



Khadi and Village Industries
in North-East India
Challenges and Opportunities

Edited by **Ram Krishna Mandal**



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RAM KRISHNA MANDAL

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Preface

Economic development of any region is an outcome of purposeful human activity. Both the developed and the underdeveloped world look at the industrialization process as an important key to economic development. Most of the social scientists agree that man stands at the centre of economic activity and he assumes various roles in the development process, namely, as an organizer of human and material resources, worker, consumer and exchange agent. Out of these multiple role, his role as the organizer of human and material resources is the most important and basic one.

All the states of the North-East region are a homeland of a large number of tribes. The development of villages has become the need of the hour, especially the hill villages in North-East India. Basic necessities of life of these people are much lower than that of the people living in the town or city. The tribal hill village, particularly in the North-East is quite different from other villages in the country. They have some uniqueness in their structure, socially, culturally, and economically. Social life here is organized along definite ritual and secular principles, such as those of caste, kinship, economy, politics, and religion. The economic system of these communities revolves around their social structure.

The main principle of Gandhian approach is to set up a system of village self-sufficiency. In this regard, the hypothesis of M.K. Gandhi was establishment of 'gram swaraj' in the country side which means the complete independence of the Indian villages. The ultimate goal of Gandhian planning was to make Indian villages fully independent. Mahatma Gandhi often used to say that the real India was to be found in the villages, not in the cities and towns. In his hypothesis of gram swaraj M.K. Gandhi explained that every village should produce all needed crops, food and non-food items. Each village should possibly produce its own goods such as cloth,

shoes and leather products and similarly a village should have essential amenities, such as schools, hospitals, entertainment facilities and playground. Gandhiji's assumption was that India lives in villages and majority of its population depends on agriculture and its allied occupations. In case of gram swaraj is established, India would get naturally an economic freedom and would stand as a prosperous and independent country in the world.

The present volume is a collection of twenty papers contributed to the seminar by eminent scholars, academicians, policy makers, bureaucrats and thinkers. The publication of this book would not have been possible unless the seminar has been organized. In organizing the seminar we have received supports and cooperation from different persons and institutions that we thankfully acknowledge. At the very outset, I express my deep gratitude to Chief Guest, Prof. Tamo Mibang, Director, Arunachal Institute of Tribal Studies, Rajiv Gandhi University, Rono Hills, Itanagar, Arunachal Pradesh, Guest of Honour, Prof. Amitava Mitra, Department of Economics, Rajiv Gandhi University, Rono Hills, Itanagar, Arunachal Pradesh and also Guest of Honour, Dr. Tejum Padu, Joint Director, Higher and Technical Education, Government of Arunachal Pradesh, Itanagar, Arunachal Pradesh who kindly inaugurated the seminar and delivered their valuable inaugural speech. Chief Guest, Prof. Tamo Mibang, Director, Arunachal Institute of Tribal Studies, Rajiv Gandhi University, Rono Hills, Itanagar, Arunachal Pradesh deserves a special thank for his kind presence and gracing the participants through his keynote address on the seminar. I feel obliged to our Principal, Mr. Tomar Ete and Vice-Principal, Mr. Tageng Tamuk, for their constant cooperation, encouragement and guidance in organizing the seminar. I would be falling in my duty if I do not extend my gratitude to our Ex-Principal, Mrs. Uma Dutta for generating in me an interest to organize a seminar in the college.

In the valedictory function, I am also thankful to the Chief Guest Prof. J.S. Panwar, Professor and Head, Postgraduate Department of Business Management, Sardar Patel University, Gujarat and the Guest of Honour Dr. Yogesh C. Joshi, Associate Professor of Economics, Postgraduate Department of Business Management, Sardar Patel University, Gujarat for the distribution of certificates

to the participants. We are very much encouraged by the wide response from the scholars from the different parts of India and abroad. I express a deep sense of gratitude to all the contributors in the volume.

I owe the debt of gratitude to the chair persons, Prof. J. S. Panwar, Professor and Director, Postgraduate Department of Business Management, Sardar Patel University, Vallabh Vidyanagar, Anand District, Gujarat, Dr. R.P. Bhattacharje, Deputy Director, North-Eastern Regional Institute of Science and Technology, Nirjuli, Itanagar, Arunachal Pradesh, Dr. P.C. Dutta, Associate Professor and Head, Department of Statistics, S.S. College, Hailakandi, Assam and Dr. Yogesh C. Joshi, Associate Professor of Economics, PG Department of Business Management, Sardar Patel University, Vallabh Vidyanagar, Anand District, Gujarat who has presided the first, second, third and fourth technical sessions respectively very efficiently.

I am very much thankful to Mrs. Madhuparna Bhattacharjee, Associate Professor of Geography, Dera Natung Govt. College, Itanagar who has constantly discharged her duty as a rapporteur in the seminar. I also express my gratitude to my colleague, Dr. A.I. Singh, Associate Professor of Economics who constantly helped me in organizing this seminar. I extend my sincere thanks to all my colleagues and also to all my dear students especially of B.A. second and third year honours who have shared with me all the troubles and pains in organizing the seminar and made it successful.

I am also sincerely grateful to The Director, Indian Council of Social Science Research (ICSSR), New Delhi for providing the financial assistance to hold the seminar. I am also taking the opportunity to thank profusely to **Concept Publishing Company (P) Ltd.** for publication of this book.

Lastly, I owe my apology to my wife, Mrs. Archana Mandal and my children Miss Anusree Krishna Mandal and Master Avinandan Krishna Mandal who have to bear the loss of my company during the work of the seminar and this book.

Ram Krishna Mandal

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Introduction

North-East Region (NER) was popularly known as the Land of 'seven sisters' consisting of the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura. In 1971, following the North-Eastern Reorganization Act, 1971, the state of Assam was constitutionally recognized and Meghalaya, Manipur and Tripura became full-fledged states. But Mizoram and the erstwhile NEFA (present Arunachal Pradesh) were made Union Territories. In 1987, these two Union Territories were elevated to the status of states. These states are comparatively small in area and also in population. It was felt necessary to involve interstate cooperation in sharing of costs of building basic infrastructure for the development of the region. Consequently, in 1971 another important Act was passed to establish in 1972 the North-Eastern Council (NEC) as an advisory body for formulating regional development plans with these seven states as members. Recently, the State of Sikkim also has come under the umbrella of this region owing to its proximity to the area and somewhat similar type of developmental and other problems. For the purpose of development activities, Sikkim has also come under the purview of the North-Eastern Council, which is a Regional Planning Body, by an Act of Parliament, in December, 2002 as per the NEC Reorganization Act. This Act provided for the inclusion of Sikkim as a member of the NEC. Presently for development purposes, the NER consists of eight states i.e., Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, and Sikkim.

All the States of this region, except Assam are mostly hilly. Assam is also having hilly regions, but it is comparatively less than the plain areas of the state. The states of this region are very much unique in their own ways. There is a wide variation in the altitude ranging from 300 to 5000 metres. The NER of India occupies a strategic geo-political situation due to its international boundaries

with Bangladesh, Bhutan, China, Myanmar and Nepal. No doubt, these states constitute a homogeneous natural region of the hills, plains, valleys, flora and fauna and other related geographical features. Though the NER reflects some ecological and cultural adaptive contrasts between the hills and the plains, there are also significant elements of continuity in the biological, cultural and social factors between these segments. Also, as per available records, we find a lot of independence and interactions between the hills and the plains in this region. The North-Eastern mosaic is a replica of the Indian mosaic but with the prominence of some other special ingredients. There are nearly 150 ethnic groups and sub-groups. All the known anthropological offshoots, e.g., Negroids, Mongoloids, Austro-Asiatic, Tibeto-Burmans, and the equally important Caucasians are here in the North-Eastern part of India with Assam having more than 20 major ethnic groups.

The total Geographical Area (notional area) of the NER including Sikkim is 2,63,179 sq. km. accounting for 7.9 per cent of the total land space of the country. These eight states of NER together have a total population of 3,88,57,769 as per 2001 Census and constitute about 3.8 per cent of the total population of the country (NEDFi, quarterly data bank, 2005). The state of Assam, though, is the second largest in area, but it is the homeland of the highest number of persons i.e., 68.60 per cent of the population of this region with an equally highest density of 340 persons per sq. km. The State of Arunachal Pradesh is though the largest, but there is only 2.28 per cent of population of this region with a density of 13 persons per sq. km. which is the lowest in this region. NER of India with its absolute pristine virginal territory remains completely unexplored. The valley is beautified with lush green vegetation, grandiose mountains and feral rivers. North-east India is also abode of exceptional range of flora and fauna and the brilliant tribal life. North-east Indian tribes are perhaps some of the most mysterious and yet most studied and observed band in the country, with host of things to offer in a slice of everyday life.

"India lives in villages". Because, 72.18 per cent of its population is living in rural areas and only 27.82 per cent lives in urban areas. This is also very true in context of the NER as it is seen that 84.34 per cent of people of this region is living in the

rural areas only and 15.66 per cent of people is living in urban areas. One of the bases of Indian economic growth has been the transformation of the hill-forest regions for the use of the mineral resources therein, and the utilization of the hydropower and irrigation potential. These developments have increased power availability, irrigated water to increase agricultural productivity and the development of an industrial base. The benefits of these developments, however, have been largely concentrated among Indians in the plains, including workers who have secured employment. The inhabitants of the hill-forest regions, the indigenous people (or Scheduled Tribes as they are legally termed) on the other hand, have had to bear the brunt of involuntary displacement and destruction of their traditional livelihoods through mines, dams, etc. (Nathan, Dev, 2009). States viz. Arunachal Pradesh, Meghalaya, Mizoram and Nagaland are tribal dominated states. So far North-East region is concerned, it is a new approach. The region has been neglected even by the centre so long and is lagging behind on all fronts, so far any type of modern resources are concerned. And to talk about the tribal population in the NER and the Impact of Globalization on Tribal Women of North-East, is completely a new concept.

The impact of globalization on socio-economic life of tribals of North-East cannot be ruled out. If a part of change occurs, evolution and revolution on the totality of life are likely to take place. The impact on traditional lifestyle of tribals is unavoidable but there is need to prevent loss of indigenous knowledge systems besides ethnicity. When we think of the social problems faced by women, it is true that the women of North-East are deprived of several privileges as enjoyed by their counterparts in advanced states. Education may be one of the major factors for the women of North-East not making much progress in life, especially to fight for the legitimate rights. But much more important is the grip the man exercises over the society through the age old social taboos, forcing the women to play a subdued role in the development process. The women are subjugated to various myths and beliefs and the lack of ignorance about their rights have made their life restricted to doing household duties and raising their family.

After the opening of the NER some decade past people have been witnessing significant socio-economic and political development and having the influence of new scored high in respect of well-being of women in the region. Socially advanced Meitei dominated Manipur has ranked top followed by tribal dominated Nagaland and Mizoram. Other states except Assam with lack of social and infrastructural development has brought tribal people at the lower standard with existing socio-economic backwardness particularly among the Scheduled Tribes. In-migration has been a major factor of demographic change. This affects the social behaviour, economic condition, employment and even political atmosphere. This migration has affected very badly the tribal life in North-East region.

Handloom, handicraft, cottage industries, woollen product, brass metal, cane and bamboo, village industries, agriculture based industries is the field where tribal women are engaged at home along with their household work. The products are limited if proper infrastructures are provided they may increase the production, they will be benefited in the competition with globalization. They gain and add to the knowledge of the world community. Not much impact has been on the surface since there is no easy communication and contact from outside. However, globalization during the modern period of history of the world was attempted at the initiative of the member countries of the Non-aligned Movement in 1975 when they initiated a move in the General Assembly of the United Nations Organization. At their initiative, the programme was adopted by the U.N. General Assembly which included (i) opening Northern markets to Southern industrial exports, (ii) improving terms of trade for tropical agricultural products and minerals, (iii) better access to international finance, and (iv) creating more normal condition for technology transfer. Simultaneously, the developed industrial countries made a countermove against this programme by taking advantage of stiff rise in oil price and debt trap to impose current pattern of globalization consisting of five monopolies: (a) technological monopoly, (b) control of worldwide financial markets, (c) monopoly access to planet's natural resources, (d) media and communication monopoly, (e) monopoly of weapons of mass destruction.

In 1991, the industrialized countries fostered their own model of globalization which has become a new mantra for integration of national economics with the world economy. It is being carried out through removal of barriers on the way of flow of trade, capital, technologies and labour across national frontiers with a view to export led growth. The process of globalization started in Indian Economy in 1991 when India joined the World Trade Organization. Since then, about a decade and half have passed and appraisal of the impact of globalization must be evaluated now to formulate strategic move for the future course of action. Linkage multiplicity, interconnections between the different states, societies, which opens the door for economic, cultural goods, technology, labour etc. may be termed as globalization. This affects greatly the integration in several manners on the national economy, multinational production corporations' foreign direct investments, consumption, production etc.

Coming to the question of globalization in the context of NER, we find that the region is lagging behind on all fronts so far as the technology aided articulations of its resources are concerned. The issue is further complicated by the fact that the study of the tribal women in the NER is a new concept arising out of the worldwide emphasis over empowerment of women. The declaration of General Assembly of the UNO on the "elimination of discrimination against women" has still to go a long way for empowerment of women. However, we cannot sit idle since women's full services and talents are needed alongside those of men for the full and complete development of a country, the welfare of the world and the cause of peace. Thinking on this line, the Research Centre for the Himalayan and Tribal Regions has ventured under the sponsorship of the North-Eastern Council, Shillong to organize the present national seminar to assess and evaluate the attitudinal, structural and functional impacts of Globalization on Women.

In this context it is to be noted that social change is possible only by empowering and educating women. Nehru once said, "to awaken the people, it is women who is meant to be awakened, once she is on the move, the family moves, village moves and the nation moves". Swami Vivekananda also once said, "there is no change for the welfare of the world unless the condition of women is

improved. It is not possible for a bird to fly on one wing." Likewise no nation can flourish keeping half of its population in negligence and ignorance, as women constitute half of its human capital. A modern society cannot bring all-round development without utilizing the talent of its women. Tribal women have developed their own interesting design of weaving, knitting, carpet making, wood carving, cane and bamboo work etc., which is locally marketed, and some of them have outside market also, with local materials and skill. On the other side, globalization may help women with opening of socio-cultural, political and economic awareness in the region. Women share equal responsibility with man in this tradition bound subsistence economy in all the states in North-East Region. With development and change in the world on all front of life like economy, culture, political, trade, industry, education to the women movement have been noticed for the rights and welfare which indicate all-round development and awakening. It may be the distance impact of the world family or globalization. To cope up with the global change, tribal women require infrastructural facilities, mobility, new mechanized training, and socio-economic open contact. For that, they require support of the financial institutions, governments' and NGOs' involvement, skill training etc. They can take major share in the development of Khadhi and Village Industries.

The NER is considered as an undifferentiated unit for all practical purposes. For purposes of policy, the most of the socio-economic characteristics of Assam, including poverty ratios have been assigned to the remaining states in NER (GoI, 1993). Even in understanding of development problems and potentials, the region is treated as a homogeneous unit while selecting the sample. It is evident from India's Human Development Report, 1999 in which all the seven states have been clubbed together into a NER category and data collected from Assam have been made the basis to draw inference on NER as a whole. In fund allocation, the states are not considered separately. Each Central Department/Ministry (except those exempted) is required to earmark at least 10 per cent of Gross Budget support for the Region. Evidently, there have been no serious efforts to understand the region from its heterogeneous reality. Besides, very little data is available across states making the task of

interventions equally difficult. The region is bountifully endowed with biodiversity, hydro-power potential, oil and gas, coal, limestone and forest wealth. It is ideally suited to produce a whole range of plantation crops, spices, fruits and vegetables, flowers and herbs, much of which could be processed and exported to the rest of the country and worldwide. Markets must be developed and problems of transportation, power, infrastructure, finance and services overcome. Its natural beauty, serenity and rich flora and fauna invite trekking and tourism. In terms of potentials the following are the strength of this region:

Tea: North-east produces more than 50 per cent of tea in the country. Tea being an agricultural plantation crop and a major revenue generator, it plays a vital role in improving the socio-economic condition of the States of North-Eastern Region of India. Assam is the largest producer of tea in India.

Bamboo: Bamboos play an important role in the rural economy. Bamboos are a subfamily of grasses that include over 1,200 species worldwide. 18 genera and 130 species are so far known from India. The region has abundant bamboo resources. The heavy rainfall and temperate climate has assured an abundance of bamboo and cane in the region over the ages. Out of 136 species of bamboos found in India, 63 species in 22 genera are found in North-east India, spread over an area of 30,500 sq.km.

Tourism: The North-Eastern Region of India with its large untapped potential for development of Tourism, still remains in the backward of development insofar as the tourism sector is concerned. The natural wealth of the region should have changed its own face with significant social and economic development. Each of the eight constituent states of the region has too enormous a potential for development of tourism industry.

Handloom and Handicraft: In the North-East States, KVIC took initiative to put foothold of its presence and established its field officials in the entire region. KVI occupy a unique position in the rural economy of this region and collaborative approach has been initiated. Spices Board of India and Khadi and Village Industries Commission have jointly extended financial and technical support for setting up of spices making units in Assam and Arunachal Pradesh. The Central Leather Research Institute (CLRI) under its

Leather Technology Mission has extended support for setting up leather products manufacturing projects in Manipur and Nagaland. From time immemorial handloom industry has been playing a vital role in the economy of the north-east region. The traditional skill of handloom weaving was not only a status symbol for the women-folk but it was also an indispensable aspect of the socio-economic life of the people in this region. The NER has a rich and fairly ancient tradition of handloom weaving. On a conservative estimate there are about 1.3 million handlooms and nearly 1.4 million weavers in the entire region. The total production of handlooms in the NE region is valued around Rs.1,145 million on an annual basis.

We, all know that the vision of Gandhiji was to achieve self-dependent, self-reliant society through the promotion of Khadi and Village Industries. Before Independence, the development of Khadi and Village Industries was entirely a non-governmental movement under his guidance. Though after independence, the Government of India took the responsibility to bring its development within its framework.

We gained our independence on the principles of Mahatma. But there is still a way to achieve the level of what Gandhiji had thought of. The principles of Gandhiji are equally important today and for future generations to come as it was in the past. KVI sector is getting marginalized and more marginalized as the day goes. India lives in villages, but rural people are swarming in the urban areas to get employment. This important sector can play a vital role in restoring the lost glory of the time tested self-employment model aiming the distribution of wealth employing local resources and promote local talent in order to achieve self-sufficiency.

The village industries and traditional unorganized industries constitute an important segment of the economies of the North-East States where 40 per cent people are living under BPL and more than 80 per cent in the rural belt making agriculture as the main occupation. Today the developing economies, particularly the states of North-East Region are facing the acute problem of unemployment. Formal sector is not sufficient to fulfil this objective that is why; informal sector is given more weightage to create employment through village industries. The People of the North-East States have a rich tradition of craftsmanship and are very adept at crafts such

as weaving, woodcarving, carpet weaving, cane and bamboo works, smithy works, etc. Khadi and Village Industries (KVI), therefore, offers enormous prospects for increasing the opportunities for income and employment generation in this region.

Village self-sufficiency: The main principle of Gandhian approach is to set up a system of village self-sufficiency. In this regard, the hypothesis of M.K. Gandhi was establishment of 'Gram Swaraj' in the country side which means the complete independence of the Indian villages. The ultimate goal of Gandhian planning was to make Indian villages fully independent. Mahatma Gandhi often used to say that the real India was to be found in the villages, not in the cities and towns. In his hypothesis of Gram Swaraj M.K. Gandhi explained that every village should produce all needed crops, food and non-food items. Each village should possibly produce its own goods such as cloth, shoes and leather products and similarly a village should have essential amenities, such as schools, hospitals, entertainment facilities and playground. Gandhiji's assumption was that India lives in villages and majority of its population depends on agriculture and its allied occupations. In case of Gram Swaraj is established, India would get naturally an economic freedom and would stand as a prosperous and independent country in the world.

Achievement of Self-employment: We have to generate mass employment at the same time; the produced goods should have sustained market. The investment part should also be affordable. Cloth may be one such commodity which can be bought by all the people irrespective of their economical standard so it has market both sustainable and permanent. Take for example Khadi, though it has great potential to generate employment facilities in the rural areas. Without development of Khadi and Village Industries it is not possible to generate the employment and side by side to develop the region as well as to develop the quality of tribal people in the region. Keeping in mind of the above phenomenon of development, a National Seminar on the topic, 'The Role of Khadi and Village Industries in Socio-Economic Development of North-East States' sponsored by Indian Council of Social Science Research, New Delhi was organized by the Department of Economics, Dera Natung Govt. College, Itanagar on November 20, 2009. The present volume is a

collection of **twenty** papers contributed to the seminar by eminent scholars, academicians, policy-makers, bureaucrats and thinkers.

In the inaugural speech, the Chief Guest, Prof. Tamo Mibang, Director, Arunachal Institute of Tribal Studies, Rajiv Gandhi University, Arunachal Pradesh exhorted in the august gathering that the economic development in North-East Region was not encouraging in comparison to other parts of India. Hence, its policy towards all development needs to be looked into by examining the ground realities and bounties of its natural resources. The clear-cut policy in this regard also would reduce the social tension, he emphasized. The development of Kadhi and Village Industries is very crucial for all-round development of Arunachal Pradesh and the participation of local people is the need of the hour for self-employment, he said. He highlighted the constitutional rights, impact of migration, role of education, ethno-medicine and ethno-technology of the country's scattered tribal groups. He dwelt on the problems of assimilation and marginalization of tribals and pointed out the close relationship of the tribal people with forests. The professor called for committed implementation of sustainable developmental schemes to benefit the tribal people. In the process of industrial development, the importance of cottage industries should not be ignored. To set up heavy industry is not so much possible in different places of this State as its major portions are not easily accessible. But to set up small scale industries in the State is not so much difficult. That is why; top priority must be given to those small scale industries like Khadi and Village Industries which need light machine tools and other equipments in order to produce qualitative products because today, a State's progress is measured by the quality of goods it produces. To strengthen the economy of the State, the Government should provide larger scope to the private sector. At the same time, a number of changes in policy should be introduced with regard to industrial licensing to the non-tribal, removal of Inner Line, technology upgradation, fiscal policy, removal of controls and restrictions, rationalizing and simplifying the system of fiscal and administrative regulation and improving law and order problems so as to encourage for free flow of goods, capital, technology and labour from other States to this State. All these changes will be directed towards creating an uninhabited climate

for private sector so that private sector investment can get a big boost to modernize the economy approaching towards global economy. He highlighted that in an age in which mechanical inventions are the prime factor in economic progress, it is difficult to realize that in certain lines, hand-made goods are unsurpassed in excellence by the products of modern machinery. The efforts taken by both Central and State Governments must be made to reach the beneficiaries. The implementing agencies and machineries must take it as a venture with all commitment and positive attitude towards Khadi and Village Industries in the North-East States. The feedback as well as follow-up is very much needed to revive and sustain this sector in the global context.

In the Guest of Honour Speech, Prof. Amitava Mitra, Professor and Head, Department of Economics, Rajiv Gandhi University, Rono Hills, Itanagar, Arunachal Pradesh lamented that progress in health, education and connectivity has not strengthened the state's economy and the state still remains a mere consumer of goods and services. Underscoring the need for interdistrict equality in terms of human development indicators particularly with reference to Kurung Kumey and East Kameng which are the most backward districts in the state. Prof. Mitra said that the backward districts need to be given special attention, particularly in the health and education sectors.

The Special Guest of Honour, Dr. Tejum Padu, Joint Director, Higher and Technical Education, Government of Arunachal Pradesh, Itanagar called Arunachal Pradesh a storehouse of traditional designs in terms of weaving and yarn spinning, not to mention that the people are gifted with natural craftsmanship skills. The Khadhi and Village Industries in the state need to be promoted to boost rural economy and self-employment, Dr. Padu said on the developmental front, he called for committed and dedicated implementation of schemes with target oriented and time bound projects, depending on their feasibility. The khadi cloths have to be incorporated in our life but now it needs some modifications, incorporations of our design in fit. KVI is to be expanded in Arunachal Pradesh in a major way. We have few stall of KVI products here and there in the North-East States. We have not seen major inputs into the development of Khadi in Arunachal Pradesh, we need to make it.

The volume is divided into four sections. The First Section "Present Scenario" focuses on the present position of Khadi and Village Industries in India in general and in North-East States in particular and thereby its issues and policies related to the employment and overall socio-economic development of people. It consists of six articles.

The first article entitled, "Present Scenario of KVI" written by **Mr. Ashok Kumar Saran** highlights elaborately about the network of KVI in the country. Being a Director of KVI, he put forth the practical scenario of KVI in the country in general and in the north-east in practical. He pointed out about the functions of partner agencies in urban and rural areas, its physical performances, New Programmes and Schemes, Quantum and Nature of Financial Assistance, Levels of Funding of Margin Money, Bank Finance, Entrepreneurship Development Programme and Scheme for Enhancing Productivity and Competitiveness of Khadi Industries and Artisans, Rural Industrial Consultancy Service, Rural Industry Service Centre, Marketing and Its Major Achievements Under Marketing. There are also 5,000 Registered Institutions (NGOs) working at the grass roots level for generating employment and helping artisans to uplift their social and economic status.

The second article entitled "Khadi and Village Industries: Strategies for Competing with the Organized Sector" written jointly by **Prof J.S Panwar** and **Dr. Yogesh C. Joshi** focuses on twenty per cent increase of SSI products which is a significant increase since the previous decade. Export of SSI products has also increased because of Government support and application of Innovations in KVIC. Citing the case of Tribhuvan Das Foundation which is a cooperative society of milk producers, the paper emphasizes relevant cooperative movement of KVI sector of North-East Region. Finally, the paper concludes that strategic planning is required for the development of KVIC which should not be uniform for the entire nation but it should be either state specific or region specific.

Next, **Mr. Debabrata Maji** in his paper "An Approach through Pragmatic Model for the Development of KVI Sector in Arunachal Pradesh" demonstrates that Gandhiji launched the Khadi programme in the country in 1919 and the importance of Khadi was realized even after independence in 1947. Subsequently, Khadi

and Village Industries Commission is a statutory body established by an act of Parliament in April 1957 for the development of Khadi and Village Industries in India with social objectives of providing employment, economic and creating self-reliance amongst the poor and building up of a strong rural community spirit. The Government of India dissolved the Commission of KVI in October, 2004 and constituted an Expert Committee for revamping KVI due to decline in employment in the Khadi Sector.

The fourth paper "Role of Small-scale and Village Industries in Economic Development of Nepal" written by **Dr. Udaya Raj Regmi** and **Dr. Arjun Kumar Baral** aims at analyzing the role of Small-scale and Village Industries in economic development of Nepal. The performance of these industries has been observed in terms of number of industries, employment generation, production, investment, sources of output growth, total factor productivity, technical efficiency, technological progress and contribution to exports. Divisia Tornquist approximation and production frontier models have been applied to estimate the sources of output growth and total factor productivity of the small and village industries.

The next joint paper entitled "KVI and Its Role in the Socio-Economic Development of Assam" written by **Ms. Mousumi Borah** and **Ms. Sangeeta Kakoty** aims at analyzing the role of KVI in the Socio-Economic development of the state of Assam. Various KVI programmes have been implemented in Assam through its Zonal office located in Guwahati, the State KVI Boards, registered institutions, cooperative societies and entrepreneurs. The rural industries like pottery, beekeeping, processing of cereals and pulses, fibre, fruit and vegetable processing industries, soap, activities like carpentry and blacksmithy are generally being set up in the backward areas of the state. The programmes of Khadi and Village Industries Commission for rural industrialization aims to augment the earning of artisans, weavers, spinners and individual entrepreneurs along with output and high quality KVI products from this state.

The last paper entitled, "Socio-Economic Development of North-Eastern States: Role of Khadi and Village Industries" by **Dr. R.P. Bhattacharje** tries to postulate that the North-Eastern Region is sensitive geographically due to natural isolation amidst rugged

terrain. It recently became more sensitive internationally after the claim of China over Arunachal Pradesh on the eve of recent visit of His Holiness Dalai Lama. Despite being rich in natural resources with fertile land, rich forest and mineral deposits, development of the region has lagged behind from the rest of the country due to historical reasons. For proper socio-economic development, it is essential to remove infrastructure bottlenecks, human resource development, health care, provision of basic minimum services, creating conducive environment for private investment, control illegal immigration etc.

The Second Section "Challenges and Opportunities" focuses on the challenges for development of Khadi and Village Industries in north-east states. This section discusses the growing unemployment problem which can be solved only with the development of Khadi and Village Industries. This Section consists of five articles.

The first paper entitled "Problems of Khadi and Village Industries in Arunachal Pradesh" presented by **Mr. Sukamal Deb**, emphasizes on a success story of Mrs. Mechi, who began with a steel fabrication unit with a very passive mind towards this initiative. This case study actually was to highlight the negative mindset approach towards the self-employment opportunities in the state of Arunachal Pradesh. The paper also highlights on cost chart, devising own wages system from general to particular to specificity of the area concerned. The drawback of the system was specified with the lack of reach out system of implementation, lack of coordination amongst the line departments and the need of convergence with PRIs and grass roots institutions.

The next article, "Khadi and Village Industries in Arunachal Pradesh" jointly written by **Ms. Sarita Srivastav** and **Mr. Manas Kumar Jana** highlights the present scenario of village and small-scale industries. This sector has not only continued to play a vital role in fulfilment of socio-economic objectives but also offers an excellent opportunity for industrial self-employment. A number of policy measures have been taken to promote entrepreneurship in the State. The Government is focusing on entrepreneurship development through institutional support from organisations like Khadi and Village Industries Commission (KVIC), District Industries

Centres (DIC), Development Commissioner (Handlooms), Development Commissioner (Handicrafts), Small Industries Development Organisation (SIDO), etc. Attempt has been made for the entrepreneurship development *vis-a-vis* fulfilling the condition of sustainable development.

The third paper, "Development of Khadi and Village Industries in Manipur: Issues and Challenges" presented by **Dr. Jayanti Ningombam** and **Dr. Victoria Ayekpam** emphasizes that Manipur, a small state in the North-Eastern corner of India needs the industrialization and entrepreneurship development especially in the rural and hilly areas through Khadi and Village Industries. Despite massive development efforts taken by both Central and State Governments through various schemes and programmes, the pace of economic and industrial development of the state is very poor. As a result, the number of educated unemployed youth of the state has crossed 4,60,143 as in January 2005 of which 1,18,121 were female unemployed youth.

The fourth paper was presented by **Ms. Swapnali Baruah**, Research Scholar and **Dr. B. D. Nayak**. In their paper, "Prospects and Scenario of Khadi and Village Industries in North-East India with special Reference to Assam", they try to explain that with the celebration of 62nd year of Independence, India has been practicing Five Year Plans giving importance to the development of rural industries through the development of Khadi and Village Industries (KVI). In the country as a whole we have 15,431 sales outlets, out of which 7,050 are owned by the KVIC. Products of these industries are sold at the international level through various exhibitions. But development of KVI in North-East India is almost negligible than that of the rest of India.

Lastly, **Dr. Ram Krishna Mandal**, in his paper, "Handicraft and Cottage Industry in Arunachal Pradesh: Challenges and Opportunities" illustrates that the main principle of Gandhian approach is to set up a system of village self-sufficiency. This sector has not only continued to play a vital role in fulfilment of socio-economic objectives but also offers an excellent opportunity for industrial self-employment. The tribal communities in Arunachal Pradesh are extremely self-reliant; they constructed their own inter-village path, build their own cane bridge, devised their own

indigenous equipments to husk or grind rice and millets, weaving their own cloths, ornaments and jewels, hats, cooking vessels, weapons. This shows the exceptional similarities of Gandhian concept of self-reliance in the tribal communities of the state.

The Third Section "Empirical Study" focuses on the case study of different places in the north-east region. This section tries to find out the existing problems, its solutions, employment scenario. This Section contains four articles.

The first article, "Traditional Handicrafts of Assam: Challenges and Opportunities — A Case Study of Bamboo and Cane Crafts" written by **Dr. Manoj Kumar Paul** points out that North-Eastern Region (NER) is a land of beautiful handicrafts with a wide range in variety of crafts. The people of the region have a tradition of artistic craftsmanship. Crafts such as weaving, painting, pottery, basketry, woodcarving, bamboo and cane crafts, smithy work, etc. are widely practiced in NER as the tradition of their art of living and culture. These crafts can reduce the dependence of rural people on agriculture as their exclusive source of livelihood by providing gainful subsidiary employment. In spite of its vast natural resources, Assam is industrially backward.

The next joint paper presenters were **Dr. Paritosh Chandra Dutta** and **Mr. Arabinda Kherkatary**. The paper "Problems and Prospects of Khadi and Village Industries in Assam of NER – An Empirical Study" voices that every effort towards the development of the country must begin with the development of villages. The economic upliftment of the people of Assam especially in rural areas is possible only through the development of the Khadi and Village Industries (KVI) in these areas. The development of KVI is required not only for the mobilisation of local resources but also for creating adequate employment opportunities. These industries provide part-time and full-time employment to a large section of people.

The third article, "The Role of Human and Social Capital in Forming Financial Capital – An Empirical Study with Special Reference to KVIC, Assam" written by **Dr. Chimun Kumar Nath** postulates that the present researcher argues that initial legitimacy is transferred to the organization from the founding team. Moreover, the present researcher suggests that which features of the founding team's biography are used to determine an organization's

legitimacy will depend primarily on the industry status of the founding team. Why do some organizational founders receive resources when others do not? To answer this question, the present researcher develop a framework that teases apart the relationships between three facets of the founder's prior experience—namely, industry status, entrepreneurially relevant demographic features, and social capital—and its organization's ability to gain legitimacy and thus resources.

The next paper entitled, "Present Scenario of KVI in Sonitpur District of Assam: A Brief Study of Tezpur Sub-Division" was presented by **Mr. Dulal Biswas** and **Mr. Biman Kumar Nath**. They highlighted that a good number of rural areas necessarily reveal the importance of Khadi and Village Industries in the Sonitpur district situated in North bank of Brahmaputra valley of Assam. These industries have developed local initiatives, self-reliance and also helped in utilizing the available manpower in rural areas for processing locally available raw materials. The paper was an attempt to monitor the present status of Khadi and Village Industries in Sonitpur district of Assam.

The Fourth Section, "Entrepreneurial Activities" deals with performance of small enterprises, entrepreneurial efficiency, entrepreneurial problems and entrepreneurial development. This section consists of five articles.

The first article entitled, "Performance of Micro and Small Enterprises with Special Reference to North-Eastern Region" written by **Dr. J. U. Ahmed** seek to explain that Micro and Small Enterprises (MSE) are considered to be one of the principal driving forces in economic development of any country. The importance of this sector is well recognized worldover from its significant contribution in gratifying various socio-economic objectives, such as higher growth of employment, output, promotion of exports and fostering entrepreneurship. Micro, Small and Medium Enterprises (MSMEs) including Khadi and Village Industries/rural enterprises constitute an important segment of Indian economy in terms of their contribution to country's industrial production, exports, employment and creation of an entrepreneurial base.

The next paper was presented by **Dr. Deepali Mandal**. In her paper, "Entrepreneurial Development for KVI: An Urgent Issue in

North-East States with Special Reference to Arunachal Pradesh", she shows that after Independence, the Government of India set up the All India Khadi and Village Industries Board in 1953. This Board, aimed to function in close cooperation with the State Governments and the Akhil Bharat Sarva Seva Sangh plagued with procedural handicaps. It was then decided in 1955 to replace this Board by a statutory body. Accordingly, the Khadi and Village Industries Commission (KVIC) came into being in 1957. The State Khadi and Village Industries Boards have come into existence in response to advice of the All India Khadi and Village Industries Board which was required by the Government Resolution of January 14, 1953 to work "in close cooperation with the State Government".

Mr. O. Deepakkumar Singh and **Dr. Rajmani Singh** in their joint paper, "A Study on Entrepreneurial Problems of Village Industries in Manipur", they want to find out that rural Industrialization is a forward step towards industrialization and it seeks to utilize local resources (raw material and men) to maximum possible extent. It may provide them not only to face the artificial congestion in those areas in future but also to mitigate their needs and requirements. The growth and development of small scale industries particularly in the rural areas depends upon the infrastructural facilities available to them. The present trends of economic development of Manipur is becoming more worsening due to the problems of unemployment, lack of basic infrastructural development and law and order situation.

The next article, "Women Entrepreneurship in Small and Cottage Industry of Nepal: A Means of Poverty Alleviation" presented by **Dr. Ved Raj Acharya** shows a general picture of women entrepreneurship in Nepal. He also added that Women entrepreneurship in a systemic way is the recent development trend in the country and the number of women involved in this sector is still negligible. But the number of women who are coming out from the door of the house is increasing. The economic contribution of women in GDP is also seemed favourable.

Lastly, **Mr. S. Suresh Kumar** and **Prof. M Muralidhar** in their joint paper, "Entrepreneurial Efficiency for Production of Bio-Diesel in Rural Energy Needs" voices that sustainable alternate renewable source of energy needs biodiesel which seems to be one of the good

options for alternative source of energy in future. Arunachal Pradesh being hilly terrain, having vast wasted and barren lands has scope for cultivation of plants which provides bio-diesel. It will not only meet the rural energy needs of this region but also improve the economic development of particular region. Besides contributing to the clean environment it also provides freedom to rural areas to access power and agricultural purposes. Cultivation and consumption of biodiesel derived from oil bearing trees prevent soil erosion and global warming.

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SECTION - I
Present Scenario

Present Scenario of KVI

ASHOK KUMAR SARAN

KVIC Network

KVIC has its central office at Mumbai. It has 34 State/Divisional Offices all-over the country to look after the developmental activities specially at rural areas. To further decentralize its work KVIC set up 6 zonal offices at New Delhi (NZ), Bhopal (CZ), Kolkata (EZ), Guwahati (NEZ), Bangalore (SZ) and Mumbai (WZ) and delegated the powers to these offices. To impart qualitative training, KVIC is running 15 departmental, 24 non-departmental training centres. To help the units who are under the umbrella of KVIC, it is running 12 departmental Sales outlets. To facilitate quality production of Khadi, KVIC is providing Cotton and Poly Silvers to the Khadi institutions through its 6 departmental Control Silver Plants.

Partner Agencies

There are large numbers of Government and Non-Governmental agencies working with KVIC in the development and implementation of various Khadi and Village Industries programmes. 33 States and Union Territories of Khadi and Village Industries Board under the administrative control of the State Governments and UT are implementing the KVIC's programme. There are also 5000 Registered Institutions (NGOs) working at the grass roots level for generating employment and helping artisans to uplift their social and economic status. To market the products of these artisans and institutions there are more than 7,000 sales outlets all-over the country. 27 Public Sector Banks with a network of more than 50,000

branches besides Regional Banks and Co-operative Banks spread all-over the rural areas in the country are also financially helping the units sponsored by the KVIC and its agencies.

Definitions of Khadi, Village Industries and Rural Area

Khadi

'Khadi' means a cloth woven on handlooms in India from cotton, silk or woollen yarn handspun in India or from a mixture of any two or all of such yarns.

Village Industries

'Village industry' means any Industry located in a rural area which produces any goods or renders any service with or without the use of power in which the fixed capital invested per head of artisan or a worker does not exceed one lakh rupees in plain areas and one lakh fifty thousand rupees in hilly areas or such other sum as may be by notification in the Official Gazette, be specified from time to time by the Central Government.

Rural Area

Any area classified as village as per the revenue records of the State/Union Territory, irrespective of population. It will also include any area even if classified as town, provided its population does not exceed 20,000 persons.

Physical Performance at a Glance

Year	(Rs. in Crores)					
	Production			Sales		
	Khadi	V.I.	Total	Khadi	V.I.	Total
2007-08	543.39	16,134.32	16,677.71	724.39	20,819.09	21,543.48
2008-09	585.25	16,753.62	17,338.87	799.60	21,948.59	22,748.19

Year	(Persons in lakhs and Rs.in Crores)					
	Employment			Earnings		
	Khadi	V.I.	Total	Khadi	V.I.	Total
2007-08	9.16	90.11	99.27	329.47	7,822.38	8,151.85
2008-09	9.50	94.41	103.91	373.95	8,000.12	8,374.07

The 11th Plan Approach

Keeping in view the unemployment scenario, creation of seven crore new employment has been emphasized in the XIth Plan, the share of KVI sector would be around 45.34 lakhs additional employment, which makes the expected employment by the terminal year of XIth plan at 144.61 lakhs.

In spite of the slow down in the overall growth of the economy during first 2 years of XIth five year plan, KVI sector has registered progress of 11.42 per cent in production and 14.13 per cent in sales, 8.15 per cent in employment and 11.67 per cent in earnings of artisans.

New Programmes and Schemes

Prime Ministers Employment Generation Programme (PMEGP)

Ministry of Micro, Small and Medium Enterprises, Govt of India has announced a new credit linked subsidy programme called Prime Minister's Employment Generation Programme (PMEGP) on 15th August, 2008, for generation of employment opportunities through establishment of micro enterprises in rural as well as urban areas, KVIC is the nodal agency for implementation of the scheme at the national level. The scheme will be implemented by KVIC/KVIBs in rural areas and by District Industries Centres in Urban and other rural areas.

During the current financial year 2009-10, funds provided by Government of India under PMEGP schemes will be fully utilized for establishment of 61,697 units targeted for the year across the country. This will provide new employment opportunities to more than 6.16 lakh persons.

Under this scheme during 11th plan period a record number of 3,73,750 micro projects will be established in India and Rs. 4,485 crores of Margin Money will be disbursed by KVIC through a network of more than 20,000 Bank branches.

Under PMEGP during the period mentioned above a record credit of Rs. 15,000 crores will be made available to the first generation entrepreneurs and 37.37 lakhs new employment opportunities will be created in India.

- (i) *Quantum and Nature of Financial Assistance:* The maximum cost of the project/unit admissible under manufacturing sector is

Rs.25 lakh and the maximum cost of the project/unit admissible under business/service sector is Rs. 10 lakh.

(ii) *Levels of funding of Margin Money:*

<i>Categories of beneficiaries under PMEGP</i>	<i>Beneficiary's Contribution (of project cost)</i>	<i>Rate of Subsidy (of project cost)</i>	
<i>Area (Location of project/unit)</i>		<i>Urban</i>	<i>Rural</i>
General Category	10%	15%	25%
Special (including SC/ST/ OBC/Minorities/ Women, Ex-servicemen, Physically handicapped, NER, Hill and Border areas etc.	05%	25%	35%

(iii) *Bank Finance:* The Bank will sanction 90% of the project cost in case of General category of beneficiary/institution and 95% in case of special category of the beneficiary/institution, and disburse full amount suitably for setting up of the project. Normal rate of interest is charged on the Loan.

Bank will finance capital expenditure in the form of Term Loan and Working Capital in the form of Cash Credit. Project can also be financed by the Bank in the form of Composite Loan consisting of Capital Expenditure and Working Capital. The amount of bank credit will be ranging between 60-75 per cent of the total project cost after deducting 15-35 per cent of margin money (subsidy) and owner's contribution of 10 per cent from beneficiaries belonging to general category and 5 per cent from beneficiaries belonging to special categories.

(iv) *Modalities of the operation of the scheme:* Project proposals will be invited from potential beneficiaries at district level through press, advertisement, radio and other multi-media by KVIC, KVBs and DICs at periodical intervals depending on the target allotted to that particular district. The scheme will also be advertised/publicized through the Panchayati Raj Institutions which will also assist in identification of beneficiaries.

(v) *Entrepreneurship Development Programme (EDP):* The objective of EDP is to provide orientation and awareness pertaining to

various managerial and operational functions like finance, production, marketing, enterprise management, banking formalities, book-keeping, etc. The duration for EDP under REGP was only 3 days, whereas, under PMRY it was 10 days. During various meetings, discussions and recommendations of Department Related Parliamentary Standing Committee for Industry (DRPSCI) it was felt that 3 days were not adequate for providing this input effectively and, hence 2 to 3 weeks period has been provided under PMEGP which will include interaction with successful rural entrepreneur, banks as well as orientation through field visits.

- (vi) *Negative List:* The following list of activities will not be permitted under PMEGP for setting up of micro enterprises/ projects/units.
- Any industry/business connected with Meat (slaughtered), i.e. processing, canning and/or serving items made of it as food, production/manufacturing or sale of intoxicant items like Beedi/Pan/Cigar/Cigarette etc., any Hotel or Dhaba or sales outlets serving liquor, preparation/producing tobacco as raw materials, tapping of toddy for sale.
 - Any industry/business connected with cultivation of crops/plantation like Tea, Coffee, Rubber etc. Sericulture (Cocoon rearing), Horticulture, Floriculture, Animal husbandry like Pisciculture, Piggery, Poultry, harvester machines etc.
 - Manufacturing of Polythene carry bags of less than 20 microns thickness and manufacture of carry bags or containers made of recycled plastic for storing, carrying, dispensing or packaging of food stuff and any other item which causes environmental problems.
 - Industries such as processing of Pashmina Wool and such other products like hand spinning and weaving, taking advantage of Khadi Programme under the purview of Certification rules and availing sales rebate.
 - Rural Transport (Except Auto Rickshaw in Andaman and Nicobar Islands, House boat, Shikara and Tourist Boats in J&K and Cycle rickshaw).

Scheme for Enhancing Productivity and Competitiveness of Khadi Industries and Artisans

The scheme was introduced in 2008. It aims to make Khadi Industry more productive as well as competitive and also strengthen its potential for creation of qualitative and sustainable employment.

The scheme provides financial support of 42 lakhs per Institution with Government subsidy of Rs. 34.45 lakhs. For North-East and SC/ST institutions the Government subsidy in the scheme is Rs. 37.90 lakhs. It is expected to cover 200 institutions by 2011-12 and about 60,000 artisans will be benefited with improved Khadi infrastructure and enhanced wages. In 2009-10, 23 such projects will be sanctioned involving grant of Rs. 8 crore. KVIC has already accorded approval for 12 projects.

Workshed Scheme for Khadi Artisans

Artisan's welfare has always remained a high priority for the Government. KVIC introduced workshed scheme during 2008-09, to provide sufficient space and congenial environment to artisans smooth and fatigue free working to facilitate enhanced production and increased earning. During XIth plan, 38,000 artisans will be covered under the scheme. In 2008-09, KVIC extended benefit to 11,076 artisans as against the target of 10,000 artisans. 6000 artisan's workshed have been sanctioned during 2009-10 as per the approved budget of KVIC.

Scheme for Strengthening of Infrastructure of Existing Weak Khadi Institutions and Assistance for Marketing Infrastructure

The Scheme has been formulated to extend need based support to weak/sick institutions which have potential to attain normalcy and for creation of marketing infrastructure in identified outlets. During XIth plan, 100 weak Khadi institutions and 30 identified marketing outlets are to be assisted. KVIC has targeted to support 30 weak institutions and 10 potential sales outlets under the scheme during 2009-10.

Scheme of Fund for Regeneration of Traditional Industries (SFURTI)

To uplift the Socio-Economic condition of Artisans, Spinners and Weavers, a Cluster Development Programme under SFURTI (scheme

of Fund for Registration of Traditional Industries) has been introduced.

The objective is to make traditional industries more productive, competitive, and innovative, create employment opportunities for rural artisans and facilitate their sustainable development.

The Central Government approved total outlay of Rs. 75.12 crore for development of 79 KVI clusters (29 clusters of Khadi and 50 clusters of Village Industries). Around Rs. 123.50 lakhs (I.A. Rs. 17.25 lakhs + N.A. Rs. 106.25 lakhs) fund outlay is provided for Khadi cluster, Rs. 88.50 lakhs (I.A. Rs. 8.50 lakhs+N.A. Rs. 80 lakhs) fund outlay provided for a Village Industries Cluster.

The grant support is provided for : Replacement of Charkhas and Looms: establishment of Common Facility centre with Machineries, Quality Control Laboratory, Design Development, packaging etc., Product Development and Design Intervention, Market Promotion and capacity building Measures.

Each cluster is supporting minimum of 500 artisans. For North-East Region, the minimum criteria are 250 artisans per cluster.

Khadi Clusters involve production of Khadi readymade, bed sheets etc. Village Industries cluster involve production of wooden beads, wooden handicrafts, tribal jewellery, phulkari work, cane and bamboo, honey and value added products and food products.

The category-wise geographical progresses of SFURTI Clusters are as follows:

SC/ST Clusters-14, clusters in NER-13, clusters in disturbed areas-03, clusters Naxal prone areas-03, clusters in Remote areas-02, Clusters in Minority Districts-12.

Due to SFURTI interventions, 27,262 artisans families are benefited; around 9,000 Charkhas and 950 Looms are distributed to the artisans; 63 Common Facility Centres were created; 3,500 tool kits are distributed to the Village Industries artisans; around 20,000 artisans upgraded their skills through the training programmes conducted at cluster level. An average increase in production and sales reported 27 per cent and 31 per cent in Khadi Clusters and 46 per cent, and 47 per cent increase in Production and Sales in Village Industry Clusters. The increased earnings of Spinners-60 per cent, Weavers-61 per cent and Artisans-34% due to SFURTI interventions. The SFURTI clusters also received patronage from most of the State Governments. Some

of the State Governments allotted land for establishment of CFC in the clusters under SFURTI.

Rural Industrial Consultancy Service (RICS)

To make PMEGP/REGP scheme more effective and accessible to the new entrepreneurs, KVIC has launched Rural Industrial Consultancy Services (RICS) under which first generation entrepreneurs are provided services, such as project formulation, co-ordination with banks, technical back-up, marketing support, etc. Such incentives will help new entrepreneurs to set-up projects, which will be more viable and better manageable.

Rural Industry Service Centre (RISC)

A Rural Industries Service Centre Scheme was launched during 10th plan in order to provide common facility services to KVI units, in a cluster based manner.

It is the common facility unit, which aims to provide infrastructural support and necessary services to the local units to upgrade their production capacity, skills and market promotion and backward forward linkage to Khadi and V.I. activities in a cluster, services like raw material support, skill upgradation, training, quality control, testing facilities, design and product development in order to strengthen the rural clusters.

260 numbers of projects were launched up to 2000-09 under Rural Industry Service Centre.

Operationalisation and Programme Implementation

- For the purpose of establishing Rural Industry Service Centre (RISC), it may be ensured that the number of artisans/Village Industries units shall not be less than 5 REGP units and 25 individual artisans and 25 REGP units and 125 individuals for projects up to Rs. 5 lakhs and up to Rs. 25 lakhs respectively.
- The implementing agency/organization should have its own land where the Rural Industry Service Centre (RISC) will be established.
- The period of setting of project should not be more than 6 months from the date of release of final instalment of sanctioned funds.

Product Development, Design Intervention and Packaging (PRODIP)

This scheme was introduced to allow institutions to engage professional designer for better designing of Khadi apparels. The Scheme also facilitates village industries products to improve the packaging to attract the customers. Under the scheme, as many as 556 projects were sanctioned; so far 531 projects were established in the country. National Institute of Design and National Institute of Fashion Technology (NIFT) are collaborators of KVIC for these ventures.

Marketing

KVIC has been extending best of marketing support and export opportunities to khadi institutions, PMEGP/REGP units, to help venture their products and service.

Major Achievements Under Marketing

- KVIC has been organizing domestic exhibition of different types like National Level, State Level, Zonal Level and District Level. In the last two years 246 exhibitions have been organized. During 2009-10, 21 Domestic exhibition of National and State Level have been planned for effective implementation.
- KVIC has also been participating in International exhibition for exploring export opportunities. A target of Rs. 1,000 crore worth of export has been earmarked during 11th Plan.
- Participated in IIFT-2009, New Delhi with the best and exclusive products of KVIC.
- Renovation and modernization of KVI sales outlets under Public Private Partnership (PPP mode) are being encouraged. Renovation of an institutional sales outlet under PPP mode has achieved significant sale growth.
- Some good outlets including Khadi Gramodyog Bhavan, New Delhi have obtained ISO 9000-2000 for their best managerial practices.
- NEZ is being highly focused in all sorts of marketing exposures including exhibition. Necessary grant assistance is being given to NEZ institutions/units/other backward areas like Andaman and Nicobar, Jammu and Kashmir etc.

- Government supply under Rate Contract (RC) and non-RC are being executed.

Export Promotion Council (EPC)

KVIC has geared up all efforts to accelerate the export opportunities of KVI sector. Deemed Export Promotion Council (EPC) status has been accorded to KVIC by the Ministry of Commerce, Government of India, in order to streamline export of KVI products. About 839 KVI institutions/REGP units have taken the membership of EPC during 2008-09.

The enrolment of more members would further strengthen the supply chain of the export of various items in the international market. A target of Rs. 1,000 crore worth of exports has been fixed for 11th Five Year Plan and presumably this will become a major boost to the PMEGP/REGP entrepreneurs.

Science and Technology

KVIC has close liaison with premier Academic and Research Organizations like IITs, IISc, NITs, NIFT, NID etc. for technological support in the areas of development of efficient processes, products, tools/equipments, etc.

- During last 3 years 75 test labs have been set up for testing Khadi and Village Industries Products in the country.
- 52 KVI institutions/REGP units have obtained ISO 9001-2001 certificate under ISO certification Scheme of KVIC.
- 8 New Technical Interfaces have been initiated in addition to existing 12 interfaces with National Level institutes like IITs and NITs.
- KVIC in collaboration with IIT Delhi has established MGIRI—an autonomous body which has started functioning.
- 145 R&D projects have been completed by the technical interfaces and Mahatma Gandhi Institute of Rural Industrialization, Wardha.
- Some of the following technologies to reduce human drudgery and improve productivity and quality of production of Khadi and Village Industries have been developed:
 - (a) Soft and stiff finish technology for Khadi
 - (b) Development of hank dyeing and mercerizing machine
 - (c) Technology for wrinkle free Khadi

- (d) Bio manure testing kit
- (e) Soap and detergent testing kit
- (f) Energy efficient Potters Kiln
- (g) 14 technologies have already disseminated to the field for adoption.

New Initiatives

1. Asian Development bank after field study of the KVI sector by M/s. Price Water House Coopers sanctioned an amount of US\$ 150 million for the Khadi Reform and Development Programme. The intervention shall cover Khadi Mark Development; Raw material procurement and Production; Artisans, Earnings and Empowerment; Skill Development Through Quality training facilities; Market linked pricing and introduction of Benefit Chart; reforms at khadi institution Level; etc.
2. The National Institute of Rural Industrialization, Nashik would be imparting advanced training for upgrading the technology and skill development training through tailor made courses to rural youth. This will help the rural masses to produce or service with a quality output.
3. Artisan Insurance Scheme 'Janashree Bima Yojana' for Khadi artisans provided insurance cover against death and disability. 2,76,858 artisans have been covered under the scheme during 2008-09. Through the scheme deaths claims of Rs. 209.85 lakhs and educational scholarships of Rs. 488.17 lakhs have been settled in favour of Khadi artisans.
4. Artisans Welfare trusts have been set up in all states, which maintain artisan welfares fund providing security to the savings of Khadi artisans. 21 state Level Trusts including the State Govt. run Board in Kerela have been established. 1618 institutions have joined the Trust. The total deposit as on 31.03.2009 with the Trusts was Rs. 49.78 crores. These Trusts released around Rs. 20.00 crore to the artisans to meet their needs.
5. KVIC has decided to promote production of Khadi using naturally coloured cotton developed by University of Agricultural Sciences, Dharwad, Karnataka. The use of

- naturally coloured cotton will help in saving water, extensively used in dyeing industries, and also save consumers from the adverse effects of synthetic chemical dyes.
6. KVIC is researching to develop solar charkha. Gandhigram Urja Sanstha—an NGO of Amaravati, Maharashtra is working on the project in collaboration with MGIRI, Wardha.
 7. Concept of 'Honey Hut' has been successfully introduced for promoting Honey added products in Showrooms, Malls and prestigious Exhibition like IIFT, New Delhi.
 8. E-CHARKHA one of the major achievement of KVIC is development of one, two and eight-spindle NMC E-CHARKHA, in collaboration with flexitron organization, Bangalore, where the spinner while plying the charkha, rotates an armature/dynamo which in turn charges a battery. It allows the spinner to light her dwelling place, listen to transistor and recharge cell phone.

Abbreviations Used in the Article

1. KVIC – Khadi and Village Industries Commission
2. KVIB – Khadi and Village Industries Board
3. U.T. – Union Territories
4. DIC – District Industry Centre
5. IA – Implementing Agency
6. NA – Nodal Agency
7. PMEGP – Prime Minister's Employment Generation Programme
8. SFURTI – Scheme of Fund for Regeneration of Traditional Industries
9. RICS – Rural Industry Consultancy Service
10. RISC – Rural Industry Service Centre
11. PRODIP – Product Development, Design Intervention and Packaging
12. NZ – North Zone
13. SZ – South Zone
14. EZ – East Zone
15. WZ – West Zone
16. CZ – Central Zone
17. NEZ – North East Zone

18. **EPC** – Export Promotion Council
19. **PMRY** – Prime Minister's Rojgar Yojana
20. **REGP** – Rural Employment Generation Programme
21. **MGIRI** – Mahatma Gandhi Institute of Rural Industrialization
22. **IIT** – Indian Institute of Technology
23. **IIS** – Indian Institute of Science
24. **NIT** – National Institute of Technology
25. **NIFT** – National Institute of Fashion Technology
26. **NID** – National Institute of Design
27. **IITF** – India International Trade Fair
28. **NMC** – New Model Charkha
29. **E-Charkha** – Electronic Charkha
30. **NER** – North East Region
31. **VI** – Village Industries
32. **RC** – Rate Contract.



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