CHAPTER - VI

Role of Government in Marketing of Rural Industrial Products
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ROLE OF GOVERNMENT IN MARKETING
OF RURAL INDUSTRIAL PRODUCTS

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Rural entrepreneur is one of the most important inputs in the economic development of a country or of regions within the country. Economic growth and industrialization is the possible by-product of entrepreneurship. Rural enterprise development has been considered as one of the solutions to the problem of unemployment and poverty. This chapter studies the role of government in marketing of rural industrial products.

6.1. Rural Industries through the Planning Period:

India obtained freedom in 1947. The Government of India developed 5 year plan for structured economic development. The rural industrial sector covers a wide range of industries, modern as well as traditional, using a varying level of technology and management. Based on the type of tools and implements used, source of power, etc., a classification is made, grouping some as traditional and some others as modern rural industries. However, the need for development of all categories of rural industries is apparent in the development context of India, in general, and rural development, in particular. During the plan period, several steps have been taken to develop rural industries.
First Plan (1951-1956): The first five year plan was primarily an agricultural plan and as such, it might be said, the development of cottage and small-scale industries did not receive that much of importance which they really deserved. However, about Rs.30 crores were allotted for the development of village and small-scale industries and six All India Boards were set up or already existing Boards were reconstituted during the First Plan period. These were:

1. The All-India Handloom Board, set up in October, 1952;
2. The All-India Handicrafts Board, set up in November, 1952;
3. The Silk Board, set up in 1949 and reorganized in 1952;
4. The Coir Board, set up in July, 1954;
5. The Small-Scale Industries Board, setup in November, 1954; and
6. The All-India Khadi and Village Industries Board, set up in 1953 and reorganized as an Autonomous Commission in April, 1957.

These different boards covered all categories of rural industries and they are engaged in the continuous development of different rural industries. In April, 1950, the Government of India issued a notification prohibiting the cotton mill industry from producing certain varieties of cloth like dhotis of certain width and borders, sarees, lungies, etc., and reserving their production for the handloom industry. Under the Khadi Development
Act of 1953, assistance was provided to Khadi and Handloom Industries out of a special tax levied on mill cloth. Further, steps were taken to set up State Finance Corporations and National Small-Scale Industries through liberalized rules regarding the grant of loans. Industrial cooperatives were also set up as agencies for the development of village industries and for providing technical assistance.

Karve Committee Recommendations: In June 1955, the Planning Commission constituted the Village and Small Industries Committee under the Chairmanship of Karve, with the aim of examining the problems of small-scale and cottage industries. The Committee after reviewing the different proposals for the Second Plan, for the development of these industries, made the following recommendation:

1. Modernization and development of small and cottage industries without causing unemployment.

2. Imposition of selling on the production of consumer goods by the large-scale industry.

3. Reserving the production of certain common consumption items like woolen goods, vegetable oils, gur and khandasari, leather footwear and matches, etc., to small-scale sector.

4. Liberal financial aid to the rural industries through cooperatives, State Governments and the Reserve Bank of India.
5. The more drastic recommendation, perhaps, is one of levying a cases on the mill industry for the purpose of financing small industries.

Some of the recommendations of the Karve Committee have been accepted and implemented. However, the recommendation of the committee relating to imposing a ceiling on mill production of consumer goods and levying a cases to mobilize resources for small industries was subject to criticism.

Second Plan (1956-1961):

Under the Second Plan, the programme of development of village and small industries was mainly based on the Karve Committee report. An amount of Rs.200 crores was allocated for the development of handloom, khadi and village and small-scale industries. The Second Plan laid great stress on the establishment of industrial cooperatives and industrial estates. Service institutes were set up in each State and run by the Central Government with the aim of providing assistance, including technical, financial, marketing, etc. During the Second plan period, the Government of India invited a five-member Japanese delegation of experts, headed by T.Iwatake, to study the problems of small scale industries and make recommendations for their development. Some of the recommendations were found to be most appropriate for the development of village industries.
Industrial Policy Resolution, 1956: The Industrial Policy Resolution of 1956 put emphasis on the reduction of disparities in income and wealth, keeping in view the goal of socialistic pattern of society. In order to achieve this goal, among other steps, it was emphasized that cottage and small industries should be supported as they provide employment to many, ensure more equitable distribution of income and facilitate an effective mobilization of local resources.

The Industrial Policy resolution of 1956 “accepted the policy of supporting cottage as well as village and small-scale industries by direct subsidies.” The aim of State policy was declared as that of ensuring a decentralized sector acquiring sufficient vitality to be self-supporting and integrating its development with that of large-scale industries. The State would, therefore, concentrate on measures designed to improve the competitive strength of the small-scale producer. To achieve this objective, it was essential that the technique of production should be constantly improved and modernized, the base of transformation being regulated so as to avoid, as far as possible, technological unemployment.

Third Plan (1961-1966):

With regard to the development in small industries, the main objectives of the Third Plan were:

1. Increasing labour productivity in small industries;
2. Making available institutional finance, subsidies, sales rebate, availability of markets, etc.

3. Encouraging the spread of small industries to rural areas and small towns and progressively making the small industries ancillary to large industries.

4. Organizing artisans and craftsmen on a co-operative basis. The outlay of the public sector on small scale and village industries in the Third Plan was Rs.264 crores and an amount of Rs. 240.7 crores was spent on the development of cottage and small-scale industries during the Third Plan.

5. During the Annual Plan period, 1966 to 1969, an amount of about Rs.144 crores was spent for the development of small-scale industries.

**Fourth Plan (1969-1974)**:

The total outlay in the public sector for the development of cottage and small-scale industries during the Fourth Plan was Rs.293 crores. The objectives of small industries programme in the Fourth Plan were:

1. To improve the production techniques and enable them to produce quality goods and to bring them to a viable level;

2. To promote decentralization and dispersal of industries; and

3. To Promote agro-based industries.
The word 'agro-industries' means industries manufacturing inputs for agriculture, for example, chemical, fertilizers industry. On the other hand, agro-based industries are those supported by the raw material supplied by agriculture, for example, the sugar industry, cotton textile industry etc.

The objectives of the Fourth Plan were expected to be achieved through facilities for research, industrial extension services, design development, promoting schemes for supply of machines on hire-purchase with the assistance of banks etc.

Fifth Plan (1974-1979):

In the Fifth Plan, the total outlay of the public sector was about Rs. 611 crores. The Fifth Plan strategy of development was designed with the objectives of:

1. Developing entrepreneurship and providing "package of consultancy services" so as to generate maximum employment, particularly self-employment;

2. Facilitating a fuller utilization of the skills and equipment of the persons already engaged in different small industries;

3. Promoting these industries in selected 'growth centers' in semi-urban and rural areas, including backward areas; and
4. Progressively improving the production techniques of these industries so as to bring them to a viable level.

The Centrally-sponsored District Industries Centers (DICs) programme launched in 1978 provides a focal point at the district level for the promotion of small, tiny, village and cottage industries, widely dispersed in rural and semi-urban areas. The programme aims at providing all services and support facilities to the small industries under one roof. The main thrust of the programme is on the development of such industrial units in rural areas and small towns of the country, as this would create larger employment opportunities in those areas. At present, there are 397 approved DICs, which cover 410 districts. Four metropolitan cities, namely, Mumbai, Delhi, Kolkata and Chennai, are outside the purview of the District Industries Center Programme. It is stated that "This scheme will continue in the Seventh Plan and there is need for greater delegation of powers to the District Industries Centers by the State Governments, particularly relating to raw materials, allotment of industrial sheds, power, margin money, investment subsidy and incentives."

Sixth Plan (1980-1985):

During the Sixth Plan period, an outlay of Rs.1780.45 crores was provided in the public sector for the development of small-scale industries. The expenditure is estimated to be Rs. 1979.71 crores. The important objectives of the Sixth Plan were:
1. Improvement in the levels of production and earnings, particularly in the earnings of artisans, by upgrading skills and technologies and producer-oriented marketing.

2. Creation of additional employment opportunities on a dispersed and decentralized basis ensuring a significant contribution to growth in the manufacturing sector through, in italics (inter alia) a fuller utilization of existing installed capacities;

3. Establishment of a wider entrepreneurial base by providing appropriate training and a package of incentives;

4. Creation of viable structure of the village and small industries sector so as to progressively rescue the role of subsidies; and

5. Expanded efforts in export promotion.

Seventh Plan (1985-1990):

The outlay for the Seventh Plan in respect of the Center, States and Union Territories stands at Rs. 2752.74 crores. The target of the Seventh Plan regarding employment generation for village and small industries was 400 lakh persons by 1989-90 as against 315 lakh person in 1984-85. Again, the target for exports was Rs.7443.90 crores by 1989-90 as against Rs.4557.56 crores from village and small industries.

Objectives and Strategies:
1. In the Seventh Plan the village and small industries sector is expected to

2. Assist in the growth and widespread dispersal of industries;

3. Increase the level of earning of the artisans;

4. Sustain and create avenues of self-employment;

5. Ensure regular supply of goods and services through the use of local skill and resources;

6. Develop entrepreneurship in combination with improved methods of production, through appropriate training and package of incentives; and

7. Preserve craftsmanship and art heritage of the country.

The strategy for achieving the above objectives would seek to:

1. Improved productivity, enhance quality, reduce costs and restructure product-mix through upgrading of technology and modernization.

2. Optimize utilization of existing capacities through supply of adequate inputs including credit, power and raw materials etc.

3. Expand the share of the products of those industries in the domestic markets through publicity, standardization and market support, and increased participation in the government purchase programme.
4. Strengthen the linkages between large and small industries, leading to a harmonious growth of the total industrial sector.

5. Promote specialization in production and export-oriented industries.

6. Strengthen and enlarge skill profile and entrepreneurial base and management practices to increase opportunities of self-employment; and

7. Improve general levels of welfare of workers and artisans through better working conditions, welfare measures and security of employment.

Eighth Plan and Village and 'Small Industries (VSI) Sector :

Rural industries are hereafter named as Village and Small Industries (VSI). Under the scheme of Integrated Infrastructure Development Centers (IIDCs), infrastructure facilities are being developed in backward rural areas. The proposal was to set up fifty such IIDCs in the Eighth Plan period. The scheme would be continued during the Ninth Plan period with enhanced incentives and financial assistance for hilly areas and North-East States. Technology up gradation and acquisition of appropriate technology would be encouraged. Further, in the direction of helping SSI sector, the Government has taken a number of policy initiatives by allowing 24 percent equity participation in certain SSI units, simplification of registration procedures, labour laws and environmental loss applicable to SSI units, etc.
To provide technological support and training to small-scale units, Tool Rooms with German, Danish and Italian assistance and expertise are being set up at Indore, Ahmedabad, Bhubaneswer, Jamshedpur and Aurangabad. Steps have been initiated to overcome the problems being faced by leather industry in exporting leather products. The credit provided to the SSI sector by the financial institutions is considered ‘credit to priority sector.’ By March 1997 the total credit provided by public sector banks stood at Rs.31542 crores. The cumulative disbursement by the State Financial Corporation Amounted Rs. 12704 crores up to March 1996. The Small Industries Development Bank of India (SIDBI) is providing credit to the small-scale sector directly and through Refinance to the National Banks for different purposes such as equipment purchase, ancillary development, marketing and assistance to leasing companies.

Ninth Plan and VSI Sector:

The Integrated Infrastructure Development Centers (IIDCs) would be extended to uncovered areas in the Ninth Plan. The target of the production for village industries for the terminal year of the Ninth Plan has been kept at Rs.7260 crores. During the Ninth Plan it is proposed to provide employment to the extent of 23 lakh more persons. The Ninth Plan report very rightly observes that “there is a need to bring profit making culture in the manufacture of Khadi cloth. There is also urgent need for reducing its dependence upon the rebate and interest subside. The KVIC and State Khadi
and Village Industries Board would have to become more professional to promote large-scale employment in the village industries sub-sector.”

The coir industry receives due attention in the Ninth Plan. In the terminal year of the Ninth Plan, the export of coir products is targeted at Rs.400 crores as against the export of coir product worth of Rs.215.58 crores in 1993. In the Ninth Plan, it is proposed to take appropriate steps for modernization, diversification of coir products, increasing value of coir products, thorough use of new dyes and colour combinations, modernization of looms etc. It is stated that the Mahila Coir Yojana Scheme would be implemented with additional impetus.

The objectives set and the proposed strategy for achieving the set objectives of the different Plans certainly reveal the keen interest on the part of the government to tackle the different problems of the rural industries. What is required is effective implementation of different proposals of the set strategy. In spite of several measures that have been taken during the planning era, some of the basic problems remain untackled effectively. The different steps proposed are likely to benefit the modern small industries, including power looms, and not the traditional industries like khadi, village industries, handlooms, sericulture, handicrafts, coir etc., benefiting the rural poor. The weaker sections engaged in the traditional industries have to be identified, their problems in running the small units have to be carefully analyzed and appropriate action should be taken immediately. Generally, traditional
industries run by rural poor, find it difficult to have access to various institutional agencies providing credit, mainly because of lack of adequate security. Even the Group Credit Guarantee Scheme introduced by the Reserve Bank of India is not able to protect adequately the interests of the rural poor. The appropriate technology currently available is not reaching the rural poor. There is a wide communication gap. The existing promising rural entrepreneurs are not properly posted with adequate up-to-date information. It is requisite practical experience and is not able to guide the rural entrepreneurs properly. The District Industries centers started in 1978 need to be strengthened, so that they can deliver the goods effectively in terms of timely and adequate credit and technical services. Small Industries Service Institutes (SISI), National Institute of Small Industry extensions and Training (NISIET), Central Institute of Tools Design (CITD) should be actively involved in providing extension services to different categories of village industries. Further, preferential treatment is to be given to traditional industries by the introduction of appropriate technology, grant of tax concessions, provision of timely and adequate institutional credit at lower rate of interest, regular supply of raw material, provision of organized market channels with a thrust on the rural poor.

6.2. District Industrial Center:

There is district industrial center shortly called DIC at every district place. It is the government agency, which plays an important role in
industrial development. In order to create a congenial climate for the smooth development of Small Scale Industries (SSI), the Department of Small Scale Industries and Agro and Rural Industries (Ministry of Industries, Government of India) have formulated various policy frame works. The measures and programmes envisaged by the apex body include the setting up of a network of institutions to render assistance and to provide a comprehensive range of services and facilities for SSI units. The range of services covers consultancy in techno-economic and managerial aspects, training and testing facilities and marketing assistance through the agencies created for such specified function. These activities are supported by host of other government departments both at the center and at the state level, promotional agencies, autonomous institution, non-governmental organizations and the life, which provide support to small-scale industrial units in different ways.

Though a number of measures have been taken for the development of small and village industries by various government, the actual achievements in the field have been far below the expectation. Also the focus of attention for industrial development was mainly on large cities and state capitals to the neglect of district areas. In addition, multiplicity of intuitions involved in small industries development and complicated systems of procedures made the job of promoting the industrial units an uphill task for small entrepreneurs. Hence, it was felt necessary to establish a development agency, which could provide all services and facilities to village and small
industries under one roof. Accordingly the DIC’s were established in May 1978 in order to cater to the needs of small units.

Each district has a DIC at its headquarter. The main aim of DIC is to act as the chief co-ordinator of multifunctional agency in respect of various government departments and other agencies. The prospective small entrepreneurs would get all assistance from DIC for setting up and running industry in rural areas. The metropolitan cities of Delhi, Mumbai, Kolkata and Chennai have been kept outside the purview of DICs.

Organizational Structure of DIC: The organizational structure of a DIC consists of one general manager, four functional managers and three project managers to provide technical services in the area relevant to provide technical services in the area relevant to the needs of the districts concerned. The state government does the management of DIC.

Functions of DIC: The major functions of DIC are as follows:

1. Identification of Entrepreneurs: DIC develops new entrepreneurs by conducting entrepreneurs motivation programmes throughout the district especially in Panchayat union headquarters and small towns.

2. Selection of Projects: It offers technical advice to new entrepreneurs for the selection of projects suitable to them.
3. **Provisional Registration Under SSI**: After the selection of projects, entrepreneurs are issued with provisional SSI Registration, which is essential for obtaining assistance from the financial institutions.

4. **Purchase of Fixed Assets**: DIC sponsors the loan application to TIIC, SIDCO and/or banks for the purchase of land and buildings and sanctions margin money under Rural Industries Project Loan Scheme payable to other financial agencies for the purchase of plant and machinery.

5. **Clearance from Various Departments**: It takes the initiative to get clearance from various departments and takes follow up measures to get speedy power connection.

6. **Assistance to Raw Material Supplies**: It makes recommendations to the concerned raw material suppliers and issues the required certificates for the import of raw material and machinery wherever necessary.

7. **Assistance of Village Artisans and Handicrafts**: DIC arranges for the financial assistance with lead bank of the respective areas. Interest-free sales tax loan: SSI units setup in rural areas can get IFST loan up to a maximum limit of eight percent of the total fixed assets form SIDCO. But the sanction order from the same is being issued by DIC.
The DIC also recommends SSI units to NSIC for registration for Government purchase programme.

8. Subsidy Schemes: DIC assists SSI units and rural artisans to get subsidy for engineers, subsidy under IRDP and the like from various institutions.

9. Training Programmes: DIC gives training to rural entrepreneurs and also assists other units giving training to small entrepreneurs.


This is another important institution based on Ghadhian philosophy. This helps development of cottage and villages industries. The KVIC is a statutory body created by an Act of Parliament (No. 61 of 1956 and as amended by Act No. 12 of 1987). Established in April 1957, it took over the work of the former All India Khadi and Village Industries Board with the primary objective of developing rural employment opportunities.

Objective: The major objectives that the KVIC set before it are;

1. To provide employment.

2. To help producing saleable articles and

3. To create self-reliance amongst the poor and building up of a strong rural community spirit.

4. To give training to artisans.
5. To provide assistance for procurement of raw materials.

6. To help marketing of finished goods.

7. To Arrange for manufacturing and distribution of improved tools, equipment and machinery to procure on confessional terms.

KVIC and Rural Employment Opportunities:

The Khadi and Village Industries Commission (KVIC) has been playing a very important role in generating large-scale employment in the rural areas with low per capita investment. India can thrive only if its three forth population in the rural areas around 5.80 lakhs villages survive. Hence the relevance of Khadi and Village Industries in the rural economy in today’s context is an important one as ever in the past.

Rural Employment Generation Programme (REGP):

In order to develop Khadi and Village Industries (KVIs) for generation of additional employment for 2 million persons as recommended by the High power Committee (HPC) under the chairmanship of the then Prime Minister in 1994, the KVIC has launched a programme known as the Rural Employment Generation Programme (REGP). In addition to the normal programmes, some of the special programmes also have been started and subsequently they have been merged with normal programmes. These special programmes were:-
1. District Special Employment Programme (SEP)

2. 125 Block Development Programme (BDP)

3. National projects on selected village industries viz. bee-keeping, Leather and Pottery etc.

The programme of KVIC has been implemented covering already in about 2.70 lakhs villages benefiting number of rural artisans/entrepreneurs especially large number of women folk, SC/ST and other weaker sections. Among the various programmes of KVIC, REGP is very much in the limelight, with Government of India laying great hopes on Khadi and Village Industries sector to remove the severe unemployment problem in rural areas of the country.

The KVIC has announced a special margin money scheme to boost rural economy by creating job opportunities in rural areas.

Margin Money Scheme (MMS):

The scheme is applicable to all new village industry projects set up in “Rural areas”.

Rural Area: “Rural Area” means, the area comprised in any village and includes the area comprised in any town, the population of which does not exceed 20,000 as per latest census or such other figure as the Central
Government may specify from time to time and any area classified as village as per revenue records of the State/U.T. irrespective of population.

**Village Industry:** "Village Industry" means any industry located in rural areas, which produces any goods or renders any services with or without the use of power and in which fixed amount per head of any artisan or a worker does not exceed Rs. 50,000.

b) **Eligible Activities:** All eligible 120 activities under KVIC as well as those, which do not appear in the negative list, circulated by KVIC are eligible for financing under the scheme. The 120 activities are categorized under seven heads.

**Negative List:** The negative list includes, Manufacturing of Polythene carry bags of less than 20 microns thickness and manufacture of carry bags or containers made of recycled plastics for storing, carrying dispensing or packaging of foodstuff and any other item, which causes environmental problems.

**Eligible Borrowers and Ceiling Limit:** The rural entrepreneurs eligible under this scheme are:

1. Individual (Artisans/Entrepreneurs-projects upto a ceiling limit of 10 lakhs).

2. Institutions, Co-operative Societies, Trusts.
3. Partnership firms, Private/Public Limited Companies, Joint Venture, Co-obligators or HUF are eligible to get the Margin Money Scheme.

The Margin Money Scheme envisages that:

1. 25% of the project cost for the projects up to Rs. 10 Lakhs will be provided as “Margin Money” by way of middle end subsidy.

2. For projects above Rs. 10.00 lakhs and up to Rs. 25 lakhs, the rate of Margin Money will be 25% of the project cost up to Rs. 10 lakhs plus 10% of the remaining cost of the project.

3. In the case of weaker section beneficiary viz. SC/ST/OBC/ Women/ Physically Handicapped/ex-servicemen and Minority Community beneficiary/institution and for hill, border and tribal areas, North Eastern Region, Sikkim, Andaman and Nicobar Island, Lakshadweep, Margin money grant will be at the rate of 30 percent of the project cost up to Rs. 10.00 lakhs and above this amount up to Rs. 25.00 lakhs, it will be 10% of the remaining cost.

4. **Borrower’s Contribution**: Under the scheme, the borrower is required to invest his “Own Contribution” of 10 percent of the project cost. In case of SC / ST / OBC / women / Physically Handicapped / Ex-servicemen and Minority Community and other weaker section borrowers, the contribution is 5 percent of the project cost. The
Maximum permissible limit for the own contribution is 50 percent of the total project cost.

e) Quantum of Loan: Banks will sanction 90 percent of the project cost in case of general category borrower and 95 percent of the project cost in case of weaker section beneficiary/Institution and disburse full amount of the loan. Further, to increase the employment opportunities in rural areas KVIC is providing training on various Village Industries activities through various centers all over India.

6.4. Self Help Groups:

This is new development in rural economy. A small economically homogeneous and affinity group of rural/urban, poor, voluntarily formed to save and contribute to a common fund to be lend to its members as per the groups decision and for working target for social and economic upliftment of their families and community.

Mission: (+) Let us add our strength. (-) Subtract our differences. (x) Multiply our resources. (/) Divide our responsibilities.

Objective: The following are the objectives of the SHG Programme.

1. Social Employment,

2. Economic Empowerment,
3. Capacity Building.

1. Social Empowerment: Equal status and participation of women to take decisions in household, community and village.
   
a) Breaking social, cultural and religious barriers.

b) Increased status, participation and power of decision making in democratic institutions.

2. Economic Empowerment:
   
a) Greater access to financial resources outside household.

b) Significant increase in the women’s own income.

c) Financial self-reliance of women.

3. Capacity Building
   
a) Better awareness on health, education, environment, etc.

b) Improved functional literacy.

c) Better leadership and communication skills.

d) Mutual help.

Organization Structure: SHG is an unusual long-term partnership between three agencies. The State Government, Non-Government Organizations and NABARD/other banks and financing institutions. The
endeavor is to combine the wide reach and resources available to the state, with the grass roots presence, goodwill, commitment and innovative work of the NGO's together with support from NABRAD and credit from Banks and other funding sources.

**SHG-Salient Features:** A major shift of SHG from the erstwhile programme is its emphasis on the social mobilization of the poor. Social mobilization enables the poor to build their own organizations viz. SHG's. A SHG may consist of 10-20 persons belonging to families below the poverty line and a person should not be a member of more than one group. The group members save a regular amount Rs. 10 to Rs. 100 and more in every month. The group rotates their money to the needy members for various purposes at a specified low rate of interest. The Government and credit by the bank give assistance under SHG to individual, swarozgaris or self-help groups, in the form of subsidy. Credit is the critical component of SHG, subsidy being a minor and enabling element. Accordingly, SHG envisages greater involvement of the banks. Also SHG's can avail the facility of revolving fund of Rs. 10,000 from DRDA and Rs. 15,000 as bank loan, after formation of six months.

Since this project is basically human resource development project training is being given top priority. This scheme provides sufficient training to animators, representatives, etc.
All the activities of SHG’s are properly monitored and evaluated by project Implementation Units, Women Development Cooperation, NGOs and Banks.

The groups, which are engaged in the following activities are eligible to get financial assistance. Candle production, Coir making, Ration shop, Cattle rearing, Diary farm, Snacks manufacturing, Brass vessels, Maligai shop, Sericulture, Tailoring, etc. In addition to the above activities SHG’s also participate in the social welfare programs like AIDS Awareness Program and Community Health Development Program, etc.

Positive Features: The formation of SHG’s has led to the following positive development, indeed with considerable variation across the groups.

1. SHGs are able to create a variety of credit needs of target group population; something the formal banking system would have not met these credit demands.

2. The quality of credit availed from the SHG is very good.

3. The SHGs have achieved high recovery rates. At the same time, they have reduced dependence on money lenders in the sense that the terms relating money lending have become somewhat favorable to the poor.

4. They have also brought striking changes in the perception of the poor. It is worth mentioning that the SHGs have brought in new power
equations in rural areas, for the target group members are able to meet credit requirements on their own without depending heavily on the rural elite.

Thus the formation of SHGs has led to a number of positive features. The most important achieved aspect is that the earlier belief that the poor are unbankable and less credit worthy has been proven wrong. Most of the earlier studies reveal that the poor can excel in gaining access to management and is assuming control over their own financial resources and too can help themselves in their social, economic and political development if given opportunities and professional encouragement.

6.5. Some Major Schemes:

The government as developed a number of schemes for development of rural industries. The researchers as surveyed same important schemes.

Self Employment for Unemployed Educated Youth:

This scheme was introduced in 1983-84 for youth between 18 years and 25 years with SSLC. Technocrat and women are given preference. District Industries Centers are supposed to provide pre-investment and post-investment assistance to entrepreneurs under one roof. The services preformed by them to their clients are crucial. Success of many new small entrepreneurs depends up on how effectively they are guided, how efficiently
they are followed up and how prudentially the authorities like DIS encourage them. In fact, DICs, are playing a leading role in industrial development in rural India.

1. Desert Development Programme (DDP):

Based on the recommendations of the National Commission on Agriculture, the Desert Development programme was launched in 1977-78. The objective of the programme was integrated development of desert areas with a view to providing the people of desert areas more employment opportunities and better incomes. This objective was sought to be achieved by:

a) Afforestation with special emphasis on shelter belt plantation, grassland development and sand dune stabilization;

b) Groundwater development and utilization;

c) Construction of water harvesting structures;

d) Rural electrification for energizing pump-sets/tube wells; and

e) Development of agriculture, horticulture and animal husbandry.

The DDP intends to cover 18 districts in hot and arid zones of Rajasthan, Haryana and Gujarat, defined as desert areas in the Report on Development prepared by the national Commission on Agriculture. The DDP
also covers 3 districts in the cold arid zones of Ladakh region of Jammu and Kashmir and spiti region of Himachal Pradesh.

2. Command Area Development Programme (CADP):

The command Area Development Programme is a Centrally-sponsored one which was launched at the beginning of the Fifth Plan period with the objective of ensuring a faster and better utilization of irrigation water in selected major and medium irrigation project in the country.

3. Minimum Needs Programme (MNP):

The Minimum needs Programme (MNP) was introduced in the first year of the fifth plan (1974-79) and it is continued in the following plans with additional allocations. The MNP is aimed at improving the quality of life and providing infrastructure facilities needed for supporting and supplementing the other beneficiary programme, helping the rural poor. The concept of MNP emerged and crystallized out of experience of the pervious plans that neither development nor social consumption could be sustained unless they are integrated as mutually supportive activities. The MNP is essentially a programme of investment in human resource and thereby improve the productive efficiency of both rural and urban workers through provision of free or subsidized services through public agencies.

4. National Rural Employment Programme (NREP):
Some of the rural development schemes initiated in the early stages of the planning era aimed mainly at resource development on the individual or area basis. Further, special programmes for solving the problems of unemployment and underemployment were formulated and implemented in isolation of the on-going developmental projects. It is necessary to consider employment as an integral part of development and formulated a suitable programme. Again, is should be noted that a large number of people in rural areas are without assets or have meagre assets.

The NREP aims both at providing employment opportunities to rural workers, particularly at a time when they are not able to find gainful employment, as well as creation of durable community assets for strengthening the rural infrastructure which will lead to the rapid growth of rural economy and rise in the income level of the rural poor. The NREP is expected to generate additional employment to the extent of 300 to 400 million men days per year.

5. Rural Landless Employment Guarantee Programme (RLEGP):

The Rural Landless Employment Guarantee Programme was launched in August 1983 with a view to alleviating poverty, unemployment and underemployment among the rural landless workers. The programme aims mainly at (a) improving and expanding employment opportunities for the rural landless and providing guarantee of employment to at least one member for very landless labourer household up to 80 to 100 days in year, (b)
creating durable assets for strengthening of the rural infrastructure capable of boosting production. Of them, there are rural link roads, field irrigation channels, land development, reclamation of waste lands, social forestry, soil and water conservation, etc. The highest priority will be accorded to labour intensive projects in backward areas drawn by the State Governments and approved by the Central Government. A portion of the wages will be paid in the shape of food grains wherever possible.

6. Integrated rural Development Programme (IRDP):

The concept of integrated rural development encompasses various interrelated approaches required simultaneously for proper development. Development is a continuous and unending process. All aspects of development of the changing society have to be covered by different programmes, properly coordinated and integrated.

The different approaches made for rural development are piecemeal and fragmented rather than integrated and comprehensive. For example, area approach and target group approach have attempted to look at the problem of development from one angle or the other, but not its totality. The different schemes worked without proper coordination and development has become lopsided.

The main objective of the IRDP is improve the economic and social conditionsof the poorest sections of the rural society. It aims at raising
the poorest families in the rural areas above the poverty line on a lasting basis by providing them income generating assets, credit facilities and other inputs.

The major areas that are sought to be integrated under the approach are:

a) Agricultural development, including animal husbandry, fisheries, social and village forestry, and horticulture,

b) Village and cottage industries,

c) Tertiary sector employment for various services, and

d) Labour mobilization, training in skills and promotion of mobility of labour.

It is expected that the integrated approach to the problem, of unemployment and poverty would yield significant results.

7. Supply of Improvised tool Kits to Rural Artisans (SITRA):

This scheme was launched in July 1992 as a sub-scheme of IRDP in selected districts to begin with and later extended to all the districts of the country. Under the scheme, a variety of craft persons except weavers, tailors, needle workers and beedi workers, are supplied with a kit of improved tools within a financial ceiling of Rs.2000. Out of this amount, artisans have to pay 10 per cent and the remaining 90 percent is a subsidy from the Government of
India. Further, the supply of power driven tools, subject to a ceiling of Rs. 4500 is also permitted under the scheme.

Since the inception of the scheme, till 1996-97 some 6.10 lakh kits have been distributed to rural artisans at an expenditure of Rs. 166.19 crores. The more popular crafts, under this scheme are blacksmith, carpentry, stone crafts, leather works, pottery and cane and bamboo work. An evaluation study by “Development Alternatives”, New Delhi, pointed out that the income levels of rural artisans have increased substantially with the use of improved tools. However, in some States, it was noticed that tools supplied were of poor quality and there was misuses of funds.

8. Jawahar Rozgar Yojana (JRY):

The JRY was launched as a centrally sponsored scheme on April 1\textsuperscript{st} 1989 by merging the National Rural Employment Programme (NREP) and the Rural Landless Employment Guarantee Programme (RLEGP). The main objective of the programme is generation of gainful employment for unemployed and underemployed persons, both men and women, in the rural areas through the creation of Rural Economic Infrastructure, Community and social assets. This programme is targeted at people living below the poverty line. However, preference is given to Scheduled Castes/Scheduled Tribes and bonded labourers. Further, at least 30 per cent of the women is to be covered under JRY.
9. Employment Assurance Scheme (EAS):

The EAS is a centrally sponsored scheme launched on 2\textsuperscript{nd} October 1993 in 1775 identified backward blocks situated in brought-prone, desert, tribal and hill areas. Subsequently, the scheme has been extended to some more blocks earlier covered under JRY. The EAS now covers all the rural blocks in the country.

The main objective of the EAS is to provide about 100 days of assured casual manual employment during the lean agricultural season at statutory minimum wages to all persons above the age of 18 years and below 60 years, who need and seek employment. The works are to be selected by the District Collector and implemented though the concerned departments in such a way that the ration of wage and non-wage component would be at 60:40.

10. Swarnajayanti Gram Swarozgar Yojana (SGSY)

The SGSY launched on April 1, 1999 is a restructured self-employment programme with the coming into effect of SGSY, the earlier programmes of IRDP, TRYSEM, DWCRA, MWS are no longer in operation. The emphasis of SGSY is on cluster activities with a large number of micro enterprises. The objective is to bring up the assisted families above the poverty line by providing them income, generating assets through a mix of bank credit and government subsidy. The proposal is to involve as many Panchayats as possible is covering the key activities.
11. National Social Assistance Programme (NSAP):

It is a centrally sponsored scheme with 100 percent central assistance provided to States/Uts. NSAP came into effect from 15th August 1995 meeting the provision of the Directive Principles in Article 40 and 20 of the Constitution with a National Policy for social assistance benefits to poor households in the case of old age, death of the bread winner, and maternity. NSAP has three components, namely: (1) National Old Age Pension Scheme (NOAPS) (2) National Family Benefit Scheme (NFBS) and (3) National Maternity Benefit Scheme (NMBS). All these components are targeted at people living below the poverty line. Under NOAPS, old age pension of Rs. 75 per month is provided to persons of 65 years and bereaved household, in case of the death of the primary bread winner, irrespective of the cause of death. The scheme is applicable to all the eligible persons in the age group of 18 to 64 years. Under NMBS, there is provision for payment of Rs. 500 per pregnancy to women belonging to poor households for pre-natal and post-natal care upto the first two live-births. This benefits is provided to eligible women of 19 years and above.

12. Point Economic Programme and Rural Labour:

The 20-Point Economic Programme introduced in 1975 contains a number of measures to improve the economic conditions of the landless workers and other weaker sections in rural areas. Among others, the measures of the programme include speedy implementation of land ceiling legislation
and distribution of surplus land among the landless, labourers, artisans and small peasants and review of minimum wage legislation for agricultural labour and introduction of suitable enhancement of minimum wages wherever necessary.

13. Prime Minster's Concern for Agricultural Labour and Recent Schemes:

While presenting the Budget for the year 1987-88, Prime Minister Rajiv Gandhi expressed his concern for agricultural labour that, according to him, are still subject to exploitation.

The proposal to constitute a National Commission on Rural Labour to look into the working conditions of this vulnerable section of our society, with the aim of social legislation for their protection, is laudable. Allocation of more funds for IRDP and a proposal for setting up a National Housing Bank to the meet the housing requirements of economically weaker sections are equally laudable. In recent years, certain schemes benefiting the agricultural labour have been launched. Employment Assurance Scheme (EAS) launched on 2nd October 1993, aims of providing gainful employment during the lean agricultural season in manual work to all able bodied adults in rural areas who are in need and desirous of work, but cannot find it. The EAS is also interested in the creation of community, social and economic assets for sustained employment and development. Jawahar Gram Samridhi Yojana (JGSY) was launched on 18th April 1999 by margin the two-wage
employment programmes, namely, National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programme (RLEGP). The JGSY has been designed to improve the quality of life of the rural poorly providing them additional employment. Wages under JGSY, will either be the minimum wages notified by the States or higher wages fixed by States through the procedure prescribed by the State Governments. Swarnajayanti Gram Swaroygar Yojana (SGSY) launched again on 18th April 1999, aims at organization of the rural poor, into self help groups, aiming at self employment for the rural poor with focus on group approach and cluster activities. National Social Assistance Programme (NSAP) of 1995 Annapurna Scheme of 2000, Pradhan Mantri Gramodaya Yojane of 2000 etc. Benefit the agricultural labour. What is important is action programme for the effective implementation of all the on-going schemes intend for the betterment of the rural poor including agricultured labour.

14. Protecting Indian Products:

Each country has its own Patent Laws including India. India is entitled for TRIPS in certain items. In India, Scientists and Plant Breeders have evolved new strains such as Basmati Rice, Darjeeling Tea, Neem and Turmeric-based products. It is rightly pointed out that Indian products which have acquired a commercial significance by usages over time as that of Basmati Rise, etc., may be vulnerable to encroachments by others. As an example, it is stated that recently a company has filed an application in Britain
for “American Type of Basmati Rice.” It is necessary that we enact a suitable national legislation for protecting products with Geographical indication and Products having specific characters in order to prevent such encroachments in future.

15. Rural Infrastructure for Rural Industries:

The rural infrastructure in terms of energy, rural roads, and communication, rural transport, warehousing, irrigation, marketing etc., remain neglected. If liberalization policy attracts investment in these areas, that would go a long way in the development of agriculture and rural areas. Rural infrastructure development is bound to pave the way for development of rural industries.

16. Inflow of Multinationals and Impact on Economic and Social Life:

It is feared that the inflow of multinationals and foreign capital under globalization and liberalization may result in capital intensive “mass production” with exploitative element and not labour intensive “Production by Masses” as pleaded by Mahatma Gandhi. Further, there is a fear that free flow-in of foreign capital into India, apart from adversely affecting small producers – both farm and non-farm categories, “may create a class that becomes a part of global consumerist class with all its adverse effects on social life and well cherished moral values of India.”
Today India, as a member of WTO and with a policy of economic liberalization, has to face a great technological challenge. The international competition should be met through technology advancement, emergence of entrepreneurship in rural sector and quality upgradation of varying product profile.

17. Report of the sub-Committee on small scale and village industries:

Proceedings of the meeting of the sub-committee appointed by the Congress Economic Programme Committee to suggest means of developing small scale and cottage industries and to outline the scope of co-operative enterprise therein, held at Magan Wadi, Wardha, on Sunday the 4th January 1948, and Monday the 5th January 1948.

It was decided to recommend that:

The aim of economic planning with reference to small scale and cottage industries shall be.

a) full employment of human, animal and natural resources,

b) With maximum productive efficiency in order to reach the national minimum standard of living, which should ensure a blanked diet, sufficient clothing, and living accommodation to every family.

The achieve the above objects it will be necessary that.
The small scale and cottage industries should be promoted on non-profit lines through industrial co-operative societies that undertake to supply raw materials, guide the production, and sell the goods of the members, and if possible provide them with a common workshop where they can produce jointly.

1. Village industries are those

a) That manufacture indispensable articles that are needed in villages and for villagers,

b) Using processes within the easy reach of the villagers,

c) With the help of tools and implements falling within the financial capacity of the villagers carrying on the industries,

d) Utilizing local raw materials,

e) With the aid of human or animal power,

f) Meeting the demand of local or nearby market,

g) Not causing displacement of labour or unemployment among wage earners.

Some of these industries may need the co-operation of many workers. The number of wage earners in a unit may differ from industry to industry.
2. Home industries are those carried on practically by the members of the family, in their spare time.

Cottage industries are whole time occupations that do not require factory building with elaborate or special plan and equipment but can be engaged in by the workers in their cottages or in small workshops.

6.5. Rural Marketing and Govt. Agency:

The Researcher has already discussed the various Govt. scheme.

The point has already been highlighted in 5th chapters in Table No. 5.24. a summery the same is repeated here for ready reference in Table No. 6.1.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Sample schemes</th>
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<tr>
<td></td>
<td></td>
<td>DIC</td>
</tr>
<tr>
<td>1</td>
<td>Yes</td>
<td>8</td>
</tr>
<tr>
<td>2</td>
<td>No</td>
<td>92</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary Survey

It can be observed that...

1. Out of the total 100 rural manufactures only 8% have availed assistance under DIC schemes and surprisingly 92% of the sample manufacturers have not availed assistance under DIC schemes.

2. Out of the total 100 rural manufactures only 5% have availed assistance under KVIC schemes and surprisingly 95% of the sample manufacturers have not availed assistance under KVIC schemes.
3. Out of the total 100 rural manufactures none have availed assistance under MPBCDC schemes and surprisingly all of the sample manufacturers have not availed assistance under MPBCDC schemes.

4. Out of the total 100 rural manufactures 2% have availed assistance under LIDCOM schemes and surprisingly 98% of the sample manufacturers have not availed assistance under LIDCOM schemes.

5. Out of the total 100 rural manufactures 9% have availed assistance under Other schemes and surprisingly 91% of the sample manufacturers have not availed assistance under Other schemes.

Thus, it can be noted that, only 24 of the total rural manufactures sample have availed assistance under Govt. schemes, their average is 4.8, whereas 76 of the sample manufactures have not availed assistance under Govt. schemes, their average is 15.2. Majority of the rural manufactures have not availed benefit of Govt. schemes.

However, the Govt. assistance remains limited up to financial help only. The researcher has discussed the issue with Govt. agency officers (vide questioners –II). The Govt. officers have informed following type of schemes which have a relevance with marketing problems of rural manufactures.

1. Market information.

2. Buy Back Arrangement

3. Retail outlets of KVIC – Khadi Gramodyg Shops
The researchers have inquired into the sample rural manufactures as to their participation in Govt. marketing assistance and the results are shown in the following Table No. 6.2.

**Table No. 6.2.**

**Type of marketing Assistance from Govt. Agencies**

(No. of Persons)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Sample Talukas</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Tie-up</td>
<td>Buy back</td>
</tr>
<tr>
<td>1  Yes</td>
<td>05</td>
<td>05</td>
</tr>
<tr>
<td>2  No</td>
<td>95</td>
<td>95</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Primary Survey*

It is very surprising to note that, very few of the rural manufactures under sample have availed some type of marketing assistances, which Govt. agencies claim to provide. Majority of the rural manufacturers have not received any marketing assistance from Govt. Agencies.
Thus, though there are a number of Govt. schemes the work is limited either up to providing Loan through banks or giving subsidies to the rural manufactures. It needs be noted that, the provision of money is not the ultimate solution for the problems of marketing. The rural manufacturers should be educated and trained. Efforts should be made for various types of marketing assistance in practice.

***
Note & References:

1. Dr. S. Maria John, Dr. R. Jeyablan & Dr. S. Krisnmurthy (2004): Rural Entrepreneurism, Discovery Publishing House, 4831/24, Prahlad Street, Ansari Road, Darya Ganj, New Delhi-110002. pp 169-172.

