. Nearly 25,000 of these looms are used for cotton and silk weaving and about 5,000 for wool weaving, the chief of the products woven on these looms being Kamblies. Hand loom weaving in cotton is carried on in all the maidan districts of the State and nearly more than a third of this industry is concentrated in the Bangalore district. The fabrics produced constitute mainly saries, kiriges (saries of smaller dimentions for young girls) kanas in cotton or cotton mixed with silk, panches with or without silk border, duppatis, checks, vastras, tape and tent cloth.

Silk :—Sericulture is mainly practised as a subsidiary industry by a very large section of the population of the State. The several processes in this industry as mulberry cultivation, silk worm rearing, silk reeling, twisting, degumming, dyeing, warping and finally weaving afford spare time occupation and in the case of weaving full time occupation to a vast majority of the people of the State. The fabrics produced on the hand-looms in silk are kanas, saries, magutas, angavastras, and other types of articles. The silk produced in the State is now being used up in the Government Silk Weaving Factory and the waste silk produced, in the Mysore Spun Silk Mills at Channapatna.

Wool :—Next to cotton and silk, wool is an important textile raw material in the State. The chief producing areas for wool are Pavagada, Sira and Chikkanayakana-

halli in the Tumkur district, Holenarasipur and Arasikore in Hassan district and almost all the talukas in the Chitaldurg district. In addition to the available local supplies, raw wool is also imported in the State. Of the woollen fabrics produced on hand looms, Kamblies constitute the chief variety and these have a wide demand from all classes all over the State. It constitutes the staple industry of the Chitaldurg and the Mandya district and Hunsur in the Mysore district. The industry has been gradually declining and due to the efforts of the Department of Industries and Commerce which has started a Wool Spinning and Weaving Centre at Kolar, this decline has, to a considerable extent been arrested. With the introduction of improvement in design and textures much of the old demand for those kamblies has been revived. Dhavalis are the thinner type of kamblies which constitute the next important variety of the woollen fabrics of the State, are woven with or without borders and are exported to places outside the State. Ujju kamblies or blankets of the thicker type are made at Hunsur and Chikkanayakanahalli and are used as warm blankets.

Carpets are manufactured mainly in Bangalore at the Bangalore Central Jail and several other places.

Working in Metals :—Gold and Silver Smithy work is to be found practically in every village of the State. Gold, jewels, silver ornaments and vessels, etc., constitute the chief varieties of the articles manufactured. Hardware and Smithy are likewise to be found in every village. Agricultural implements and other articles of domestic use as frying pans and laddles are also manufactured. Due to competition from cheap machine made articles both local and foreign, the manufacture of these articles is being gradually abandoned. The Department of Industries and Commerce has been making continued efforts to resuscitate this important industry.

Musical Wire Drawing :—This industry is practised exclusively at Channapatna.

Working in Brass and Copper :—This is an important industry carried on a small scale in the State. The articles manufactured are generally the common household articles as vessels, plates etc. The industry is carried on at Magadi, Nagamangala, Srabanabelagula and Sitakal. Casting is mostly in Brass and to some extent in bell-metal.

Articles prepared from castings are images of the several Hindu Gods, forms of animals, lamps and candle stands, tumblers, bells, cups, etc. Brass working mostly in sheet metal is carried on at Srabanabelagula and mostly brass vessels are made. Copper vessels are also made from copper sheets.

Pottery :—Pottery is another important industry which occupies a very prominent position in the rural village economy . The raw material is locally obtained and the articles produced are vessels of various sizes and shapes, images, country tiles, flower pots, bricks etc. Large jars are also made for storing grains. Efforts are now being made by the Department of Industries and Commerce to rehabilitate and improve this industry.

Sandalwood carving, carving in wood and inlay work: This industry is peculiar to the Gudigar Community living in Sagar and Sorab in the Shimoga district. The articles made are of excellent workmanship and finish and have acquired a fine reputation all over. Inlay work—inlaying ebony and rose wood with ivory has been recently revived in Mysore mainly because of the efforts of the Department of Industries and Commerce made through the Sri Chamarajendra Technical Institute, Mysore.

Glass Bangle Making:—This is an industry which once flourished in the several parts of the State and is now in decay.

Carpentry :—This is also a very wide spread industry like smithy and pottery. The village carpenters engage themselves in the manufacture of several kinds of agricultural implements. Building materials and bullock carts are also manufactured.

Musical Instruments :—Musical Instruments like thamburi, veena and sitar are manufactured at Magadi in the Bangalore district. The Sitars are in great demand in Hyderabad. The other instruments are disposed of locally.

Lacquer Work :—Lacquer work is chiefly confined to Channapatna taluka in the Bangalore district. There is a regular Industrial school established by the Department of Industries and Commerce at Channapatna which imparts regular training in the methods of manufacture of lacquer ware, toys, etc. The chief raw material used in this industry is the "Hale" wood and a concession has been obtained

by the Dpeartment of Industries and Commerce for the supply of this wood from the State Forest at concessional rates to the workers. The toys and other articles produced have a wide fame and are in great demand all over.

Flying and Tanning:—Flaying and tanning of hides and skins is an important industry followed in several parts of the State from the past. After flaying, the hides are cured and tanned, thangadi bark (acacia ariculate) being used for this purpose. The methods followed are crude. The Department of Industries and Commerce has started Demonstration Centres for the demonstration of improved methods, etc. in the industry in several parts of the State. Tanning of red morocco is practised at Harihar and a fine soft kind of pretty red morocco is produced.

Oil Pressing :—Oil pressing is an industry which was practised all over the State by the Ganigas. Wood or Stone oil mills were being used for this purpose. This industry is now practically extinct, because of the advent of cheap Electric Power and mechanised methods of production.

Nakki and Gota manufacture :—This is an industry peculiar to Bangalore city and is practised by the Nakki weaver community who live in the city. The demand for these articles comes mainly from Mohmedans who use it for various purposes as stitching, bordering, etc. This industry has of late been declining and the Department of Industries and Commerce have taken effective steps to remedy the existing defects and to restore the industry.

Manufacture of Oodabathies :—This industry is practised on a small scale in several parts of the State.

The other industries practised on a small scale are rattan work, cotton twine and rope making, reed and coir mat weaving; coir rope making, namda making, manufacture of silk threads, dyeing, calico printing, etc.

With the advent of cheap Electric Power small industrial units as Flour Mills, Rice Mills, Rotary Oil Mills, Groundnut Desiecators, Pumping Press, Power Looms, etc. have come into existence in several of the larger cities and towns in the State.

Question 2.

Wide answer to Question 1.

Question 3.

All the rural industries mentioned in the answer to question 1 have suffered a general decline. The decline has however been more wide-spread and intense in the handloom weaving and the metal working industries. Oil pressing and Glass Bangle making have practically disappeared.

Question 4.

With the exception of the artistic industries like jewellery, carving, inlay work and others where the application of large scale methods of manufacture is not possible, and where the personal skill and attention of the artisans or the workers is essential, the other industry, enumerated in the answer to Question 1, can be said to be open to, and affected by such competition from large scale industry both within and outside the State. Handloom weaving, Sericulture, and the Metal Working Industry can be said to have been affected by such competition adversely.

Question 5.

The Silk, Cotton and Woollen fabrics produced on handlooms of the State are marketed in several places both within or outside the State but within India. The Woollen carpets and reggets produced and exported to the United Kingdom, the United States, and other foreign countries. The lacquered articles and toys manufactured at Channapatna, wood furniture, rattan and other sandalwood and ivory carvings, inlaid articles, etc., have acquired a high and wide reputation and command markets both within and outside India.

Question 6.

In the matter of finance the workers have, as is common to the other parts of India, resort to village money lenders. The terms and conditions that figure in these transactions are generally what they are in such matters elsewhere in India.

Question 7.

The several industries that have grown up and flourished in the State have been industries of more or less a very

local type, catering to the ordinary and daily needs of the rural population round about. These have an easy access to the raw materials which are in most cases obtained locally. The other industries which had an outside demand eitheir directly got the necessary supplies themselves or got it through the middlemen or agents.

The simple wares of these ordinary crafts are mostly in the local villages and in the near neighbourhood through the medium of the village shandies. As regards the products of the more developed industries as weaving, efforts are being made to organise marketing on a co-operative basis.

Question 8 and 9.

As the ordinary village credit societies could not finance the handloom weaving industry which is of a very great economic importance to the State, several special societies for weavers have been formed for supplying the members with the necessary credit requirements, purchasing and supplying to them the raw materials required, improved implements, appliances and tools and finally for arranging for the sale of their finished products.

The Committee on co-operation in Mysore of 1936 opine that "Unfortunately most of these special societies in Mysore are doing little, if any, work, and their condition as a whole can only be described as very unsatisfactory. Their number as well as Membership is steadily diminishing. Far from serving their original purpose they have degenerated for the most part into mere credit institutions for advancing small loans to weaver members, and even this function they do not always efficiently discharge".

The causes for the failure of these societies are reported to be many. Members are also reported to be not always loyal to their society. The entry of merchants into these as directors for furthering their own interests at the expense of the poorer members, is suggested to be another such difficulty in the way of the progress of these societies. These societies number about 62 at present.

The formation of the Central Society to overcome all the several defects and difficulties is under the active consideration of Government.

There were 17 Sericultural Societies in the State during 1937-38. The work of these societies is said to be

hampered by the inadequacy of funds and the lack of technical guidance and help. Measures are being devised for overcoming these handicaps.

The Industrial Societies in the State number about 67. These include societies for jewellers, for brass workers, etc.

The progress of the several kinds of these societies is mainly hampered by mismanagement and the absence of the true spirit of co-operation. The defects, etc. in the organisation found out after careful and elaborate enquiry are being gradually overcome and the true spirit of co-operation is being fostered by the persistent efforts of the Co-operative Department.

Question 10.

Nil.

Question 11.

The detailed note on Rural and Cottage Industries in the State furnishes the necessary information in this behalf. A copy of this note is herewith enclosed for reference.

Question 12.

Vide answer to Question (II).

Question 13.

It has been set out in the Report of the Committee on Co-operation in Mysore appointed in 1936, that the following industries may with advantage be developed on co-operative lines :—

> "Hand Spinning and weaving khadder, hosiery, needle work, carpet making, kamblies (out of wool supplied), sarees, mat making, basket making, rope making, making of leather goods, generally, the making of bangles, button manufacture, carpentry, cabinet making, making of country carts, iron tools and utensils, pottery, making of matches, apiculture, sericulture, butter making, pounding of paddy and rice, condiments and confectionery, coffee, and cardamon curing and sandalwood and ivory carving...."

It will be seen that almost all the industries enumerated in the answer to Question (1) are covered in the above list.

Question 14.

The principle is generally acceptable.

Question 15.

Such industries as may be regarded as Key Industries may be accorded such measures of encouragement and protection . Determination of the industries as belonging to the key type will be an important and difficult matter. They should be selected from among the many, proper attention being paid to the several due considerations. The magnitude of the industry, the place it occupies in the National Economy of the country—the number of people to whom it provides an occupation; the nature of the occupation afforded whether whole time or part time; whether it could be replaced by other alternative callings or whether it is indispensable to the existence and maintenance of those concerned with it—are some of the important considerations that should be given careful attention. So far as the Mysore State is concerned, hand-loom weaving is one such important cottage industry. It affords whole time occupation to a large section of the population of the country—a section which forms a community by itself. With the growth and spread of modern mechanised production the industry has been very adversely affected and the poor weaver thrown out of employment has been very severely hit. Sericulture is yet another industry which occupies a very important position in the rural economy of the country. It is a very important subsidiary industry in the rural areas in the State and is practised by every large section of the population including women and children. Owing to the competition from the cheap imported foreign silks, the industry has suffered a serious set back. These are the two important rural and cottage industries of the State which appear to merit such encouragement and protection.

Question 16.

This is a very wide problem. A thorough overhauling and re-organisation of these industries should be affected so that the existing defects may be eradicated and the

industry organised and run on more economic and efficient lines. The workers should be instructed in the adoption of improved methods of manufacture, use of improved appliances, adoption of new and attractive designs and pattern and to a certain extent standardise their products to render them easily marketable, without of course affecting the individuality of these products—so essential to them—in any serious manner. They should be given adequate and timely advise and assistance as regards technical financial and other matters. Marketing facilities should, wherever possible be created, and the products should be given constant and wide publicity. A bias in favour of these products should be created and public demand deflected from other channels.

Above all the workers should be taught to organise themselves on a co-operative basis specially in all matters concerning their industry.

Question 17.

Malpractices in manufacture as regards the Rural and Cottage Industry if at all, they exist only locally. The workers themselves are but truthful and simple minded people. As regards marketing many mal-practices do exist. In the absence of direct contact between the primary producers and the consumers the middle man as the agent or the wholesaler steps in, and is known in most cases to render disservice rather than a service to both the parties concerned . The common practices and dealings of such persons who cheat at both ends are matters of common knowledge and need no repetition.

Question 18.

Stating in general, the conservative nature of the worker should gradually be worn of by means of education and propaganda. They should be so trained in the industries as to be able to intelligently and quickly adapt themselves to the changing conditions and times—as regards the methods and type of production. The designs should be varied and attractive and the individuality of the product should be emphasised. A certain amount of standard isation consistent with the above principles, may if found suitable and advantageous, be also introduced.

INFORMATION REGARDING THE QUESTIONNAIRE OF RURAL AND COTTAGE INDUSTRIES SUB-COMMITTEE BY THE DIRECTOR OF INDUSTRIES—KARACHI.

Q. 1. The principal indigenous Cottage Industries are:

Weaving—Hala, Nasarpur, Kadirpur, Pir-jo-goth, Tatta, Larkana and Lakhi.

Carpet Making—Gadra (Tharparker District) and Bubak (Dadu District).

Dyeing and Printing—Tando Allahyar, Tatta, Araji Kambar Ali Khan, Shikarpur and Sukkur.

Lacquer work—Hala and Khanote and Kashmore.

Pottery—(Red clay and glazed pottery)—Hala, Nasarpur, Sehwan, Garho Darho (Sukkur District), Shikharpur.

Tanning—Hyderabad.

Vahn rope-making—Larkana, Sukkur, Manghanwari, Kandhkot, Kashmore.

Soap-making—Karachi, Larkana, Dadu, Sukkur, Hyderabad etc.

Biscuit and Confectionery making—Sukkur and Karachi.

Metal work—Larkana, Sukkur and Daharki.

Vessel making—Sukkur, Larkana and Hyderabad.

Ivory Bangle making—Nasarpur, Larkana and Shikarpur.

Q. 2. Following are the centres having special handicraft :—

Hala Lacquer works—About 150 families.

Kashmore Lacquer work—About 50 families.

Hala Pottery work—About ½ dozen families.

Nasarpur Pottery—2 families.

Figures of approximate volume of production are not available.

Q. 3 The handicrafts which used to thrive in former days are :—

(a) Glazed Pottery—this used to be carried on extensively and was once in a flourishing State, it is in a languishing state now. The principal causes for decay of this industry are cheap foreign substitutes and partly the change in the modern tastes.

(b) Hand made paper—this used to be made for "Account Bundis" of traders. This industry has disappeared altogether. Precise causes are not known.

(e) Ivory Bangle making—this also used to flourish one time but the industry has been reduced to an insignificant proportion due to change of taste and cheap quality substitutes. Similar fate fell over Lungi and Silk making handicrafts.

Q. 4. Metal Vessel making handicraft has been considerably affected by competition of aluminium vessel making on large scale basis. Similarly weaving and khess and other handloom products have been affected by large scale industries.

Q. 5. Practically all the handicrafts and most of the products of the small scale industries are sold in the local market. Silk cloth made in small scale handloom factories however finds market in various places outside Sind (all over India). Figures for the extent of trade in this item are not available as merchants do not furnish any such information.

Q. 6 & 7. Weavers in Sind generally get their raw material advanced to them by the traders who take over their output. In the case of other handicrafts however, workers use their own materials, they however borrow money from local traders and

money lenders. Generally speaking all the products are sold through traders.

Q. 8. Efforts have been made to organise cotton weavers on co-operative basis in certain centres. The object of such an Association being to advance raw materials to weavers and to sell finished articles produced out of those raw materials. Improved appliances have not hitherto been given on hire purchase system as there is difficulty in realising instalments for the cost of the implements.

Q. 9. The efforts hitherto have not been very successful because banias are able to advance both cash and raw materials to weavers and are in a better position to bargain with individual weavers, whereas Co-operative Associations having fixed scale of wages laid down by them are not in a position to effect the competition. In certain places the weavers are in the hands of traders and any weaver attempting to sell his products independently is outcast from their ring. Such a weaver is penalised and receives no help by way of loan etc. for private purposes at the time of emergency. There is another disadvantage under which Co-operative Association of Craftsmen organised by Government suffer. The Craftsmen usually demand very much higher wages from Co-operative Association than from individual Banias and Soucars. They feel that since Government is giving a subsidy to the Association they should get most out of it. In this Province members of such Co-operative Associations somehow get an idea that an Association is merely meant for looting. Often the Craftsmen are not at all sincere about taking advantage of the normal facilities and raw material advanced by the Association, they would rather that the Association should merely serve as a bank to lend them money.

Q. 10. & 10A. The average income of a Craftsman varies according to the class of industry pursued by him. Weavers generally earn on the average Rs. 0|8|0 per day. In case of Lacquer work earnings amount to as much as one rupee per

day. These figures are very rough as the workers do not reveal the extent of their earnings. The figures are inclusive of the labour of family of the members. The output of cottage industries in Sind is very small and generally speaking there is no difficulty of the transport of the products.

Q. 11. Wool weaving, carpet making, match making, toy making, rope making, (from indigenous fibre) could be readily developed in this Province. Following raw materials are available for these industries. Cotton wool, hides and skins, vahn wood, ak fibre, vahn fibre.

There is sufficient local market for the products of these Industries.

Q. 12. For the development of these Industries improved implements would have to be introduced and new methods taught to the Craftsmen. Economic uplift would however be an important factor. It would be necessary to have large number of demonstration parties at various centres for giving demonstration in improved appliances and teaching the craftsmen. As the craftsmen are very poor, it will probably be necessary to give to selected craftsmen improved appliances free of charge and considerable propaganda will be necessary to bring about a change both in the mentality and the training of the workers. At present the workers are very generally lethargetic and extremely conservative.

Investigations on raw material and improvement in the process will also be necessary before any degree of success can be effected.

Q. 13. Wool spinning and weaving and cotton weaving are suitable for being organised on co-operative basis in Sind.

Q. 14. Yes. In the case of certain Cottage Industries in the larger interests of the nation as a whole, it would probably be necessary to grant protection from competition against large scale industries.

Q. 15. So far as Sind is concerned, there are not many large scale Industries and hence the question of competition between them and the Cottage Industries does not arise.

Q. 16. I would suggest that Emporiums and Museums should be opened for exhibition and sale of Cottage Industries products in all Provinces and these Emporiums should exchange articles for sale.

Q. 17. Only in a few Cottage Industries are malpractices adopted; e.g. use of cutcha dyes in dyeing and printing of cloth and yarn.

Q. 18. Generally speaking the designs followed by various indigenous Cottage Industries are not up-to-date and great stress will have to be laid on improvement of designs according to modern tastes. Considerable improvement is also necessary in the appliances at present used by the Cottage Industries workers. Craftsmen in Sind are generally more backward in this respect—compared to those of other Provinces.

In many of the handicrafts, processes also require to be considerably improved.

ANSWERS TO QUESTIONNAIRE OF THE RURAL AND COTTAGE INDUSTRIES SUB-COMMITTEE, OF THE NATIONAL PLANNING COMMITTEE BY THE DIRECTOR OF INDUSTRIES, ASSAM.

Number 1. The following are the principal indigenous cottage and small industries in Assam and the centres of importance are given against each.

(1) **Sericulture**—Muga, endi, and pat silk—the whole of the Assam valley.

(2) **Cotton ginning and spinning**—Whole of Assam including Hills.

(3) **Handloom weaving**—Muga, endi and pat fabrics—Assam Valley including Hills.

Sualkuchi in the Kamrup district is an important silk weaving centre; Roha in Nowgong district, Gaurisagar in Sibsagar district are important for sericulture and weaving and Rampur, Palashabari, Goreshwar and Barpeta in Kamrup district are important for endi spinning and weaving.

(4) **Cotton weaving on handlooms**—The whole province including the Manipur State. Karimganj sub-division in Sylhet district is an important cotton weaving centre, as also the Manipur State.

(5) **Bell metal work**—Barpeta in Kamrup district.

(6) **Brass work**—Morias in Assam Valley and Manipuris in Cachar districts are engaged in the business.

(7) **Ivory work**—Barpeta (confined to two families)

(8) **Blacksmithy**—Whole Assam-Rajnagar in Sylhet district is famous for daos, Jathis etc.

(9) **Cabinet making**—Whole of Assam in a small scale (good workmanship is done by outsiders)

(11) **Boat building**—Surma Valley.

(11) **Gold and Silver smithy**—Whole of Assam (rather indifferent workmanship.)

(12) **Cane and Bamboo works**—Sylhet and Silchar.

(13) **Sital Pattis**—Mats—Balanganj in Sylhet district.

(14) **Pottery**—Whole of Assam. Very indifferent work.

(15) **Wooden toys**—Sylhet—dying out.

Number 2. The following may be considered as special handicrafts or small industries :—

(1) Silk Weaving in Sualkuchi in Kamrup district—about 400 families are engaged in the industry and the annual out-put is estimated to be about 2 lakhs of rupees worth of cloth in Pat and Muga.

(2) **Bell Metal works of Sarthebari in Kamrup** district. About 1000 persons are engaged in the industry and about Rs. 75,000|- worth of articles are manufactured every year.

(3) **Brass work** :—About 1,500 persons are engaged in the industry and the annual out-put will be about Rs. 100,000|-.

(4) **Sitalpati** :—About 2000 persons are engaged in the manufacture of Sital-Patis with an annual out-put of about Rs. 75,000|- in the Sylhet district.

(5) Cane and Bamboo furniture—About 500 persons are engaged in this industry with a total out-turn of about Rs. 25,000|- per year.

(5) **Bamboo mats (Dhara)**—A big industry.

(7) **Abor rugs**. About 3500 rugs to the estimated value of Rs. 29,000|- are exported annually from Badiya.

(8) **Lushai rugs** (in Lushai hills)—500 weavers turning out about 1,700 Lushai rugs costing about Rs. 10,000|-.

Number 3:—Pat rearing, ivory, wooden toys, clay modelling, cane industries, Sitalpatis, etc have declined considerably owing to conservatism of the people against new ideas, foreign competition and want of transport facilities. Social prejudice is particularly strong against Pat rearing.

Number 4:—Handloom weaving of Cotton and Silk which was once in a prosperous condition and which has been still giving livelihood though precarious, to a very large population of the province has to face the severest competition with both Indian and Foreign mill-made goods.

Silk weaving again has been badly affected by the importation of artificial silk. There are 421,000 handlooms in the province as per census of 1921 and the handloom weaving is the most wide spread indigenous cottage industry of the province.

Number 5:—Endi and Muga fabrics are exported to Calcutta, Bombay, Karachi, Tibet, Nepal, Ahmedabad, Delhi etc. to the extent of Rs. 7 lakhs annually. Of these a large share goes to Tibet, Bhutan and Nepal. There was an export trade to European countries but it is now negligible.

Numbers 6 & 7:—In the Assam Valley the trades are practically in the hands of Marwaris. The cottage workers and handicraftsmen usually purchase raw materials from the Marwaris on credit and the finished products are disposed of again to them. In handloom weaving the weavers purchase yarn on credit from Marwaris at a slightly higher than the market rate, and they sell their finished goods to them again and demand cash; they again get a little less price than what they would get elsewhere. The only redeeming feature in these dealings is that the Marwaris always accommodate the weavers.

In the Surma Valley the weavers purchase yarn for cash and sell their products in the local weekly markets through the paikers or middlemen on cash only. The same system is prevalent among their cottage workers. There is not much of borrowing from the merchants. In case of need they borrow from their own people on short term loan at fairly high rate of interest ranging from 18 per cent. to 30 per cent. per annum.

As regards bell metal the workers depend entirely on Marwaris for their livelihood. They receive raw materials from Marwaris and return the finished articles and get fixed labour charges.

Number 8 (a to d):—Financing:—A number of Co-operative Credit Societies had been started to finance the workers but most of them are in a moribund condition. The workers had taken maximum loan and the loan was not always utilised for the purpose of industry and there was also nobody to look into how the money was spent.

Recently we have started a number of co-operative Societies for purchase of improved appliances and these

are functioning well. We have also issued small loans to old weavers' credit societies for purchase of raw materials and the Department again are helping the societies in procuring orders for manufacture of goods and in also finding a market for the finished products.

We have in hand the organisation of at least two societies among weavers for the purchase of yarn and sale of cloths. In Karimganj which is an important cotton weaving centre, shares are already paid by the weavers and the society is about to function.

A society has also been recently started in the Kamrup district amongst bell metal workers.

Number 9. The failure of the co-operative movement is under investigation. My personal view is that the money was too liberally lent without making an enquiry. There was lack of supervision, the people were spendthrifts, spent most of the loan on religious occasions and ceremonies. The people, when they borrowed had the full intention to pay back, but they were overwhelmed with unprecedented economic depression followed by successive floods, diseases and famines. The majority of the workers are generally illiterates and they do not trust each other, and also they are slow to new ideas.

Number 10:—In Assam there are very few professionals or full time workers in the handloom weaving industry which is subsidiary to agriculture.

The silk weavers earn on an average a rupee a day when they work independently and full time. In Sualkuchi, there are a number of small hand-loom factories started, of late, and there the workers are paid by piece system. For instance, they are paid at Rs. 2|- for a Pat Sari, Rs. 2|4|- for a Muga Sari, Rs. 1|4|- for a Pat Chaddar, annas 10|- for a Pat Mekhela, annas |12|- for a Muga Mekhela, Rs. 1|12|- for a Muga Shawl and Rs. 1|8|- for a Muga Chaddar. A weaver prepares usually 5 saris or 10 Chaddars, 8 to 9 shawls or 20 pieces of Mekhelas in a month on a fly shuttle loom in the factory and this works out from Rs. 10|- to Rs. 15|- per month. A pirn winder is paid Rs. 5|- per mensem in the factory.

The prevailing daily wage of a coolie working in the town is annas 7|- per day.

A handloom weaver in the Surma Valley by cotton weaving, working independently, earns from Rs. 10|- to Rs. 15|- per month on an average with one fly shuttle loom whereas a weaver by the country loom earns about Rs. 5|- to Rs. 7|- per month. The labour of the family is included in the average income excepting in the case of workers working in factories. The income of workers engaged in other cottage industries is about Rs. 10 to Rs. 15.

Number 10A.—The cane and bamboo basket and furniture manufacturers of Sylhet complained that the Railway authorities charged freight on bulk instead of by weight and this has been said to militate against disposal of their products profitably.

Some special concession may be shown to handloom weavers for getting their yarn from Calcutta and in sending their cloth from one place to another, if it were feasible. The weavers have to pay heavily towards price of yarn which they have to get from beyond the province and they are not getting any margin of profit in the sale of cloth. There are no spinning mills in the province. Some special concession by way of cheap freight for their yarn would help them to some extent. This concession may be extended to bonafide weavers and Co-operative Weaving Societies only and not to merchants.

Numbers 11 & 12. These questions have been answered by me at length in my U|O No. 897 dated the 12th March, 1939, in answering to the previous questionnaire of the National Planning Committee.

My scheme in developing the handloom industries of the Province and scheme for subsidising cottage workers submitted under letter No. 44 dated the 10th January, 1939 and in letter No. 2948 dated the 8th September, 1939, may kindly be seen.

11. Besides handloom weaving and sericulture there are several Cottage Industries in the Province such as bell-metal work, brass work, ivory work, iron industries, soap manufacture, manufacture of Steel trunk, umbrella making, shoe-making, carpentry work, gold and silver smithy, cane work, mar making, pottery, toy and comb making, manufacture of ink, hosiery, sugar industry, cotton ginning, electroplating etc. It is not however possible to give full particulars and accurate information concerning these Cottage Industries with particular refer-

ence to availability or otherwise of raw materials for them until a detailed survey is undertaken.

12. The following measures may have to be adopted for developing cottage industries :—

By starting a cottage industries institute in a suitable centre or by adding a number of subjects in the existing technical schools and weaving institutes and by converting them into industrial schools. Apprenticeship system will have to be introduced and students should be paid a living wage on a graduated scale. The course for each subject or industry should also be extended up to 5 years, so that the students may receive a thoroughly practical training in the real sense of the term and there should be strictest discipline observed and there should be no outside interference in the proper working of these industrial schools. Only duly qualified staff with considerable practical experience should be entertained if good results are to be achieved. If no qualified technical staff are available within the province, outsiders should be entertained preferably on contract system. Misfits or personal equation should have no place in the running of such schools.

Passed students should be given an initial loan to start their career and later on industrial loans on long terms and subsidies should be granted on the merits of each case.

Standardization of products are very essential and agencies will have to be appointed in and outside the province for vigorous marketing of the products.

Government should render every possible help in fostering industries by collection of information, statistics, propaganda and the like and also in purchasing departmental requirements from local enterprises.

A commercial and industrial museum would be necessary for educating the producers and consumers of a province with full details, and by collection of samples from other provinces, which would be of benefit to the province.

Periodical exhibitions, competitions would also foster cottage industries.

Number 13. Sericulture and handloom weaving are particularly suitable for being organised on a co-operative

basis. These are indigenous and do not cost much to start and to maintain them. Government should subsidize them and give all technical help and advice at every stage. Loans at nominal rate of interest will have to be given to these societies. Close supervision and efficient centres are necessary at the initial stages. Technically qualified Co-operative Inspectors are wanted to assist these societies with organisation, working, manufacture and disposal of products etc.

Numbers 14 & 15:—Cotton weaving as well as silk weaving need substantial protection for very many years to come to withstand adverse competition from large scale organised industries either of Indian or foreign origin.

Cheap and good yarn—Cotton and silk—should be made available for handloom weavers if they are to exist at all.

We should try to organise one or two spinning mills on co-operative basis for the sole benefit of handloom weavers and Government should subsidise the mills.

Number 16:—There should be a competent marketing staff for giving wide publicity to and for studying and finding markets for our cottage industries' products. The staff should be freely allowed to attend and participate in exhibitions or fairs held beyond the province. Agencies may have to be appointed in suitable centres.

An adequate allotment should be set apart for publicity and propaganda work. Samples of our special products should be sent abroad to traders and merchants.

Number 17:—Yarn bundles are not always correctly marked for count, and bundles do not give correct weight Mercerised yarn in Muga (gold, yellow) shade and artificial silk mixed fabrics go by the name of silk fabrics. Noile silk fabrics also are sold as endi fabrics in Assam by the Marwaris and other merchants. Staple fibre is also as silk among the illiterate weavers.

Number 18:—This has been dealt with by me in my former reports mentioned in para 11 & 12.

Modern tastes should be carefully studied and adopted by our handloom weavers and other cottage workers as well. The commercial and industrial museum, I have suggested in the previous para, if started, would help

materially the cottage workers in design, quality and workmanship.

There should be a number of first class art and pattern designers attached to the Industries' Department or to Industrial School for evolving new designs and making them available to cottage workers. The indigenous designs may be carefully preserved. The old and indegenous designs may be profitably introduced in furnishing fabrics, dress materials, etc., thus preserving the special characteristics of each province.

The technical and weaving industries should have a full compliment of the latest machinery evolved elsewhere. Old machinery should be scrapped and new machinery added on periodically. A Research Department is also essential for finding out suitable labour assisting devices in every stage or process of each of the industries.

One good, highly staffed and well equipped Central Technological institution would prove most beneficial to the province instead of multiplying institutions and starving every one of them.

REPLIES TO THE QUESTIONNAIRE OF THE RURAL AND COTTAGE INDUSTRIES SUB-COMMITTEE, —COCHIN STATE.

1. (1) Coir yarn spinning and rope making.
   (2) Hand-loom weaving and hand spinning of cotton.
   (3) Mats, baskets, umbrellas etc., of bamboo, screw pine, palmyra leave, kora grass etc.
   (4) Wood work—furniture and different kinds of household requirements (Carpentry).
   (5) Manufacture of palm-jaggery, collection of indigenous drugs and manufacture of Ayurvedic medicines.
   (6) Fishing.
   (7) Manufacture of natural lime from shells.
   (8) Leather works.
   (9) Pottery.
   (10) Granite and laterite work.
   (11) Manufacture of agricultural and other implements and tools (Smithery).
   (12) Manufacture of bell-metal household utensils, bells etc.
   (13) Jewellery (Gold-smiths).

2. (1) Wood and ivory carving and inlay-work (25 families).
   (2) Electroplating—about a dozen families.
   (3) Lemon-grass oil distillation.

3. (1) Extraction of oil by country ghanies. Competition from power mills and the use of kerosene oil for lighting have restricted this industry.
   (2) Hand-pounding of rice has been completely displaced by rice mills.

4. (1) Hand-loom spinning and weaving.
   (2) Kora grass mats—by the import of cheap Japanese mats.

(3) Wood-work—by Portland cement.

(4) Implements and tools—cheap machine made implements (both foreign and Indian).

(5) Granite and laterite work by Portland cement.

(6) Bell-metal wares—cheap aluminium and enamelled wares.

(7) Leather work—machine made standardised goods.

5. The following statement shows the approximate quantity of the products of some of the important cottage industries of the State sold outside the State in India and in foreign countries.

	Quantity marketed in India	Quantity marketed in Foreign countries.
Fish—maunds	11,000	70,600
Coir yarn—cwts.	1,47,460	4,18,660
Cordage & ropes —cwts.	41,400	3,150
Mats, mattings other than coir—yds.	1,000,000	„
Baskets—maunds	11,000	„
Jaggery—maunds	1,400	„
Furniture—maunds	20,000	„
Leather manufactures —maunds	700	„
Pappadam—maunds	1,500	„
Shell lime—maunds	25,000	„

The above figures are based on the exports from the port of Cochin, as also from the Railway stations within the State. Travancore has a large share in the exports of coir yarn. Some of the items particularly the last 8 are also exported by road.

6 & 7. Cottage workers are now generally organised in such a way that they work for a dealer either on piece-work system when the worker has only to

find labour, or on contract system when the dealers supply the materials etc. required on the account of the workers but at the dealer's rate. Or the worker may do independent work as for example, when a weaver purchases yarn from a merchant on credit; but this independence is in name only as invariably they are obliged to sell their products to the yarn merchant who is also a piecegoods merchant. In all the above cases the earnings of the worker are very small and they are more or less bound down to the dealers. The dealers, however, are doing a service to the cottage workers by helping them to produce and to sell. It will thus be seen that it is the middleman dealer who advances to the cottage worker either cash or raw material and who markets the finished product.

8 & 9. Attempts are made to organise the existing cottage industries on co-operative basis. A number of industrial and Rural Reconstruction Societies have been started solely for this purpose. These Societies aim at developing the cottage industries like coir making, mat-making, weaving, soap-making, basket making etc., on co-operative basis. Attempts have also been made to induce the existing Credit Societies to take up non-credit work as side activities. Government have granted a lump sum provision of Rs. 5,000|- this year for the development of non-credit activities of the Societies, which have been distributed to the various deserving societies. The problem of buying of raw materials and selling of the finished products to the maximum benefit of the workers have been confronting the Government for a long time. Recently, the Cochin Cottage Industries Marketing Co-operative Society was started to solve the difficulty. The Society is only in its infancy. When it develops this difficulty will be considerably minimised.

In short, the activity of this department to develop the cottage industries on co-operative basis has been on the whole successful. Lack of sufficient capital and paucity of trained hands to instruct the Societies in up-to-date cottage indus-

trial activities are the two main obstacles that stand in the way of the progress of these Societies.

10. The average income varies with the industries; but generally this may be calculated at 4 annas a day. This includes the labour earned by the family members. In many cases an adult cottage worker earns more than the average as wages; but there is much under-employment and it will not be far from the actuals if the average is put at 4 annas. Generally in the regulated factories an adult male worker is never paid less than 4 annas a day. Thus while with the cottage worker 4 annas is the maximum daily average, with the factory worker this is the minimum.

10A. The State has good facilities for water, railway and road transport. Cottage industries as such do not suffer under transport difficulties. But if cheaper railway freight is available, it would expand the demand for many of our cottage industry products, for example, it is found very difficult to sell our coir products in Northern India because of the heavy cost of transport.

11. The three industries i.e. manufacture of (1) furniture and cabinetware (2) Implements, tools, cutlery etc., and (3) bell-metal wares including bells, connected with the three sets of hereditary artisans carpenters, blacksmiths and bell-metal workers can be further developed without difficulty. Except for the metals required, all other raw materials are available locally. Furniture and cabinetware valued at over twenty lakhs of rupees and implements, tools, cutlery etc., worth about two crores of rupees are imported into India annually. These hereditary artisans are some of the best workmen possessing expert skill. The Industries also are such that except for the heavy processes, others have mostly to be done by skilled workmen.

There are varieties of root crops grown in the State and it is possible to develop the manufacture of starch on a cottage basis. The processes are simple. There is a large demand for starch for various purposes.

12. Increasing the earning capacity of the cottage workers has to be the aim in developing cottage industries. For this purpose both the production of goods and their distribution have to be organised. The nature of the measures varies with industries. In an industry, for the products of which there is a growing demand e.g. Coir, it is observed that there are a series of middlemen and we have to see that the unwanted middlemen are eliminated by cooperative organisation. An industry like hand-loom weaving, which is in direct competition with cheap machine-made goods will, in addition, require Government subsidy and other kinds of direct Government help. In either case, financial help on very liberal terms will also have to be given. A new cottage industry when started will require the above kind of help. In addition Government has also to do research in regard to them so that their commercial possibilities may be ascertained.

13. Industries connected with coir yarn, fibre, mats and baskets, and jaggery can easily be organised on cooperative lines as they deal with articles which are easily saleable and there is not much of a technique involved in them. Again handloom weaving and bell-metal wares can be organised this way when it will be possible to sell these articles under the stamp and hall-mark of a recognised society which will have its own weight.

14. Yes.

15. The most important cottage industry which wants this help is handloom weaving.

16. In those cases where cottage industry products are in competition with cheap machine made goods their market is restricted. Here, the restriction contemplated in (15) and the help suggested in (14) have to come forth to expand markets for them. There are other products where a demand exists even now. Markets for these have to be expanded by bringing such products to the notice of probable purchasers by advertisement, demonstration of actual use, etc.

17. Dumping of coir yarn and spinning coir yarn with sand, variations in the proportion of tin and copper in the manufacture of bell-metal wares; the variations in the quantity of cotton yarn used by hand-loom weavers for the same specification of cloth etc. are some mal-practices observed. But if the workers receive fair wages, these mal-practices will also automatically stop.

18. Designs etc., of various commodities have to be modified and altered to suit tastes by a careful study of the articles, imported and machine made once which are now offered for sale. Here, in the State all artisans are observed to take to labour saving appliances when they find these will bring them better returns. For example, the Pattaryans are a set of local weavers who used to make cloth with limited width on throw shuttle looms. They are now seen changing over to fly-shuttle looms and making wider cloth than of old.

REPLIES TO THE QUESTIONNAIRE OF THE RURAL AND COTTAGE INDUSTRIES SUB-COMMITTEE

by the

INDORE STATE.

Question 1.

Name of the Industry.	Centre.
1. Gur making.	Manasa, Rampara, Narayangarh, Rao.
2. Cloth dyeing & Printing	Alampur, Sandalpur, Garoth. Gautampur, Dharwara, Khargone & Gogaon.
3. Cane (Bamboos Kantaphod & Kannod also baskets & chairs).	Manasa, Khargone, Depalpur, & Rampur.
4. Wool cleaning & Blanket making.	Kasrawad, Machalpur, Khategaon, Maheshwar, Kannod, Mahidpur.
5. Newar making.	Gautampura, Gagaon.
6. Calico printing.	Maheshwar & Gautumputa.
7. Deccani sari & cloth weaving by hand-looms.	Kasrawas, Bhanpura, Machalpur, Khategaon, Maheshwar, Nisarpur, Khargone, Chandwasa, Mahidpur, Garoth, Sunel, Turane & Rampura.
8. Khadi weaving.	

Question 2.

(a) There are about 2000 handlooms in use in the whole State but it may be said that the handloom industry is localised in and near Maheshwar, where a large number of weaver's families have been residing due to the encouragement received since the time of Shri Ahilyabai Holkar. At present there are 450 weavers in Maheshwar alone.

(b) The other industry of some importance is Calico printing which is to be found on a moderate scale at Gautumpura. 400 dyers are employed in the industry. Though it is not possible to give statistics of cloth dyed, figures obtained from the Superintendent, Maheshwar Factory, show

that materials used in dyeing, worth Rs. 25,000|- and cloth worth about Rs. 25,000|- (150 bales) are imported annually. That gives an approximate idea of the volume of turn-out of dyed cloth. 200 families are engaged in the dyeing & printing industry.

Question 3.

Rampura cutlery was once famous for its quality but the industry dwindled due to the competition from machine made products. At present there are only four or five shops at Rampura and they are also not faring well.

Paper was and is still made by hand in Indore & Rampura though of course it is now only used by the merchants for their 'Vahis and Khatas' etc.

Manufacture of dyes from the bark of certain trees was once a flourishing industry at Sunel, Garoth and Bhicangaon. But due to the advent of cheaper authetic dyes this industry has only a nominal existence now. The most common and general cause for the decline of the industries mentioned above is the competition from machine made products, which are comparatively cheaper, lack of organisation and ignorance of the artisans about the marketing conditions etc.

Question 4.

Answer to this question has partly been given in answer to question 3. The most important industry affected is the Maheshwar handloom industry. The sarees produced there have to face competition from sarees manufactured on power-looms by certain factories at Poona, Sangli, Nagpur, Ichalkaranji etc. The production of cloth by handlooms has also been severely affected.

Question 5.

The Maheshwar sarees and silk cloth produced there find a good market in the Bombay Province and Maharastra generally.

Printed and dyed cloth of Gautampura is sold in the neighbouring States.

Blankets of Manasa go as far as Mewar and Marwar, they do not find markets in foreign countries.

There are no statistics showing the extent of trade in these articles.

Question 6.

Usually the middleman is generally the party that advances money and raw materials to the artisans and the middleman generally secures the purchase of the produce at rates mostly determined by him. The rate of interest is also usually high.

Question 7.

As indicated in answer to question 6 the raw materials are obtained by the help of the middle man who finances them; though of course, independent purchases are not uncommon. The products find ready demand in the local markets but no organised sales societies are to be found assisting the individual artisans.

Question 8.

No efforts of any substance appear to have so far been made in this direction but the question regarding granting help on cooperation basis is, it is understood, now under consideration of the Government.

(No other definite information regarding this is available).

Question 9.

Nil.

Question 10.

A hand loom weaver in the Maheshwar Handloom Faction gets from Rs. 12|- p.m. to Rs. 15|- p.m., a winder gets Rs. 8|- p.m. and a warper Rs. 8|-. The weaver in a textile mill gets on an average Rs. 20|- to Rs. 30|- p.m.

Average earnings of a cottage worker may be put down at Rs. 7|- to Rs. 10|- p.m.; that does not include the earnings of other family members.

Question 10A.

The products of the Cottage industries find local markets easily; and difficulties of transport coming in the way

of their finding a market outside are lessening as the means of communications improve.

Question 11.

From the point of view of availability of raw materials and the demand for finished products the

(1) Cotton and woollen blanket industry of Manasa,

(2) Calico printing industry at Gautampura, and

(3) Gur making industry at Narayangarh, Rao, Manasa are capable of being developed. There is good scope for development provided they are organised on sound lines and properly financed.

The revival of the handloom industry at Maheshwar is an accomplished fact, and there are good prospects for its development. The expansions of the Calico printing and dyeing industry at Gautumpura is under the consideration of the Government.

Specialised labour is still available among cottage worwers engaged in the industries coming down to them from generations past. There are other industries besides the above, which if properly helped, can be developed with advantage as for example :

(1) Dairy farming,

(2) Tanning,

(3) Making of baskets and furniture from cane ond bamboos.

Question 12.

State help has actually been extended to the handloom weaving industry, Maheshwar. The measures which generally appear necessary for the development of the existing cottage industries are :—

(1) adequately financing the workers,

(2) demonstration & instructions in improved methods etc.

(3) establishing of sales and purchase societies,

(4) State help by way of purchase of products of these industries so far as Government requirements are concerned.

Question 13.

(1) Dairy,

(2) Handloom weaving and

(3) Calico printing.

Question 14.

(The question has an all India aspect and a very comprehensive one including the question of small scale industries Vs. large scale industries and is not possible to be answered.)

Certain amount of protection and help is of course necessary, the extent depending on the particular requirements in each case.

Question 15.

The handloom industry and manufacture of brassware.

Question 16.

Establishment of central sales, organisations wider publicity to the products, better transport facilities.

Question 17.

The weavers of Maheshwar lost their custom dues chiefly, due to the malpractice of selling their products as **'pucca dyed'**, when really the dyes used were not **pucca.** They took undue advantage of the reputation that the Maheshwar products had about the fastness of colour.

Question 18.

The necessity of improving the designs, so as to suit modern demand, of the Maheshwar products and securing the help of an expert for that purpose is under consideration.

ANSWERS TO THE QUESTIONNAIRE OF THE RURAL AND COTTAGE INDUSTRIES SUB-COMMITTEE, FROM THE SECRETARY, COMMERCE DEPARTMENT, GWALIOR STATE.

Q. 1. Handloom Weaving and Textile Printing.

At one time handloom industry was possibly the most important cottage industry of the State after agriculture. The dislocation and disappearance of this industry caused by the competition of imported and mill made goods have substantially added to the pressure of the population on land. At present this industry has almost gone out of existance and it is only a few weavers here or there who, by sheer conservatism and ignorance or by love of their hereditary occupation, are still clinging, to the handloom as a means of supplementing their agricultural income. Broadly speaking, now it is only at Chanderi that we have got something like a handloom cottage industry, though this also is in a very deplorable state.

The most remarkable, but saving change in this industry has been the adoption of the use of machine spun yarns by the weavers. The hand spun yarn is only a thing of the past and it is only in some places that 8 to 10 counts of yarn are spun on village Charka for the making of Durries or Tarapaulins (the thick and coarse cloth used by villagers for containing the agricultural produce when it is brought to the market for sale).

Below appear some relics of this industry which will throw some light on its richness in the past.

Pargana Chanderi

Over centuries, Handloom weaving industry of Chanderi has been well known throughout India. Cotton saris, Pagris, Dupattas etc. having Jari borders and designs are made in Chanderi with much skilful workmanship. Though now Chanderi industry is hard hit by depression and outside competition, still about 250 families of weavers are engaged in this. Thus even today about 1000 to 1300 people derive their income from this industry. Though no regular statistics of the production at Chanderi are available, still the average total production may

be taken to range somewhere between 2 to 3 lakh rupees worth of goods every year. The industry depends upon mill made yarns and the jari or silk required for designs is also imported from our side of the State. No local raw material is now in use by this industry.

Pargana "Bhander".

Sixty families in this pargana engage themselves in weaving of cloth for local consumption. There are sixteen families of Dyers and Printers and the same number follow wool spinning and weaving of Kambals as a side business.

Pargana Ambah.

Sixty seven families follow this industry as a subsidiary but family occupation.

Pargana "Mehegaon".

About nine hundred weavers live in this pargana and a few of them are still engaged in the weaving of coarse cloth.

Pargana "Gird".

Seventy three families of weavers live in this pargana.

Pargana "Shivpuri"

There are 1300 weavers in this pargana who used to derive their income from this industry but now only a few depend upon this occupation.

Pargana "Karera" (Shivpuri).

There are about 1100 weavers in this paragana, some of whom still stick to this industry as a side occupation.

Pargana "Kolaras."

Above 300 families of weavers live in this pargana and follow hand-loom weaving as a means of supplementary income.

Pargana "Bhind".

There are 215 families in the pargana who have weaving as their family occupation. About thirty families derive their livelihood from Dyeing and fifteen depended upon Textile Printing.

Pargana "Barnagar" (Dist. Ujjain)

At one time Barnagar had a living handloom industry and was famous for its saris, pugrees etc., in its neighbourhood. Now the industry is almost driven out of existence by the competition of mill made goods. Still there are about 58 families of such weavers who follow this as a subsidiary occupation.

There are 25 families of Dyers and Printers but this industry was also struck out of existence with the handloom industry.

Pargana "Sardarpur".

About 50 families in the different villages are still sticking to handloom industry as a subsidiary occupation.

Pargana "Khachraud".

58 families of weavers still depend upon handloom industry as an occupation for livelihood after the agricultural operations are over.

Soyat (Pargana Susner)

About 21 families are engaged in the weaving of rough cloth for the use of the poor.

Pargana "Jawad".

275 weavers still derive their supplementary income from this industry as a side business. Besides coarse cloth they make saree, pagree, patal etc.

1000 Hand Printers and 200 Dyers constituted the Calico Printing industry of Paragana Jawad. The Printed goods from Village Tarapur in this paragana are still exported to Mewar state. But due to ignorance and lack of enterprise in adopting modern methods, this industry is also fast losing its vitality.

Pargana "Gangapur".

Handloom weaving industry in Gangapur turns out only rough and grey cloth used by the poor villagers. In all there are 55 families of weavers in the pargana out of which 44 actually reside in the Gangapur town and the rest in the surrounding villages.

Block printing of rough khadi is also done and the printed goods are consumed locally. About seven to eight families are engaged in this work.

Wool spinning is done by women as an occupation for leisure time. In other parts of the State also there are some weavers' families who still cling to the handloom. But the above information about handloom industry in some parts of the State, though rough as it is gives a clear indication of the extent to which handloom was at one time the source of income of the people in the State. The competition of the foreign piece-goods and the mill cloth drove the weavers out of their occupation with the result that they took to land for agriculture.

The Calico Printing Industries at Ujjain and Jawad still persist but even these do not evince much signs of vitality.

Besides handloom industry, may be mentioned the wooden toy making industries of Sheopur and Sabbalgarh, Shoemaking of Baragar and Neewar and Basket weaving industries in some parts of the State. There is a big carpet factory at Lashkar.

Among the small industries run by power may be mentioned some small repairing and partmaking workshops, a small-foundry and three small metal works at Ujjain.

Q. II. Among special handicrafts or small industries may again be mentioned the Chanderi Textile industry, the Calico Printing industries of Jawad and Ujjain and the wooden industries of Sheopur and Sabbalgarh.

The quantitative information available regarding the handloom and the Textile Printing industries has been given in the body of the answer to question No. 1.

Q. III. On the whole almost all the small and cottage industries have been affected by the inroads of machine made-goods turned out on a large scale. Weaving industry which was at one time a regular feature of almost every village in India has disappeared almost altogether and it is only a weaver here or there who is still sticking to his hereditary occupation due to lack of enterprise or probably, employment. Shoemaking industry of Barnagar which was in a flourishing state and had a reputation throughout Malwa succumbed to the onslaughts of fashion and the

factory made leather and rubber shoes. The toymaking industries of Jawad and Ujjain have dwindled out of their importance due to the variety and cheapness of substitutes placed in the markets by the large scale foreign industries.

Chanderi Textile industry which at one time of history had an all India reputation and produced cloths for presents to the Rajas and the nobility was adversely affected by the cheap fashionable substitutes placed in the markets by the foreign as well, as the Indian industries. The indolence and the loathsomeness or, perhaps lack of enterprise of the weavers to adopt changing tastes and fashions and to adopt latest ideas and methods of handloom weaving and designing have also contributed to the downfall of this industry. The industries of Benares and Surat, which showed more adaptability in these respects, also hit the Chanderi Textile Industry. This industry was totally dependent upon the patronage of discriminating customers of taste but it had no permanent local customs at its back to keep it alive and going like the handloom weaving industry in the Deccan and Bengal.

The increased transport facilities and the improved means of communications made it more profitable for the enterprising trader to handle large volumes of machine made-goods than to remain content with the easy going cottage industries with limited possibilities. With the diversion of the enterprising financiers who sold products of art far and wide, the trade of these fell in the hands of sweating and exploiting petty money-lenders who having no taste for or love of art gradually squeezed out the life of industries like the Chanderi Textile Industry. Thus the lack of finance and of a sympathetic medium for marketing sounded the death knell of such industries and gradually hurried them to total extinction.

Calico Printing Industries of Ujjain and Jawad (Tarapur) were famous throughout Central India and Southern Rajputana but the multi-coloured gorgeous array of designs flung in the market by the machine run industries using sympathetic dyes put this cottage industry out of gear. However, this industry still exists in a half living condition; at Ujjain it is maintained by the artistic urban population whereas at Tarapur it is still kept in life by the conservatism of the Mewar village folk who would not like to forgo the age-old designs which they have been using since the time of their forefathers. But now the

textlie importers of Bombay have come to know of this adamancy of the Mewar customers and they are working havoc to the industry by flooding the market with imitations of smuggled designs printed in Japan and Manchester.

Wooden industry of Sheopur and Sabbalgarh is almost levelled to the ground on account of improper finance and marketing facilities. Keen competition of the large scale industries has also adversely affected this industry.

Q. IV. Handloom weaving industry in general and Chanderi Textile Industry in particular are affected by the competition of large scale industries turning out goods of unlimited varieties. Banares and Surat handloom industries have also affected the Chanderi Textile Industry. Cottage Textile Printing Industry has been torpedoed by the large scale Indian as well as foreign textile printing industries.

Oil pressing by Kolhus has almost ceased to be profitable occupation due to the competition of machine pressed oils.

Broadly speaking there is no small industry which is not affected directly or indirectly by the competition of large scale industries.

Q. V. Tarapur printed calicos are still having a fair demand in the local and Mewar State markets.

Chanderi Textile Industry has no regular established outside markets but still they are very much liked and appreciated by well to do customers in adjoining British Indian territories and the Indian States.

Q. VI. Generally the cottage workers and handicraftsmen obtain finance from the village money lenders who charge exorbitant rates of interest.

During the time of late His Highness of beloved memory, active attempts were made to finance cottage weaving and give other small aid, could not withstand the onslaughts of gigantic cotton mill industry and a pretty big sum out of the loans had to be written off as loss. Since the accession of present His Highness the Maharaja Saheb the matter has again been taken up in hand and a "Small Industries Fund" has been created to advance loans at low rates of interest (from 3 to 6 per cent per annum) to

needy, prospective small industries. Now that the Rural Uplift Programme has been sanctioned by His Highness the Maharaja Saheb and is about to be launched in the near future, the drive for the revival of small and cottage industries is bound to receive further momentum.

Q. VII. Upto this time in almost all the cottage industries the small artisan secures his own raw materials and he is his own salesman.

The handloom weaver goes with his coarse cloth in the hats and melas for the sale of goods; sometimes the villagers come to his place and purchase their requirements. But in most cases the medium for taking his goods either to the consumer or to the other middlemen is the same moneylender who provides him with finance or his raw material.

Generally, the craftsman approaches the money-lending dealers in the market with his articles for sale. After calculation on the cost of the raw material used, estimate is made of the time and skill employed in the preparation of the articles and the price which is ultimately settled as a result of higgling and bargaining between the craftsman and the highest offerer is either paid to him or is credited to his account with the dealer.

But in this higgling and bargaining the helplessness of the craftsman has always placed him at the mercy and goodsense of the dealers. There are unscrupulous dealers too who indulge in mean tricks to deceive the innocent craftsmen, but the state of affairs in general is creation of the circumstances resulting from the competition of large scale industries.

The shrinkage of the demand of the products of the cottage industry in market diminished their turnover and consequently eliminated the healthy competition of the sould financier who turned to lines offering more possibilities. The terms of finance became dear for the artisan whereas his products had to be made cheaper now to compete with the machine made goods. The increased cost but the low realised price by and by diminished the number of artisans, engaged in the industry. Many a time desperate artisans not being able to meet the demands of the money-lenders out of the earnings of the industry fled away without paying their dues. The money-lender tried to make out his living from diminished turn-

over and at the same time to insure himself against such recurring risks. The craftsman was squeezed from all sides and the quantity and quality of production gradually fell. As the money lender tried to make good his loss, the evil was aggravated. The wheel was once set into motion and the vicious circle went on, ultimately many an industry disappeared into oblivion in the whirlpool of these circumstances. The money-lender thus became the tool of circumstances apparently to squeeze out the life of small industries but the disappearance of the employment which the industry provided him drove him also to misfortune.

When there was no competition of the large scale industries, money-lender nursed the cottage industries like the milking cow.

Q. VIII. So far no attempts appear to have been made to organise any of the small industries on co-operative lines. Moreover it is only the Chanderi Textille Industry and the Jawad Calico printing industry which are still in such a state that efforts may be made to solve their various problems by developing co-operative organisations.

Q. IX. Success of co-operative organisations of small industries for purposes mentioned in the previous question depends upon their management on purely business lines. But in the case of industries which cannot reduce their cost to the level of large scale manufacturers, much cannot be achieved even by co-operative organisation. No doubt such co-operative organisations would very much increase the strength and resisting powers of cottage industries by eliminating the various wastes and internal weaknesses, but ultimately the question of final cost would prevail. But there are no reasons why we should be discouraged even if it is so. The cottage industries have several advantages and many points in their favour and wherever it is possible without much national loss to continue or develop cottage industries the final outcome should be in their favour as they do help us a lot in retaining the economic balance of our village life while saving us a lot from the worries of unemployment inherent in large scale production.

Co-operative organisation designed to undertake the work of financing the industries should be managed in banking lines. Advance of money to the members should

be against proper security but this should not mean that even worthy artisians may be starved where they have no security to offer. Partiality, favouritism and personal feuds and grievances should find no place in directing the policy or actions of such an organisation. The Board of such an organisation should have summary powers for the realisation of its dues.

Joint purchase of raw materials assures the co-operating members about the quality and price of goods and also enables them to purchase cheap. This is the business of experienced men from the industry concerned who exactly know its requirements and at the same time are conversant with the nature of the various qualities of materials available in the market and are in constant touch with the movement and trend of prices.

Co-operative selling of finished goods requires some sort of standardisation in manufacture without which no such co-operative organisation can successfully be built up for the purpose.

The organisation should have finance enough to hold the goods as well as to carry on a regular sale campaign on systematic lines always keeping in touch with the movements in the markets of prices, tastes and fashions.

Such a co-operative organisation can be afforded only by the industries which can charge a higher margin of profit. It is not practical to discuss the possibilities of such a wide-spread organisation for the ordinary handloom weavers who instead of this should be secured in their local markets by the elimination of or restriction on the competition of large scale industries.

Q. X. The average income of a Chanderi weaver may be taken to be near about six annas a day whereas his brother doing even less skilful work in the Gwalior Mills earns from Re. 1|- to Rs. 1|8|- per day. The income of the weaver is not the individual members separate income but it is the corporate income of an average family of three members.

Q. XA. Cost of transport is always an important factor affecting the marketing possibilities of the products of industries, but unless and until the cottage industries are revived to such a stage of development that they may send out goods in bulk, it is not possible to anticipate and detail such difficulties.

However in the case of wood industry in Sheopur and Sabbalgarh, the cost of transport is an important decisive factor.

Q. XIII. Chanderi Textile Industry is suitable for being organised on a co-operative basis for purposes of financing, buying raw materials, selling of the finished products and for inculcating the latest ideas and installing improved processes and plants. Chanderi Textile Enquiry Committee which thoroughly investigated the possibilities of the industry after a long tour and detailed study of the important weaving centres in India suggested that a Joint Stock Company may be floated to undertake this industry.

The Dyeing and Printing industry of Jawad is also susceptible of being organised on co-operative lines.

Q. XIV. From the nations angle of vision, certain cottage industries have to be viewed as more important than their sister large scale industries.

The industries are not required for themselves but they are required for the articles of consumption they make and from the larger point of view of the nation, for the employement they provide to the people of the country. If this last is to be taken as the national point of view, then the cottage and small industries which maintain a large number of population are more important than the large scale industries and wherever such large scale industries are not absolutely essential and indispensable in the interests of the nation on other important considerations too, the scales should always weigh in favour of the small and cottage industries.

The small industries in the interests of the nation as a whole, deserve help and protection of the Government from the competition of large scale industries, both foreign as well as Indian, because they tend to maintain the economic balance of the society.

There is a school of economists who are in favour of a wholesale change from small to the large scale industries and they suggest ameliorative measures to be adopted to minimise the suffering of the population in the transition period. They place the cart before the horse and neglect the human element for the welfare of which the industries are meant. Large scale industries rising on the ashes of

small and cottage industries cause a serious upheaval and dislocation of the economic equilibrium of society and thus give rise to a large array of problems over which the Governments have to dissipate much of their nerve and energy for undoing the mischief done to the nation.

In countries like Japan, Holland and Switzerland the pith of the cottage industry has been suitably combined with the economics of the large scale industry and in India also, a suitable and convenient way in between, needs to be found out after a close study of each and every such industry wherein it may be possible to utilise the services of science and latest inventions, at the same time keeping in view to retain intact as far as possible the present economic and social organisation of the country.

Q. XV. Handloom Industry stands first among such industries which have vast possibilities of absorbing a large population and therefore this industry deserves to be safeguarded by the elimination of the competition of the large scale industries from a certain sphere which may be reserved for them.

Kolhu oil pressing industry, though not so important as the handloom industry, comes next and as an occupation providing employment to a considerable number, it also needs to be safeguarded from the competition of machine pressed oils.

Similarly wherever competition of large scale industries is felt by cottage industries Government should take suitable measures to regulate and control such competition, so that the small occupations which provide employment to considerable number of population do not disappear altogether.

Q. XVI. First, the elimination or restriction of the competition of large scale industry and then better marketing organisations for their products which would be in a position to sell their products far and wide and would remain in touch with the movement of prices, taste and fashions in the Indian as well as International markets.

Social customs or fashions also play a very important part and any movement which associates the use of articles made by cottage industries with certain forms and ceremonials also widens the scope of the market of such

products. (The handloom industry in Bengal, Assam and the Deccan have been kept alive by certain social customs.)

Q. XVII. No doubt there are certain malpractices in which the small craftsmen indulge to make good for the deficiency in the margin of return for labour they get but these would automatically disappear as soon as the cottage industry is relieved from the pressure of large scale industries and there is an internal competition for the quality in the industry itself.

Q. XVIII. Textile cottage industry has to adopt the improved processes and plants and take up the weaving of lines for meeting the demands of latest tastes and fashions.

The Printing industry may also similarly widen its scope of designs and colours and adopt discharge and multi-colour block printing methods.

The improvements to be introduced in any industry are always to be taken as relating to particular periods; requirements for improvement in industries move with the change of time and ideas.

From

J. K. Mehta, Esq., M.A.,

Secretary, The Indian Merchants' Chamber.

To

The Secretary,

Bombay Economic & Industrial Survey Committee, Bombay.

Dear Sir,

With reference to your letter of the 29th May, 1939, I am directed by my Committee to reply to the queries contained therein seriatim as follows :

1. My Committee have already given, in their replies on the detailed heads of enquiry in your previous list, information which they have with regard to cottage industries and small scale industries. They have also specified the cottage industries which once throve in the Province, but have recently gradually declined. The difficulties mainly met with by cottage industries and small scale industries may be summarised as follows :—

(a) Competition of large scale industries. The advent of the Machine Age has brought in a very strong competition for cottage industries and small scale industries. Since the advent of the British rule and the introduction of English education, the isolation of India from the rest of the world has been removed, and she has been brought nearer the forces working in the Western world, thus necessitating her adjustment to the modern conditions. The British Government established in this country was originally moved by a **laissez faire** policy, specially when it facilitated the creation of a market for British goods for the teeming millions of the country. If the import of British goods was thus facilitated, it naturally brought in its wake the downfall and ruin of **bona fide** Indian industries. Thus, the first difficulty in the way of cottage industries and small scale industries was, and is, the tariff policy.

(b) After much struggle the policy of discriminating protection was adopted by Government and it has, to some extent, served to protect the cottage industries and small scale industries; but even then they cannot stand the competition from products of large scale industries, with mass production as their motto, and dumping heavily on this country, as Japan and other industrially advanced countries have been doing. This peculiar difficulty of competition from large scale industries and mass production can be considered to be the second difficulty.

(c) The third difficulty is the systematic propaganda—it may not be direct but at least indirect—which has been going on in this country since the establishment of foreign rule, to direct peoples' minds to cheaper and showy machine-made products rather than to products which may be more lasting but are made by hand. The protection derived from the patronage of Government, both Provincial and Central, semi-official institutions like Port Trusts, Municipalities, etc., education in schools and colleges, frantic efforts made by the salesmen of foreign companies to popularise their products—all these acted against cottage industries and small scale industries and in favour of large scale industries.

(d) Another difficulty was the competition from large scale industries started in this country itself, a difficulty which was perhaps even much greater. But the Swadeshi spirit inculcated in the country and the Swadeshi Movement based upon that, comprise within its scope not only the products of the cottage industries and small scale industries but also of the large scale industries.

(e) Change in the peoples' tendencies and inclinations, as also social customs and traditions, played its own part in weaning people from their attachment to products of cottage industries and attracting them to the new large scale industries.

My Committee think that cottage industries and small scale industries should not be put together, as there is a difference of ideology between the

two. While the cottage industries represent a distinct ideology of this country, the small scale industry may well be classed with the large scale industries, as both of the latter are the products of the modern machine age. The only difference between the small scale and the large scale industries is that while the latter require big finance and are based upon the theory of mass production, the former require only a small finance, though they are run by machine all the same.

(f) The transport difficulty may be mentioned as another difficulty, which confronts the cottage industries and small scale industries. The Railway rates and freight in this country are not yet systematically arranged with a view to develop industries and specially industries like cottage industries and small scale industries. The rates and freights are fixed in such a way as to provide a long lead and big load, and neither the cottage industries nor the small scale industries can hope to satisfy these essentials laid down by the Railway companies before they give concessions in rates. Not only that, but the inland trade has been very much neglected, as has been admitted even by leading Government officials. The cottage industries and the small scale industries have been thus neglected, and they have not been able to tap the local market.

(g) There are the difficulties of finance also with regard to both. The village life has suffered to a great extent from the political and industrial conditions prevalent at present . There has been a good deal of emigration from the villages to the cities, and the necessary talent and necessary capital for fostering these industries and looking after them have been found consequentially absent from the villages. The lure of the towns and cities has taken away men and women from the villages. It has been a veritable vicious circle. The villages being denuded of their man-power and even the money-power to some extent, are left without industries and practically without any subsidiary occupations for them, and so long as such industries are not started the villages will not be able to thrive and prosper.

These difficulties stated above, can be overcome to some extent by State action. State action, by giving its imprimatur, makes cottage industries popular and can encourage them with its patronage. It can also adjust railway rates and freight, as also help in providing proper finance. With a well-framed, systematic and scientific rural reconstruction policy and marketing facilities, the State can develop cottage industries or small scale industries in the villages. Want of power is yet another handicap. Thus, as the Mysore State has done, the villages can be provided with cheap electricity. This by itself will be a great step forward for the development of industries in the villages. A good water supply, a properly developed agriculture and development of subsidiary occupations for the agriculturists, may all lead to the development of small scale industries.

2. My Committee are of opinion that the principal place in the economic structure of the Province should belong to large scale industries; but that looking to the peculiar economic, political and social conditions of the country ,there is scope for the cottage industries and small scale industries also. They are necessary to the country, but my Committee do not think that it is either practicable or advisable to give them the place of honour at the cost of the large scale industries. India has, rightly or wrongly, taken to industrialisation and modern industrialisation means the expansion of large scale industries. Our political independence also will depend, in the opinion of my Committee, upon a proper, systematic and scientific organisation of large scale industries, and we cannot visualise a future for the country of any political independence, unless the country takes to modern industrialisation. Cottage industries and small scale industries are also necessary for the development of the village life, specially as the major part of the country's population stays in the villages. The Administrators of the country, therefore, whether in the Provinces or in the Centre, have to devote their attention to start and develop large scale industries, cottage industries and small-scale industries in their proper sphere having full regard to their respective limitations, because on their establishment and progress depend the real progress and prosperity of the country. In the opinion of my Committee, the question of their competition with large scale industries does not much come in. If, however, efforts are to be made to develop them properly,

it should not be in such a manner that there will be a very large activity and keen competition between their products and the products of large scale industries. In fact, my Committee consider that such a stage is not possible at all and that cottage industries and large scale industries can develop on their own lines without coming into conflict with each other. Besides the form of assistance suggested above for the cottage industries, my Committee consider that a subsidy may also well be given, and technical and marketing assistance should also be provided; though there need not be any difference between marketing machine-made products and products of cottage industries. My Committee do not consider that enough has been done to enable the cottage industries to stand up and develop. With regard to handloom weaving, tanning, pottery etc., these will be developed by State action in the form of State patronage, State recognition, technical instruction provided by the State and institution of Cooperative Societies or Banks to help them.

3. Our experiences or rather our information about the assistance which industries have received from the activities of the Bombay Government during the last 17 years, is that such assistance as was given was without any plan and imagination. This was partly because of the indifference of the Government itself, leaving the matter to the Director of Industries, who unfortunately sometimes took a keen interest and sometimes not, and partly due to financial stringency. We, however, feel that some items like giving information to those who wanted technical advice and instruction by visits and inspection were made possible through the department. We have no knowledge of the Department of Industries having ever made a strong representation to the Central Government on the menace of Japanese dumping and adverse effects of railway freights, which were great obstacles to the progress of small industries in the Province. The reports of the Director of Industries mention at numerous places such complaints as recorded in the preceding lines. Excepting the handloom industry and the Silver and Gold Thread industry we do not find that any important industry in the Province has made any headway, looking to the period of the last 17 years, during which a substantial progress of material benefit could have been achieved by a department like the Industries Department.

So far as the present is concerned, it must be noted that responsible Ministers seem to be very keen in developing the small industries of the Province. We have, however, so far received only one report, giving the activities of the Department under the new regime, and we feel that there is reason for hope under the present Government.

As regards the changes desirable to make the department a **sine qua non** for the promotion of industrial development of the Province, we strongly urge a thorough inquiry of such of the dead or dying industries which can be revived and which would pay economically even at this advanced industrial age. Such a step is possible, if the Department can maintain a research staff of able men and publish from time to time details of the location of an industry, the needs of the people, imports of such items from foreign countries and the possibilities of home production of those items at cheaper costs. This may not be all. The Department should open a Commercial Bureau from where every little information could be made available to those who need such information. It is desirable further that the Government should depute some able men, every alternate year, to foreign countries, to study the technical aspects of industrial policy and to find out what particular use some of our raw materials are turned into, and if a similar process can be followed here for the progress and advance of our small scale industries.

4. (1) My Committee have already mentioned previously that Government should have a policy of developing large scale industries, cottage industries and small scale industries, and should not allow either the development of cottage industries at the expense of large scale industries or the development of large scale industries at the expense of cottage industries. In a country situated as India is, all the three sets of industries are a **sine qua non** of future progress, and we cannot afford to neglect the one and only look after the others.

(2) Setting up of a new industrial unit has been upto this time more or less a haphazard process. No systematic and scientific policy has been pursued either by industrialists or by Government, with the result that we find certain industries planted in regions where there was no particular scope for them. Thus, for instance, the failure of several

glass factories has been directly due to this mistaken policy of setting up these factories in places convenient to the promoters but not suitable for the particular industry. There are so many factors, which have to be taken into consideration before an industrial unit is set up—availability of raw materials, good and ever-expanding market, cheap transport etc.

5. My Committee are of opinion that the scheme as suggested of the formation of district associations to help cottage industries will be found suitable. At the same time, there have been cooperative societies formed to help the village industries with raw materials, or to help them with disposal of their products. The All-India Spinners' Association and its branches are all doing work in this direction. So far as the results are shown, cottage industries have not been benefited to the extent to which they should have been, through all these efforts, and my Committee consider that further efforts would be necessary if the cottage industries are to be really fostered and developed. The help must also come from the people in general with regard to their patronage. It is also a question, however, whether the public tastes can now be changed and whether the public can be induced to purchase products of cottage industries which may be costlier and which may not, sometimes, be as lasting as the products of large scale industries. As has been remarked above by my Committee, there is no question, or there should be no question, of competition between cottage industries and large scale industries and the cottage industries should only come in as supplementary to large scale industries and as opening out avenues of side-occupations to the people in the villages. The problems of debts of the artisans have been dealt with by the Provincial Government with their different schemes of Debt Redemption.

6. My Committee observed, in their written statement before the Textile Labour Enquiry Committee, that there was a great necessity of organising and developing ancillary industries to the cotton textile industry. At present millstores, comprising important items like healds and reeds, bobbins, shuttles, starch combs, pickers and picking bands etc., have to be imported practically wholly from abroad. All these industries are started here and they are not still sufficient to satisfy the demands of the whole

country. If proper efforts are made, all these stores, the imports of which amount to several crores of rupees can be manufactured locally and all the foreign imports can be dispensed with. Government can very materially assist by giving technical assistance and financial help. Such industries, if properly organised, will change the face of the country and will also indirectly help the cotton textile industry.

There are also a large number of other articles, which we import, but which can profitably be manufactured in the country. Toilet requisites, surgical instruments, drugs, chemicals, furniture cutlery, toys, glass vessels etc., to name a few can be manufactured in the Presidency. Many of these mentioned above are as a matter of fact manufactured and more can be expected if further support is forthcoming from the Government as well as industrial magnates.

Yours faithfully,

Ag. Secretary.

Secretary, **The Millowner's Association,**
Bombay, 26th June, 1939.

The Secretary,

Bombay Economic and Industrial Survey Committee,
Old Custom House Yard,
Bombay.

Dear Sir,

I am directed to acknowledge the receipt of your letter dated the 29th May 1939, and to set forth below the views of my Committee on the various points raised by you. For ready reference, I have reproduced below your letter paragraph by paragraph and our answers thereto :—

Paragraph 1 : Have the products of the Indian mill industry replaced in any measure those of the handloom weaving industry during the last 20 years? Has the mill industry, during this period, begun manufacturing articles which were hitherto manufactured only by handloom weavers? Can any quantitative estimate be given of the extent to which the mill industry has thus made inroads into the handloom weavers' market?

Answer : We have no precise information as to whether, and if so, to what extent the products of the Indian cotton mill industry have replaced those of the handloom weaving industry, but taking into consideration the figures of yarn made available to the Indian handloom industry from year to year (vide Appendix I), it is perhaps reasonable to infer that the two industries have existed side by side without hurting each other.

Each industry has a definite field of utility. The handloom weaving industry has advantages when :—

(a) weaving from hand-spun yarn;

(b) weaving fancies and specialities which cannot be economically produced by power looms; and

(c) weaving fabrics which, on account of the very limited local demand, the variety of patterns, shortness of length etc., will not ordinarily be produced by the mill industry;

and its future would, therefore, depend, to a very great extent, on the extent to which it confines itself to the manufacture of goods in respect of which it enjoys special advantages.

Paragraph 2: What quantities of yarn have the mills in India been selling within India during the last 20 years. Please give the figures by different counts. Do the mills find an increase in the demand for their yarn or a decrease? In what particular counts of yarn have those trends been noticed and what do you think is the cause of the same?

Answer: In Appendix I will be found a statement showing the estimated total quantities of cotton yarn available for consumption to the handloom industry year by year in the period 1918-19 to 1937-38. It may be taken that between 80 and 90 per cent. of the total yarn available to the handloom industry is from the Indian mill industry. We regret we have no information about the detailed counts of these yarns, and so far as we are aware, no authoritative information can be supplied under this head unless special returns are taken out from individual cotton mills. We ourselves had suggested to the Government of India the desirability of collecting special statistics showing the production of reeled yarn by counts, but so far nothing appears to have been done. We are, however, informed that the bulk of the yarn supplied by the Indian mill industry to the handloom industry is confined to counts 20s and below. This does not mean that the production of the handloom industry consists only of coarse counts goods. The handloom industry in the Madras Province is reported to be producing fine count fabrics from fine count cotton yarns sold by the Indian mill industry and cotton and art silk yarn imported from abroad.

In addition to cotton yarn, the handloom industry is also reported to be consuming the great bulk of the art silk yarn imported into this country. Appendix II shows the figures of art-silk yarn imported into India in the last ten years. Art-silk yarn is used by cotton mills only for producing decorative effects on woven fabrics, and it is estimated that the cotton mill industry's total consumption of artificial silk yarn would not exceed 15 to 20 per cent. of the total quantity imported.

As will be seen from the figures given in Appendix I, the total quantity of cotton yarn made available to the handloom industry in the last six years shows very little variation, but our difficulty is that these sales have had to be made at extremely low prices.

Paragraph 3: Do you think that the handloom industry can survive in the Indian economic structure and continue to give employment to as many persons as it has been giving employment today? Or do you think that that section of the handloom industry which is making certain standard articles is bound to disappear by the force of competition of machine made cloth either indigenous, mill or imported? If so, what are the varieties in the manufacture of which the handloom weaver is at a disadvantage as compared with the mill industry? Can you suggest any measures which will enable the handloom weaving industry to continue supplying their standard varieties in competition with the corresponding mill made varieties?

Answer: The figures given by us in Appendix I show that handlooms will continue to play an important part in the Indian economic structure, but a lot would depend upon the extent to which the handloom industry confines itself to the manufacture of goods in respect of which it enjoys special advantages. We agree that the prices, which the handloom industry has been able to obtain for its manufactures, have, in common with the Indian mill industry, been below fair selling prices, and in our opinion, therefore, the future of the handloom industry would also depend to a very great extent on the amount of protection available to it against imported cotton piecegoods.

It has, however, recently come to our notice that certain special styles of plain artificial silk susies produced on handlooms are being marketed at prices which, in our view, are very much below our cost of production. This, it appears, has been possible on account of the special assistance made available to the handloom industry of particular Provinces by the Provincial Governments concerned.

We understand that the success of the handloom industry is largely dependent upon favourable economic conditions of the locality in which this trade is carried on and also on the good crops of the year. If there are adverse

economic conditions such as shortage of rain, flood havoc and consequent distress, then it is perhaps the hand-weaver who will be the first victim as his goods will not find a ready sale.

We do not think that the Indian handloom industry has anything to fear from the Indian mill industry, but if adequate protection is not available against foreign imports, there is a possibility of the monopolistic position and special advantages which the handloom industry at present enjoys in certain special lines being completely destroyed by foreign imports. Certain types of Lungis, Sarongs, Handkerchiefs and Scarves are examples of the special lines in which the handloom weavers of the East Coast of India have a monopoly . Their products find a ready market not only within the country but also in Ceylon, Singapore and Straits Settlements. In this instance, therefore, there exists a case for not only an adequate protective duty in India, but also an export bounty to keep up the competitive position of these goods in the respective markets to which they are exported against those of Japan and other countries.

Paragraph 4: Are there in your opinion any special markets for the handloom weaver where he enjoys a competitive advantage against the mill industry? If so, kindly name the articles in the manufacture of which he is at a special advantage. What do you think is the proportion of handloom weavers in the province who are engaged in manufacturing such special articles? Is the mill industry also engaged in meeting a part of the demand for such articles? What, in your opinion, would be an approximate value of the total annual demand for these articles?

Answer: This question has been partly answered in previous paragraphs, but we would like to add that there are certain specialised lines of hand-woven cloth such as Saries, Scarves etc. which the power looms in the factories cannot produce on an economical basis. Moreover, the handloom weaver has an advantage of being able to introduce very economically into the fabrics he weaves, a variety of intricate and attractive patterns which the power looms are not yet in a position to do, and, as we have already explained, the handloom weaver should, in his own interests, concentrate on the production of such sorts rather than on those lines which cannot be produced

by him as cheaply as in cotton mills. We have no figures available showing the total value of goods produced on handlooms, but we understand that the Directors of Industries would be able to furnish your Committee with the total value of the goods produced in their respective Provinces.

Paragraph 5:. . If you agree that the majority of handloom weavers are engaged today in making standard articles in the manufacture of which they are at a competitive disadvantage with the mill industry and the manufacture of which they are able to sustain only by a progressive lowering of their standard of life, is it feasible to improve their lot in this connection or should their position be looked upon as bereft of hope? If not, what kind of assistance do you think should be given to the handloom weaver to enable him to survive? Do you think that the grant of marketing and financial assistance to handloom weavers would enable them to obtain an adequate wage? If not, do you think a subsidy should be given to them from the provincial revenues so that they will be able to compete with mill products? If you agree, what sources do you suggest for obtaining the funds necessary for this purpose? Or alternatively would the textile industry have any objection to the suggestion for a statutory division of the market between the handloom industry and the mill industry, the handloom industry being allowed to make certain types of standard articles and the mill industry being forbidden from making those types? The types may be defined either by the count of yarn used or the kind of article made. If you do not agree to any of these suggestions, what suggestions do you make for enabling the handloom industry to survive in the province? Can you suggest any other method of regulating the relations between these two important branches of the Indian textile industry as will result in the survival of the handloom weaving industry?

Answer: We have already referred to the necessity of giving adequate protection to the Indian mill industry and the Indian handloom industry. In addition, we recommend that the following measures might also be taken to assist the handloom weavers :—

(a) Establishment of co-operative banks or similar institutions to finance.

(b) Establishment of large scale bleaching, dyeing and finishing factories, where the fabrics woven by the handloom weaver could be finished at reasonable rates.

(c) Establishment of an organisation or organisations which would be responsible for the marketing of the handloom industry's manufactures cutting out as far as possible the middle man's profits.

(d) Establishment of trade schools in handloom for weavers and their children. These institutions should also be responsible for introducing the latest labour saving devices in handloom weaving for increasing daily output.

(e) Establishment of an institution which would be responsible for collecting information regarding the markets in India and abroad and also give technical information to the handloom weavers as to what to produce and what not to produce.

We are not in favour of a statutory division of the market between the handloom industry and the mill industry. We are not also in favour of excluding the mill industry from the manufacture of certain sorts. The practical difficulties inherent in a proposal of this character have already been brought out fully in paragraph 177 of the Matthai Tariff Board Report and we have nothing to add thereto.

Paragraph 6: What are the different things which your industry has to import for the purpose of making its final products? Please give details for the last five years. Apart from raw cotton, what are the difficulties that the industry meets with in obtaining these different commodities in India? Is there any possible method for the industry to arrange for the making of these commodities within the country itself? Can you suggest if State aid could be helpful in enabling you to get these things made in India? If so, what is the kind of State help you think should be given for this purpose.

Answer: As regards this paragraph, my Committee can do no better than send for the confidential information of the Economic and Industrial Survey Committee copy of a letter which they sent to the Government of India, De-

fence Department, in response to an enquiry made by them.

Oral Evidence: A special Sub-Committee has been appointed to submit oral evidence on the points raised in this note if necessary, and I would be glad if you would let me know at least a week in advance as to when the Enquiry Committee desire to take their evidence.

Yours faithfully,

Ag. Secretary.

The Secretary,

National Planning Committee,

BOMBAY.

My dear Dr. Guha,

When I saw you last week you had suggested that I submit a memorandum* on the scheme for Village Industries Handicrafts. This I am enclosing and trust that according to your plan you will be able to forward it to Wardha for the meeting on the 20th inst.

The Committee's aim with respect to the Masses in the villages is undoubtedly for their well being and prosperity. To this end, I am sure, their primary programme is to improve all conditions with regard to their (of the villagers) usual every day occupation, viz. agriculture.

The next step in their programme, as I see it, would be to provide occupation for the leisure hours and during those periods when their usual primary work is at a stand still. This substitute occupation should be such as suits the aptitude of the individual and at which he can earn most for his time and efforts—this occupation should also make him proud of himself.

The Handicraft scheme here outlined fills just these purposes—occupation according to aptitude for the more dexterous, better income for the effort, and pride in the products.

We would do well to study the Village Industries of other countries. From them we may learn their ways and means of organisation and finance.

May I request that you let this letter be a part of the Memorandum. Thanks.

Cordially Yours,

Sd|- (K. Chawdry).

See Page 92.

SUMMARY OF DEVELOPMENTS

Notwithstanding the stress laid on the necessity to develop Rural and Cottage Industries as an integral part of the struggle for independence, notwithstanding the real significance of that Industry in the aggregate rebuilding of India's national economy after achieving National Independence,—as attempted to be shown in the Introduction, the actual efforts made for their resuscitation, protection and advancement, seem comparatively, half-hearted. In public professions of the Leaders there is no lack of cordiality for the idea. But the actual assistance given to the revival of such industry,—judged in proportion to the capital and labour devoted, or the volume of output expected from the Large-Scale Industry,—is insignificant,—except, possibly in the case of the Textile Industry of hand-spinning and hand-weaving.

This may be inevitable in the nature of Small-scale Cottage Industry. Its inability to stand competition from machine made goods, whether of local or foreign production, is an explanation, the force of which can only be neutralised, if State aid is accorded to such Industry in unlimited measure and with unwavering faith. The ultimate aggregate cost of such assistance, and the comparative return obtained, are also a factor to be considered. Nevertheless, if a sound, scientific, all-round Plan of National Reconstruction and Development is prepapred and carried out, the comparative economies of large and small-scale enterprise would not create an insurmountable obstacle. The proper place would be assigned, under such a Plan, to each category; adequate and appropriate stress laid on either; and just such aid rendered,—and in such form, as would best help the Industry and produce optimum results from the point of view of the aggregate national economy.

The problem is, therefore, one of scientific and comprehensive planning. The various Plans prepared by the Provincial and State Governments between 1943 and 1945 do contain sections on such industries within each region. But the motive force of those Plans lay in the desire to find employment for the demobilised military personnel, at the end of the War, than the all-round development of the national economy so as to improve all-round the country's standard of living. From

that standpoint, these Plans, and their stress upon Small Industry, cannot yield results comparable to the idea in view.

In the last year or two, more specific attention has been devoted to the encouragement of Small-Scale Industry,—not only because of the sentimental associations. After the end of the War, there has been a woeful tale of shortage in all forms of capital goods in countries producing them, without which larger industry cannot be rebuilt or expanded, or established afresh. The heavy deficit of food supply in the country, moreover, has necessitated large imports of food grains, which leaves very little Dollar Exchange available for importing plant and machinery for large-scale industry from the countries producing such goods in abundance and efficiency. Meanwhile, the country's own demand for consumption goods, which the larger industries intended to be developed with the aid of such Capital Goods were to have produced, remains unfulfilled. The scope, therefore, for developing Cottage Industries which can stand in the breach and meet this demand, becomes much larger and promising.

At a Conference held in New Delhi in March 1942, because of the intense war demand which could not be met from the usual pre-war sources, nor from Indian large-scale industries, it was decided to encourage the activities of Small-Scale and Cottage Industries, and to purchase an appreciable portion of war requirements of certain items from them. Arrangements were accordingly made to order goods from small-scale and cottage industries through the Provincial Co-operative Departments, or the local Directors of Supplies. They were also asked to supply raw materials, provide finance for each such enterprise as well as technical guidance, and to supervise the work in the process of manufacture.

No further steps could be taken while the War was in progress to develop more intensively the Small-scale Cottage Industry. The War demand was supplemented to some extent by the output of this industry. But that was unco-ordinated with any systematic organisation of this branch of our national economy.

At the Industries Conference, accordingly, called in December 1947, very considerable attention was devoted to the problem of reviving Cottage Industry. The Depart-

mental Committee of the Industries Conference had decided that, since the terms "Cottage Industries and Small-Scale Industries" were understood in popular language sufficiently clearly, it was unnecessary to give a comprehensive clear-cut definition of such industry. As the proposals, programmes, and schemes of the Unit Governments were not before the Committee; and as it would take time to get and co-ordinate them, the Committee suggested an All-India Cottage Industries Board, which should be entrusted with that work. The Board will then be in a position promptly to apply the necessary scrutiny, and recommend the necessary help the Centre may give anent the various proposals for their development.

Other Resolutions adopted by this Committee are :—

"Importance of Cottage Industries and Need to Organise them. This Committee, while realising the imperative need for increasing production by all means, is of opinion that in the conditions obtaining in this country and the prevailing opinion of the people, decentralised production should be encouraged (one member dissents) and cottage industries and small scale industries should be organised and helped in every way and endorses the considered view of the Asian Conference of the I.L.O. which has advocated 'organising of these industries on co-operative and federal lines, so that small and autonomous undertakings can benefit from the financial, technical and commercial advantages normally enjoyed by large undertakings in a concentrated industry.

All-India Cottage Industries Board's functions. The Committee attaches the greatest importance to the immediate creation of an All-India Cottage Industries Board to be developed on the same lines as the Indian Council of Agricultural Research, for organising, promoting and helping cottage industries and small scale industries. This Board should study the Provincial Plans, and make recommendations for their co-ordination and further development, and for the administration of the funds which may be placed at its disposal by the Government of India. In the present circumstances it is considered by a majority of the members that the Handloom Board now functioning should also continue, and that the work of the two bodies should be co-ordinated by the Directorate whose creation we recommend below.

The Committee unanimously recognises the great importance of promoting research in the processing, technique, materials and marketing of the products of all cottage industries and for this purpose recommends that the Board proposed above should regard establishing the necessary machinery and agency for the same as one of its important duties.

The most effective organisation for the rapid and efficient development of these industries is by means of Co-operative Societies which would deal with all stages of these industries. It is in this way only that the interventions of the middleman can be minimised and eventually eliminated altogether so that the increased value due to co-operative effort remains with the workers.

Where any cottage industry requires for its finished product any accessory from any other industry conducted on a large-scale basis, the Board proposed above should organise and establish a machinery by which all such necessary accessories for turning out the finished product would be obtained without the large scale industry making an undue profit from the same.

Composition of Board. To make the Board fully representative and to vest it with the required authority, we propose the following composition for it :—

(1) The Minister for Industry and Supply to the Government of India should be the Chairman.

(2) One representative from each of the Provinces and major States (not exceeding five) as members.

(3) Five nominees of the Central Government of whom at least two should be non-official members of the Central Legislature.

(4) Fifteen non-officials who shall be representatives of handicraftsmen to be nominated by Provincial and State Governments in consultation with organisations of handicrafts, wherever they exist. Each Province and major State (not exceeding five) will have the right to make one nomination.

Directorate of Cottage Industries.. In order to ensure continuous attention being paid to the claims and requirements of cottage industries to facilitate the work of the above mentioned Boards, to maintain permanent touch

between the Central Government on the one hand and the Provincial and State Governments and cottage industries on the other, and to keep in touch with the inquiries conducted by the Tariff Board, we propose that there should be Ministry of Industry and Supply, with necessary officers and staff.

Subventions to Provinces and States. A systematic drive for the development of cottage industries by Provinces and States requires considerable financial assistance, and we recommend that the Central Government should allot a substantial sum for the purpose to be utilised by the Board and distributed on the recommendations of the Board. The Committee also recommends the establishment of Central Emporiums in Provincial Headquarters and in foreign countries, maintained and conducted by the Central Government for the exhibition and marketing of cottage industries goods.

In addition to rendering help in the supply of raw materials, financial accommodation and technical assistance we make the following three other recommendations to enable the cottage industries to withstand, as far as possible, competition from large scale industries :—

Special Assistance to Cottage Industries.

(a) In any scheme of formal or informal control over distribution of raw materials in short supply to industries, such as, yarn, steel, coal, caustic soda and other chemicals, etc. adequate and definite provision should be made to meet the needs of cottage industries.

(b) Similarly, in the matter of priority assistance such as transport, supply of coal or power, etc. adequate provision should be made for cottage industries.

(c) In the cases of industries referred to the Tariff Board, that Board should be asked to safeguard the interests of cottage industries.

The following is a summary of our main recommendations :—

(i) We attach the greatest importance to the creation of a permanent All-India Cottage Industries Board with sufficient authority and representative character.

(ii) There should be a separate Directorate under the D.G.I. & S. to work as its executive.

(iii) The Central Government should place a special grant at the disposal of the All-India Board from which it may make suitable grants for a period of years to Provinces and States for the development of cottage industries, for promotion of research and for encouragement of co-operative organisation of these industries.

(iv) Separate provision should be made for cottage industries in the matter of distribution of raw materials in short supply and priority assistance.

(v) The Tariff Board should bear in mind the interests of cottage industries while framing its recomdations regarding industries referred to it.

It was recognised by the organisers of the Conference that little attention had been give in pre-war days to the proper organisation, equipment, and working of such Industries in the several Provinces. During the last war, when the need for increasing production of goods required for prosecution of hostilities by all possible means was paramount, some consideration of the problems of Cottage Industry was forced upon the powers that be. It was a question of the very existence of Britain where considerations of retaining the Indian Market for British Industry had perforce to take a second place. Government had, therefore, to give help to such industries wherever they were necessary.

The results were sufficiently encouraging for the Conference called in December 1947 to hold that it is necessary and proper that the maintenance of such industries, developed during the war, and the extension of the activities of these productive organisations on rational lines, should receive greater consideration by the popular Governments, Central as well as Provincial.

Small-scale Industries can broadly be divided into three categories, viz:

(a) Those which are auxiliary to large-scale industries, e.g. manufacture of heralds and reeds, pickers, motor cushions, etc.

(b) Those which are engaged in the supply of repair services, e.g. motor repair, locomotive workshops and other small engineering establishments.

(c) Those which are engaged in the manufacture of finished goods, such as brass, copper, and aluminium ware, furniture, cutlery, iron foundries, hosiery, soap-making, paper, baskets, coir rope, preserves and pickles and papad, etc.

The Conference was next required to consider classification of these industries, which have been classified on a variety of bases. Those who prepared the preliminaries for this Conference considered the most familiar method of classification to be that based on raw material requirements. The following classification brings out the most considerable groups of such industries :—

(i) Industries dealing with cotton, wool, and silk e.g. hand spinning, hand weaving, dyeing, printing etc. This is the most important group, being concerned with the largest volume and value of output, providing the greatest degree of effect of subsidiary, permanent or off-season employment; and hence the stress levied upon its development in the national struggle for independence.

(ii) Industries dealing with metals, e.g. brass, copper and aluminium ware, operations connected with blacksmithy, etc. These are the necessary requirements of Agriculture; and are accordingly well developed and widely spread as cottage industries.

(iii) Industries dealing with wood, e.g. furniture-making, toy-making, house and ship-building timber, cart-wheel spikes, etc.

(iv) Industries dealing with leather, e.g. tanning, making of shoes, chappals, leather-boxes, saddlery, belting etc.

(v) Industries dealing with earth, sand, etc. pottery, bricks, tiles, etc.

(vi) Other industries such as bangle-making, paper-making, bidi-making, etc.

(vii) Industries based on forest produce e.g. basket-making, coir-rope, grass mats or carpets, paper etc.,

(viii) Production of drugs and medicines still remains a small-scale business widely spread throughout the land; and is of vital importance in the health of the community.

(ix) Industries dealing with domestic requirements or food material, e.g. preparation of jams, pickles, preserves, papad etc. are equally widely spread on a purely domestic scale.

(x) Industries or occupations concerned with services or working up raw materials for finished goods, e.g. repair shops, tailoring or laundry, cooking, sweets etc. cannot but remain in the same stage.

The principal problems of small-scale and cottage industries as conceived by the Committee are :—

(i) Provision of raw materials;

(ii) technique of manufacture;

(iii) finance;

(iv) marketing (including commercial intelligence), and

(v) competition against goods produced by other methods, whether imported or locally produced.

(vi) Railway freight charges.

Plans have already been prepared by Provincial Governments to give an impetus to these industries; and they could be discussed in relation to the difficulties mentioned above and any others.

(vii) The need for securing full employment, and for ensuring equitable regional distribution of a particular industry is also an important problem.

In this connection, the following observations of Mr. Colin Cark may be of interest:

> "If I were an Indian Minister, I should say: Have much of your development in the form of cottage industry as possible. Regard the factory as a necessary evil. I hope it will be possible to improve the productivity of cottage industry by the diffusion of electric power and better equipment and most of all technical instruction."

The development of such industries is, under the new Constitution, primarily the responsibility of the Governments of the federated units. The Asian Conference of the I.L.O. has, however, recommended "the organising of these industries, specially on cooperative and federated lines, so that small and autonomous undertakings can benefit from the financial, technical and commercial advantages normally enjoyed by large undertakings in a concentrated industry".

The Cmmittee of the Conference, reviewing the Departmental Committee's Report, resolved :—

That the report dated 11th December of the Departmental Committee on Small-scale and Cottage Industries and the review of the Resources and Priorities Committee of the said report and adopted them with the following modifications.

(1) It is the unanimous opinion of this Committee that there should be a separate Board for Cottage Industries for the present, distinct from the existing All India Handloom Board. Both these Boards should be developed on the same lines as the Indian Council of Agricultural Research for Organising, promoting and helping cottage industries and small scale industries, for promoting research in the processing, technique, materials and marketing for developing cooperative Societies for the elimination of middlemen and for improvement of the efficiency and organisation of cottage industries and their handicraftsman.

(2) The name of the Board proposed to be set up should be the All India Cottage Industries Board, though the Board should pay attention also to small scale industries.

(3) The proposed Directorate of Cottage Industries should not be under the Directorate General of Industry and Supply, but independent of it and directly under the Ministry of Industry and Supply.

(4) The subvention proposed for both the Boards should be the Central Government.

Other recommendations :—The Committee also considered other aspects of the problem and made the following additional recommendations :—

(i) **Separate Departments of Industries in Provinces.** The Committee recommends that Provincial Governments should establish, as soon as possible, a separate department of Cottage Industries independently of the existing Departments of Industries which are primarily concerned with large scale industries.

(ii) **Yarn for Handlooms.** The Committee recommends that a just and adequate quota of yarn for Handloom Industry should be the first charge of the spinning mills (yarn production).

(iii) **Trade Commissioners & Cottage Industries Products.** The Committee recommends that the Central Government's Trade Commissioners should continue to pay special attention to the marketing of Cottage Industries products in other markets and to make the relevant portion of reports of Trade Commissioners available to Provinces.

(iv) **Provincial Cottage Industries Cooperative Bank.** The Committee recommends that Provincial Government should establish Provincial Cottage Industries Cooperative Banks with district units for the financing of cottage industries including handloom weaving and place them in possession of adequate funds, subscribing a part of the share capital and giving all facilities for raising loans with Government guarantee.

(v) **Self-sufficiency in Food & Clothing through Cottage Industries.** The Committee recommends that, so far as the basic needs regarding food and clothing are concerned, especially in rural areas, it should be our aim to attain self-sufficiency primarily through the development of Cottage Industries.

(vi) **Adjustment of Railway Rates.** The Committee recommends that the present railway freight rates should be so adjusted as to give preference as far as possible to the products of cottage industries and to remove their present disabilities with a view to develop them.

(vii) **Leather Research Institute.** The Committee urges the Government to expedite execution of

their decision to start a Leather Research Institute in Madras and to constitute a special section for the development of flaying, tanning and leather work on cottage industries basis, giving special facilities for the training of leather craftsmen.

(viii) **National Research Institutes.** The Committee suggests that in all National Research Institutes to be set up by Government, special attention may be paid to the interests of Cottage Industries.

(ix) **Special Missions to Europe & Japan.** The Government of India should send special missions to Europe, especially Switzerland, Czechoslovakia, Germany and Japan to study the working and organisation of cottage industries and secure the services of their experts for employment for limited periods in this country and for the training of our men.

Summary of Recommendations. The following is a summary of the main recommendations taken as a whole:

(i) Establishment of a permanent All India Cottage Industries Board in addition to the All India Handloom Board.

(ii) Establishment of a separate Directorate of Cottage Industries under the Ministry of I. & S.

(iii) Subventions by the Central Government to the All India Cottage Industries Board and also to the All India Handloom Board.

(iv) Separate provision in the distribution of raw materials in short supply and priority assistance for Cottage Industries.

(v) The special interests of cottage industries should be borne in mind by the Tariff Board while framing its recommendations regarding industries referred to it.

(vi) Provincial Governments should establish separate departments of cottage industries.

(vii) Yarn for Hand-loom Industry to be the first charge on the spinning-mills.

(viii) Central Government's Trade Commissioners should pay special attention to the marketing of cottage industries products.

(ix) Formation of provincial Cottage Industries Co-operative Banks to finance cottage industries.

(x) So far as basic needs regarding food and clothing especially of rural areas, are concerned, we should attain self-sufficiency primarily through the development of cottage industries.

(xi) Railway freight rates to be adjusted to give preference to the products of cottage industries.

(xii) Expediting the starting of the Leather Research Institute in Madras with a special section for Cottage Industries. Special attention to the interests of cottage industries in all National Research Institutes.

(xiii) Special missions to Europe and Japan in the interests of Cottage Industries.

The following Resolution was passed by the Conference specifically with reference to the small-scale and cottage industry :—

Resolution No. IV. "This Conference recognises the importance of cottage and small-scale industries to the economy of the country. It is of the view that while the size and nature of these industries make it unavoidable that their proper development must remain the responsibility of Provincial and State Governments, the Central Government should investigate how far and in what manner these industries can be coordinated and integrated with large-scale industries. The healthy expansion of cottage industries depends on the provision of raw materials, technical advice and organised marketing of their produce. For this purpose the Central Government should establish a Cottage Industries Board."

K. T. SHAH.

ANNEXURE TO THE SUMMARY OF DEVELOPMENTS

AID TO NEW INDUSTRIAL PROJECTS IN BOMBAY

The report of the Provincial Industries Committee, Bombay, also contains an extensive survey carried out by a number of sub-committees of the various industries that can be reorganised or newly established in the different parts of the province, their productive and economic potentialities and the lines along which they should be developed as part of the programme of planned economy, prosperity and progress in Bombay province.

The Provincial Industrial Committee was appointed, on the lines of the Government of India Policy Committee for Industries in 1945 and was reconstituted in 1946. The Committee was requested to recommend on the existing industries in the province which should be further expanded, and to suggest new industries that could be started, both large-scale and small-scale as well as cottage industries. The other terms of reference were the suitable location of industries, choice of State or private agency, extension of Government help and the formation of panels for particular industries.

Sub-Committees' Work.

Sub-Committees for metal and engineering industries, chemical, food and forest, textile and miscellaneous industries, cottage and small-scale industries, and a special sub-committee to consider the location of industries were formed to carry out a rapid survey and investigation.

The Committee says that the sub-committees have not touched the important problem of fixing overall targets and priorities. In the Committee's view, such targets are necessary for national effort and planned industry. The capital requirements for industrial expansion urged by the Sub-Committees is estimated at about Rs. 200 crores. The value of production will be approximately Rs. 150 crores a year. The Committee thinks that the scheme of priorities for the provinces will have to be fitted into an all-India scheme and this can be done by taking into consideration the immediate needs of the provinces first and, later, adopting modifications, if any, in the interests of a co-ordinated policy for the country as a whole.

Location of Industries.

As regards the location of industries, the Committee is of the opinion that an effort should be made, to ensure the decentralisation of industry.

While the Government of India are setting up iron and steel plants, the provincial Government can start production of aluminium in view of the shortage of non-ferrous metals in the country, and as most of its raw materials are available in the province. The Committee recommends that machine-tools should be left to private enterprise, and the State should take up the manufacture of machines and machine parts of certain types only when they are considered as essential, and when private enterprise lacks the necessary capital or expert personnel for their manufacture.

State Management.

Government participation in private industry may consist of subscription of part of the capital required for an enterprise, the guarantee of a minimum dividend, the supply of raw materials or power at concession rates and the purchase of the products of the industry according to the circumstances of each case. The Government should also start pilot plants whenever a response from private agencies is lacking. In the case of industries taken over by the State, the Committee favours the management of such undertakings by autonomous statutory bodies such as public corporations.

Foreign capital, the Committee thinks, will have to be allowed in order to make possible a rapid development of our industries. But foreign capital may be allowed provided the interests of the country are safeguarded and Indian personnel is employed to the maximum possible extent and trained in the shortest possible time.

Sub-Committee's Views.

The Metal and Engineering sub-committee has emphasised the need for a comprehensive geological survey in the province. But, pending the discovery of substantial supplies of basic materials, the development of the metal and engineering industries will have to depend on the supply of steel from outside and such scrap as might be available in the province. Sugar factories may be allowed

to grow to their economic limits before permission is given for starting new factories. The Committee says that the fruit canning industry does not deserve any encouragement except where there are orchards producing fruit clearly in excess of local requirements.

The Textile Industries sub-committee has emphasised the need for further development of the industry and the Committee has agreed that the province's claim to a large share in the future development of the industry rests on a sound basis. But the Committee feels that immediate efforts should be made to increase the production of coarse varieties so as to afford relief to the common man.

The Committee thinks a useful device for improving the quality of cottage industries would be the establishment of a central laboratory and a bureau of standardisation of cottage industry products. The Committee has also stressed the need for providing better means of communications so as to open more markets and provide for the ready sale of cottage industries products.

Recommendations to the Bombay Government on the policy to be adopted towards industrialisation of the province, cottage industries, location, scope of State control and private enterprise are discussed in a report of the Provincial Industries Committee, which has been published recently.

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