

Official Paper

Not a Good Chit for Khadi

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Report of the Khadi Evaluation Committee, Ministry of Commerce and Industry. Government of India. 1960. Pp iv + 387.

HISTORICALLY, Khadi symbolised the spirit of Swadeshi and formed an inseparable aspect of the wider objective of "Swaraj". It represented the social and economic aspect of "Ahimsa" insofar as social cohesion, political consciousness and economic equality were sought to be achieved among the masses through the Charka, in much the same way as political emancipation was expected to be achieved through non-violence. Khadi formed an essential part of the political philosophy of the nation during the pre-Independence era.

The role of Khadi was not to be co-terminus with that of the Independence struggle. Gandhiji envisaged for Khadi a more enduring and dynamic role in reshaping the country's post-Independence socio-economic life. He visualised Khadi as an instrument to achieve a new social order, characterised by (1) self-sufficiency, self-reliance and dignity of labour; (2) decentralisation of production; (3) absence of the employer-employee nexus; (4) assurance of a basic minimum social wage to the "have-nots"; and (5) a sense of simplicity, devotion to duty and dedication to the welfare of fellow-beings.

Propagation of Khadi was the work of non-official agencies and social workers, many of whom were trusted lieutenants of the Mahatma. The movement was spearheaded by the All-India Spinners' Association and the Sarva Seva Sangh till 1953, when the All-India Khadi and Village Industries Board was constituted by statute. The constitution of the Board (which was later reconstituted into a Commission) did not alter either the character of the organisational media for carrying on the work or their personnel. Both were taken over from the earlier non-official organisations. The only difference that was made was that after 1953, unlike in the past, the programme has been

sponsored, aided and financed by the Government as a part of its programmes for planned development of the country. This departure was of the utmost significance, because it afforded an opportunity to those engaged in propagating Khadi to bring about the socio-economic revolution visualised by Gandhiji. How far have they taken advantage of this opportunity? How far have the objectives embodied in the Khadi programme been realised?

Impressive Figures

A frequent criticism of the programme is that it is a programme of relief — a means of distributing dole — rather than a programme of reconstruction. It is also argued that the Commission has not succeeded even in this limited objective since the overhead costs incurred by it in distributing these doles have been very heavy. Is there any substance in these charges? What have been the shortcomings of the Khadi programme — conceptual and operational? At what cost is the programme being implemented and is the cost justified by the achievement? The Gyanchand Committee, which undertook an appraisal of the progress of the Khadi programme since the Khadi Commission took over, sought to answer these and some other questions about the Khadi programme.

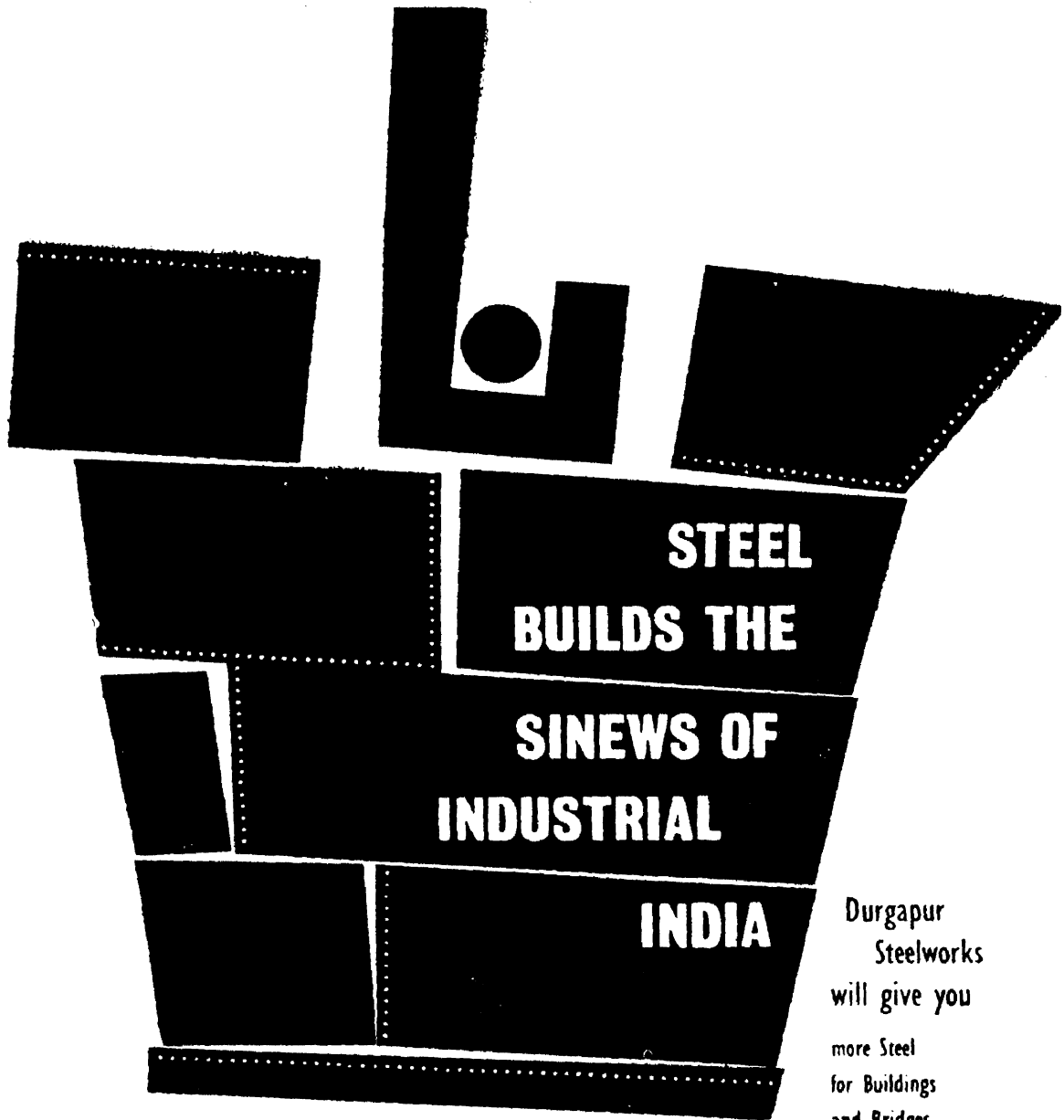
An assessment of some quantitatively measurable aspects of the programme suggests, that progress has been considerable. During the six years of its existence ending 1958-59, the programme absorbed the not inconsiderable sum of Rs 7,039.35 lakhs, of which Rs 1,388.05 lakhs, or 63.5 per cent, was accounted for by the traditional Khadi programme and the rest by Charka programme. In the period 1953-54 to 1958-59 production of Khadi (including Khadi consumed by the producers themselves) increased from 91.99 lakh square yards to 2,316.15 lakh square yards; employment in Khadi production rose from 3.79 lakhs to 13.80 lakhs, the number of villages covered increased from 13,390 to 1,00,000 and the number of institutions, including production and sales centres, increased from 1,062 to 5,638.

These are impressive figures indeed. But they need to be carefully studied. Let us, to start with, relate expenditure to output and employment (Table I). In 1953-54 governmental expenditure on every year of Khadi produced was Rs 0.82 and on every person employed was Rs 25. In 1958-59 the figures were Rs 2.87 and Rs 121.3 respectively, excluding expenditure on the Ambar programme, and Rs 1.85 and Rs 170.0, when that is

Table I : Expenditure, Production and Employment

Year	Expenditure (Rs Lakhs)	Production (Lakh Sq Yds)	Expenditure/ Output Ratio	Employment (Lakhs)	Expenditure/ Employment Ratio
(1)	(2)	(3)	(4)	(5)	(6)
1953-54	94.99	115.63	0.82	3.79	25.0
1954-55	247.95	192.66	1.28	5.18	47.8
1955-56	457.74	289.04	1.58	6.58	69.5
1956-57	805.00 (269.09)	1074.09	417.34 (1.92)	2.57 (0.46)	8.69 (97.8)
1957-58	1054.63 (592.07)	1646.70	500.61 (2.10)	3.28 (1.53)	11.22 (108.9)
1958-59	1388.05 (958.40)	2346.45	482.94 (2.87)	4.85 (2.64)	13.80 (124.3)

Note : Figures in brackets in columns (2) and (5) relate to the Ambar programme and in columns (4) and (6) exclude the Ambar figures.



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included. The progressive increase in expenditure per yard of output and per person employed over the period 1953-54 and 1958-59 are given in Table 2. It will be obvious from the Table that while expenditure on the traditional Khadi programme increased over four-teen-fold, production increased just over four-fold and employment merely trebled itself. Expenditure by the Government on every yard of Khadi produced increased three-and-a-half times and that on every person employed increased nearly five times. The increase in expenditure is much higher if the Amhar programme is taken into account.

Disproportionate Increase in Expenditure

It is obvious that the increase in expenditure has been disproportionately high compared to the increase in output and employment. Is this because of the capital expenditure involved in the construction of godowns and office buildings and initial investment in Charkas and other accessories which became necessary as a result of expansion of the programme to cover new areas? Since production and employment cannot be expected to increase in step with the increase in expenditure in the initial years, some degree of imbalance may be regarded as inevitable.

This does not, however, appear to be the case as is obvious from a review of the expansion of the Khadi programme during the period under consideration. As in the past, the Khadi programme appears to have been concentrated essentially in six States — U P, Bihar, Punjab, Rajasthan, Andhra and Madras — which together accounted for nearly 88 per cent of the Khadi produced by conventional Charkas. Even within these traditional centres the report points out that production has not been organised in new

areas. The increase in the number of institutions or agencies associated with the Khadi programme between 1953-54 and 1958-59 is not so much the result of the extension of the programme to new centres as of its more intensive implementation in areas where it was already in operation.

As against the expenditure of nearly Rs 125 per person employed, the average earnings of a spinner and the duration of employment in the year make dismal reading. On the basis of the period of employment and the quantity of Khadi produced, the average annual earnings of a spinner is estimated at Rs 20.25. It varies between Rs 11 in West Bengal and Rs 55 in Mysore. The average duration of employment is estimated at 119 3-hour working days or 45 8-hour working days per year. Though the wage of the spinner has been raised from 8 annas in 1953-54 to 8 annas in 1960 earnings of spinners do not appear to have increased at all.

From the figures of total hours of employment it can be calculated that about 2.19 lakh persons found full-time employment in 1958-59 in the Khadi programme. Against this, the output of Khadi was worth Rs 9.58 crores and the total expenditure incurred on the programme was Rs 13.88 crores. The outlay/output and the outlay/employment ratios thus work out to 1:0.69 and 557:1, respectively. In other words, it cost the country Rs 1.15 in terms of outlay for every one rupee worth of output and Rs 557 for every single person employed at extremely low rates of wages. These statistics give a shattering blow to the belief that traditional techniques are labour-intensive and that with little or no additional capital investment they yield relatively large outputs and employ a relatively large number of persons.

During its six years of operation the programme has absorbed a total outlay of Rs 7,039.35 lakhs. What would have been the result, in terms of employment and output, had this investment been made in small-scale industries? According to official estimates, the average investment per worker in a modern small-scale unit is Rs 5,000 inclusive of investment in working capital. It is also estimated that for every rupee of Governmental outlay, corresponding private outlay in small industry is normally around Rs. 5. Thus if the investment of Rs 7,039.35 lakhs, made in the Khadi programme, had been made in the small industry programme, it would have resulted in aggregate capital investment, including private investment, of the order of Rs 352 crores. Total direct employment as a result of the investment would have been more than seven lakhs.

Comparison with Small Industries

It is often argued that the work of the Khadi Commission and its achievements cannot be assessed in quantitative terms since the programme aims at achieving comprehensive socio-economic regeneration. Available evidence, however, gives no indication of such socio-economic regeneration. The Khadi programme is still confined to some six States. Self-sufficiency, related either to the individual or the region, still remains a far-away ideal and the bulk of the Khadi produced is sold in the cities. The whole programme is urban-oriented and "there is no indication that the undesirability of this practice is appreciated" (p 74). Though the Ambar Charka represented a considerable advance in the technique of spinning, its actual benefits by way of increased production and wages bear little relation to the financial outlay on it. About 10 per cent of the Ambar Charka distributed are reported to be wholly idle and the

Table 2 : Progress of the Khadi Programme
(Chain index with 1953-54 as base)

Year	Expenditure		Production	Expenditure/Output Ratio		Employment		Expenditure/Employment Ratio	
	T K P	Total		T K P	Total	T K P	Total	T K P	Total
1954-55	261.03	261.03	166.62	156.09	156.10	136.68	136.68	191.20	191.20
1955-56	481.88	481.88	249.97	192.68	192.68	173.61	173.61	278.00	278.00
1956-57	847.46	1130.74	360.93	234.15	313.41	217.15	229.29	391.20	494.40
1957-58	1110.25	1733.55	432.94	256.10	400.00	255.67	296.04	435.60	586.80
1958-59	1461.26	2470.21	417.66	350.00	591.46	294.46	364.12	497.20	680.00

Note : "T K P" stands for the Traditional Khadi Programme. "Total" includes the Amhar programme.

"60 per cent of the so-called active Ambars are worked as a rule, for less than 3 hours a day" (p 97). In terms of man-days of 8 hours each, average employment per Ambar Charka operator comes to hardly 55 days in a year, and average earning to Rs 53. The programme of training is not related to the requirements of the development programme and of the 1,237 persons trained in Regional Vidyalayas, the Commission could account only for 232 as having been absorbed in the programme. Few attempts are made to earnestly organise Khadi and related activities on co-operative basis, there being only 300 co-operatives of all types. Of these again, 77 per cent are concentrated in the three States of Mysore, Bombay and Andhra. Even in these States the majority of the societies are sales co-operatives, selling woollen blankets.

The intensive Area Programme—the instrument meant to achieve the Commission's objectives of full-employment, regional self-sufficiency, social uplift and economic regeneration—has left much to be desired in its working. Owing to its one-sided emphasis on Khadi work, it does not appear to have succeeded in mobilising local resources to meet local needs. Even in respect of Khadi work, it has failed to effectively demonstrate the success of the integrated approach in reducing the cost and price of Khadi, increasing productivity and expanding local markets.

In sum, it appears that even as a programme of relief the Khadi programme has failed, if it is judged by its success in utilising available idle man-power in areas where unemployment is chronic.

U K Balance of Visible Trade

THE United Kingdom balance of visible trade the difference between imports (valued c i f) and exports (valued f o b) — improved in the second quarter of this year, according to full trade figures for June issued by the Board of Trade in London on July 24.

On a seasonally adjusted basis, this balance improved from a deficit of £ 64,000,000 a month in the first quarter to one of £43,000,000 a month in the second quarter. The improvement resulted mainly from a further fall in imports.

The final figures for June also confirm the provisional figures issued earlier this month, showing a rise in exports to £316,300,000, a fall in imports to £71,300,000, and re-exports stationary at £13,800,000.

The second quarter has seen a considerable reduction in the balance of visible trade, popularly known as the "trade gap". The deficit of £43,000,000 a month in this quarter is in strong contrast with the comparable figure for 1960 of 472,000,000. And it should be remembered that the balance of visible trade, as shown in the U K balance of payments, is always more favourable than this, trade balance, mainly because imports are valued f o b rather than c i f.

The main cause of the improvement in the balance of visible trade in the second quarter is admittedly a fall in imports rather than (which would have been desirable) a rise in exports—Exports in the second quarter were actually 1 per cent less, on a seasonally adjusted basis, than in the first quarter—But this fall can probably be accounted for, thinks the Board of Trade, by the inclusion in the figures* for the first quarter of some exports delayed by the strike in the autumn of 1960, while some exports delayed by the strike in April and May this year may not have been included in the June figures. Allowing for these factors, exports have probably shown a gradually rising trend in both the first and second quarters of this year.

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