

## *Chapter VII*

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# **Conclusions and Suggestions**

The field survey findings and the analysis carried out in this study have clearly established the contradictions in the present developmental policy. It is now clear that traditional sector elements like artisans, who could and should find mainstream space, may be promoted only when the developmental policy shifts its point of emphasis. A development policy designed under the premises of liberal capitalistic framework, cannot but perpetuate the status-quo. It is therefore, suggested that the policy shift should be in terms of a radical understanding of the economy.

The idea of protecting traditional sector pursued in a country like Japan becomes an ideal frame of reference here. The essence of Japanese policy of economic reformation and change, as is well known, rests on the retention of traditional crafts with due recognition to the traditional entrepreneur. Even where the traditional sector produce has found a modern industrial alternative, in most cases the same traditional entrepreneurs have been trained to produce the alternatives. 'Proto industrialisation' was made possible in Japan through adequate opportunities to the traditional entrepreneur to mature into a modern entrepreneur. Also important to note is the attempt to project the traditional crafts as national symbols, create domestic as well as international demand for these produces and ensure a price realisation which is not far

below than that of the produces of any modern industry. It is this package that has helped a traditional craftsman in Japan to lead the life equivalent to that of the mainstream population and continue in the same line of production. Japan thus provides the example of a radical developmental policy within the capitalist frame of reference.

The industrial development policy for India, under the circumstances, need to take its lead from the Industrial Policy Resolution of 1977. It is here that we find a prominent place given to the small and village sector in the economy. However, we also suggest a deviation from this policy with regard to the categorisation of industries. The ideal categorisation seems to be the one which depends not on the size of the undertaking but on the nature of production activity carried out by these units. In other words, the crucial question in Indian economy is not the dichotomy of Big Vs Small but of Modern Vs Traditional, Agro-based Vs Non-agro based and Extractive Vs Non Extractive etc. The beginning of a positive policy towards the development of rural artisans should therefore start with the granting of a policy identity as entrepreneurs. The feasible idea is to categorise the industries into Modern ( with a sub classification of Large and Small industries) and Traditional ( with a sub classification of Village and Cottage industries). This would enable a clear specification of the slot for each sector in the economy. Having done this the policy should turn to locate the items largely allowed to be produced under each sub cate-

gory of industries. This again could partly take lead from the list of items reserved for small industries under the 1977 Industrial Policy Resolution. The third phase of policy readjustment would be to decide the thrust areas and infrastructures for traditional sector. Since most of the traditional crafts are region specific, it is essential to accommodate them within the decentralised subdivisions of developmental planning.

The need for bringing about drastic changes in the present policy framework towards artisan development has been well established by our study. Accordingly, an artisan development policy framework has been suggested above. But the adoption of a development plan on the lines suggested above would naturally take time. Till then the process of providing the artisans with their long denied entitlements and enablements cannot be held up. In consideration of the high occupational mobility of the artisans and the numerous problems crippling their trade prospects, it is essential to take certain immediate measures to ensure the economic viability of their activities. As a part of the strategy to strengthen the economic viability of artisan activities a plan of action is suggested here. It hints at the immediate steps to be taken even within the present policy framework towards artisan development. On the basis of the observations of the study the action plan suggested here is built around the faith that the economic viability of artisan trades could be strengthened only by strengthening their marketing potential. Therefore,

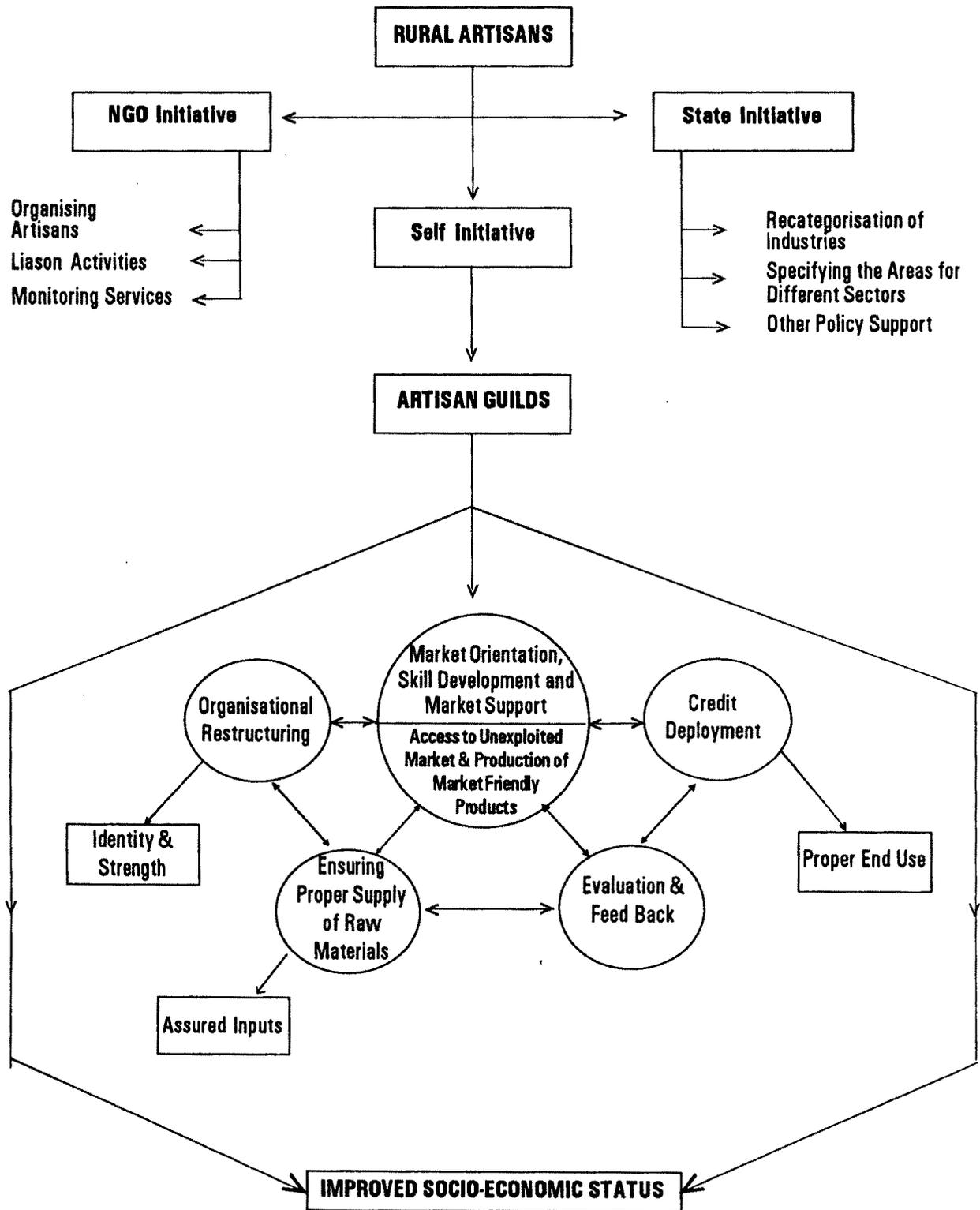
the role and relevance of all other development inputs such as technology, finance, raw materials etc., are analysed as complementary to the marketing issue. (The suggested plan for artisan development is presented in Figure 7.)

The Action Plan suggested below rests on the understanding that voluntary efforts from the artisans themselves, is inevitable for upgrading their position. Self help movements have always given the best results, especially in the area of rural development. Our study region offers enough empirical support to this end. The self help group concept tried out by SKDRDP has yielded substantial benefits to the rural poor, including the artisans. The potters of Kayarthadka, earlier referred in the thesis as the progressive artisans, are the direct beneficiaries of self help movement. Similar examples are available from the state of Tamilnadu, where the rural artisans have formed their Guilds and are able to explore new market possibilities.

It is therefore, suggested to form Artisan Guilds, as a self help institution to rejuvenate the artisans in the study region. This concept is, in fact, an extension of the principle of cooperation. However, since the cooperative enterprises in India have been marred due to excessive Government intervention and control, Guilds should work as unregistered cooperatives. Artisan Guilds rest on the dual principles of 'self-help', 'voluntary organisation' and 'mutual benefits'.

Fig. 7

**POSITION OF ARTISANS UNDER THE SUGGESTED ACTION PLAN**



It is pertinent to take note of the following details with regard to the suggested action plan.

a) The action plan suggests certain immediate measures for the development of the trades considered in the study, taking into account various linkage facilities available in the study region.

b) Though the Action plan is very specific in terms of its applicability to the study area, it's framework is broad based. Hence, it has definite macro level policy implications.

c) The action plan can also be applied to trades other than potters, basket makers and coir workers with slight modifications.

d) It aims at strengthening the economic viability of the artisan trades. It believes that revitalisation of artisan activities has to be viewed as an economic necessity rather than a humanitarian exercise.

e) The plan of action is designed as a package programme. It is necessary to adopt this 'package' in full and in the sequence suggested. (However, the stages are not mutually exclusive, but sometimes overlapping). Even if any one of the elements of the package is weak, it would have an adverse effect on the effectiveness of the other linking issues.

f) It is necessary to note that the plan must be flexible enough to accommodate 'Trade' and 'situational' specific changes required at the stage of implementation.

#### **THE ACTION PLAN:**

The action plan for the development of Artisans is to be implemented by the proposed Artisan Guilds and it involves the following stages:

1. Market orientation and skill development
2. Organisational restructuring.
3. Ensuring proper supply of raw material.
4. Credit deployment.
5. Evaluation and feed back system.

#### **Market Orientation and Skill Development:**

It has been well established by our analysis that the traditional products of rural artisans are fast losing their market. Rural artisans, no more enjoy the kind of monopoly they have been enjoying in the olden days. The erosion of traditional markets is caused by the changing life patterns of the general populace and the competition from organised industrial sector. However, the decreasing demand for traditional products is being more than compensated by the increasing demand for modern products, especially from the urban

and semi-urban markets. Decorative pottery, bamboo works, coir works and other artisan activities have shown immense possibilities of entering this segment of the market. A showcase, a flower arrangement, the corridor of a hotel or sitting rooms of ultra modern structures invariably find a place for clay, bamboo and coir items. Therefore, it is pertinent to note that, what has actually taken place is not a decline in demand but a shift in market. The traditional artisans need produce and supply modern, market friendly products to such places where demand really exists.

But the exploitation of the emerging markets for artisan products necessitates the provision of adequate market orientation. The artisans, especially of the younger generation must be convinced that the trade has rich potentials. This would ensure the continuance of the trades and check the trend of conversion of the future generation of artisans into the proliferate lot. The orientation programme should throw light on all the aspects of the trades and must light up a hope among the frustrated artisans so that they would wilfully perform the trade. Market orientation needs consideration of the following:

- 1) Survey of artisan households: The first step towards the development of rural artisan is to identify the artisans on a district level. Artisans belonging to different trades must be surveyed to ascertain their socio-economic backgrounds and estimate trade development needs.

ii) Training: Making the artisans market oriented does not need, much of technological up-gradation. The artisans need only minor adjustments in their skills and use of appropriate technology that can reduce their drudgery. A training programme, more than upgrading the skill, is required to strengthen their faith in the trade as an economically profitable proposition. The training should concentrate more on improved designs, product diversification and market orientation. The use of improved technology shall only be one of the components of training.

A programme of training the rural artisans on market oriented production system shall consider the following:

- 1) The beneficiaries selected for training must be able to take up artisan activity as a full-time activity and preferably belong to the age group of 15 - 25 years.
- 2) The training has to concentrate on two types of inputs viz., adjustment in the scale and orientation in the related managerial issues. It shall also have a component of formal education to ensure minimum working knowledge to the artisans.
- 3) The training may be for a period of 15 days to one month.
- 4) The training shall consider the fact that artisan activity is a typical traditional bond to the artisans. The activity is interwoven with the life practices and rituals of the artisans. Therefore a training programme

should be designed to accommodate these traditional roots.

- 5) The training should be provided by a team of experts preferably master trainers with a modern outlook to the trade who are fully aware of the local potentials of the trade and the likely demand in the macro environment.
- 6) The communication during the training programme is a tough task. Therefore emphasis should be on the language and the symbols with which the artisans are familiar. The concepts of managerial aspects should be simplified and made understandable to the artisans.

Dakshina Kannada district is fortunate enough to have the necessary institutional infrastructure to design and execute such training programmes. The Rural Development and Self-employment Training Institute (RUDSET), SKDRDP and many other voluntary organisations can effectively train the artisans in improving their skill to perform and the will to do. The RUDSET for instance, has a novel setting for carrying out the artisan training programmes. It is jointly sponsored by banks and non governmental organisations. The sponsors include Syndicate bank, Canara bank, SDM Educational Society and Syndicate Agricultural Foundation, who have a proven track record in imparting such training. There are already two institutes in the district (Ujire and Shivalli) which can be used for this purpose. However, the yeoman task of training

necessitates the establishment of few more such training centres. Since the artisan trainees can not afford training expenses, and that their family would lose a normal earning of a most productive member of the family during this period, both these have to be compensated. The training cost must be recovered out of the sale proceeds of the output during the training period. Compensation for the loss of income for the family may be accommodated through the consumption credit. Here again, our study region has the benefit of a novel scheme of consumption credit evolved by the SKDRDP. This scheme involves support to direct consumption in kind, to compensate for the loss in regular man days. Such a scheme ensures that the consumption requirements are directly made available to the artisan families with least scope for misutilisation.

Along with the market orientation and skill development the Guilds need provide proper market support to their members. In consideration of the changes in the demand pattern during the recent past, the following measures are suggested.

- i) The artisan Guilds must play a dominant role in collecting and disseminating marketing intelligence to the artisans. The marketing intelligence may be had from various institutes working in the field of artisan development, private businessmen dealing with artisan products, direct field surveys and through the study of trends in the demand for handicrafts goods in the international markets.

- ii) The output of the artisans, other than those meant for the local markets shall be collected from the artisans from their door steps by the collection centres established by the Guild.
- iii) A fixed percentage of the estimated price of the output shall be immediately released by the Guild to the artisans. The remaining part of the price realised, after retaining the service charges shall be handed over to them only after the actual sales of the output.
- iv) The artisan Guilds shall note the slow disappearance of the local markets and emergence of demand in the urban and semi urban segments. In order to take advantage of this trend fully and pass on the benefits to rural artisans directly, the Guilds must establish retail outlets for all artisan products in as many urban and semi-urban centres as possible.
- v) The Guild must make an attempt to persuade the local government, semi government bodies, interior decorators, building contractors, schools, colleges and other organisations to buy their requirements directly from them.
- vi) Attempts must be made to create an awareness among the general public about the benefits of eco-friendly artisan products which would go a long way in building a sound market base in the long run.

### Organisational Restructuring:

Once the artisans are equipped with the 'will' and 'skill' to perform, they must be provided with the organisational support. The organisation for artisans must be viewed from two angles -- First, organising the unorganised artisans and Second, development of well equipped organisations to provide extension services to artisans, in relation to production, financing, technology and marketing.

Artisans, even today are closed communities and hence, by and large have remained as isolated groups. If they are to be brought together as a strong community, concerted organisational efforts become inevitable. Though some attempts of organising artisans have been initiated in our study region, they are mostly caste driven exercises and have not generated the desired results. Therefore, the artisan communities must be organised on secular lines with a stress on trade development.

The ideal way out is to organise them under 'Artisans Guilds'. An artisan Guild would be a self help group of artisans of a region working on cooperative and mutual aid principles. The artisan Guilds must be managed by an executive committee having the elected representatives of the artisans and nominated representatives from Banks, Zilla Parishath/Mandal Panchayath, Forest Department, District lead Bank and Local NGOs. Such an organisation would make the developmental agencies and the beneficiaries very effective and responsible. The Artisan Guilds must be organised at two

levels, the taluk and the district. The artisans shall pay a nominal membership fee and be the members of the taluk level organisation. They shall elect their president, vice-president and an executive committee, from amongst themselves. The Secretary performing in advisory capacity shall be a representative from a local voluntary organisation working for artisan development. The taluk level executive committee shall also have a representative from lead bank, Taluk panchayath, forest department and KVIC. The elected representatives of all taluk level executive committees must elect the District Level Executive Committee and office bearers. Even the District level committee shall have nominated representatives from all the agencies engaged in artisan development at the district level. The Secretary of the District Level Artisan Guild's executive committee must be the representative of a voluntary organisation with a proven track record. The secretary shall co-ordinate the activities of all the taluk level committees. An artisan having grievances against the taluk level administration must be in a position to appeal before the District level committee.

It becomes the responsibility of the Artisan Guilds to change the attitude of the existing organisations for artisan development. These organisations including commercial banks, KVIC, Coir Board, Handicrafts Board, Sericulture Board, Handloom Board, Taluk and District administrations etc must be convinced about the economic viability of the trades. Only such a change in attitude can ensure proper flow of development inputs towards the artisans sector.

The Artisan Guilds can incorporate the advantages of a co-operative Society and also that of a voluntary agency. In our study area, the concept of Artisan Guilds can very well be implemented since the most important component of such Guilds, the NGO network, is available through out the district. Organisations like SKDRDP in Dharmasthala, RUDSET in Ujire and Shivalli, Kiran Centre in Mangalore and Ashika in Kundapur have already done their bit towards artisan welfare and they are definitely equipped to be supportive to the proposed artisan Guilds.

The task of organising the artisans should go side by side with the process of market orientation and skill development. In fact, organising them would smoothen the adoption and adaptation tasks. Therefore, organising the artisans into 'artisan Guilds' is an independent but complementary task to the ultimate objective of artisan development.

#### **Ensuring Proper Supply of Raw Materials:**

The present practices of Raw material support to artisans are not practical and live in only books and records. Non-availability of adequate raw materials at reasonable rates being the single most important hurdle in artisan development as perceived by the artisans, a concerted effort in this regard is an immediate requirement. The artisan Guilds need do the following in this regard.

i) The task of raw materials procurement and supply, must be taken up by the artisan Guilds. This would facilitate passing on the gains of large scale buying to the artisans. This can also save the likely loss of man days on the collection of raw materials.

ii) The Guild must establish a good rapport with the forest department, and make use of its bargaining power in bidding for forest products along with the outside private bidders.

iii) Efforts must be made by the Guilds to make use of R & D facilities provided by the National Institutes like CART and CSIR and other institutes established by KVIC, Handicrafts Board, Coir Boards etc., for the benefit of the artisans.

iv) The Guilds must constantly search for alternative sources of raw materials and substitutes for costly and scarce raw materials.

v) The artisans must also be educated on the proper preservation & utilisation of raw materials so that the raw material cost per unit of output may be kept at the minimum. Raw material being the biggest element of cost in the total cost of production for artisans, offers excellent scope for cost control and cost reduction.

If the above measures are initiated by the Guilds, the artisans will be prepared to take off. It is at this stage

that the craftsmen develop the credit absorption capacity and be able to reap the best out of capital. Hence, the logical sequence of Guild initiated drive would be to arrange for financial packages.

#### **Credit Deployment:**

Finance as a development input would work only when the artisans are organised and equipped for market exploitation on modern lines. The income level of artisans and their trade prospects cannot be improved only by providing additional doses of capital before these stages. It is only when the trade is flourishing the need for finance occurs. Given this background and the limitations of the present practices of financing, the following scheme of credit is suggested.

In order to ensure proper end use of credit, it is suggested that the scheme of credit should be adequate, timely and subject to close supervision. Assessment and administration of Financing schemes for artisans therefore, should accommodate the following:

- a) Finance for consumption requirements.
- b) Finance for trade development.
- c) Credit Supervision.

a) Finance for consumption requirements:

The consumption requirements of artisan households include not only food and shelter but also funds needed for meeting their cultural and religious requirements which are integral to their life practices. In addition to this consumption credit should also take care of compensation for the period of adoption.

b) Finance for trade development:

Artisan trades must be financed only after a proper estimation of the needs of setting the trade on modern lines. In order to secure the complimentary objectives of viability of the trades and recovery of credit it is necessary to provide financial support only when the artisans have undergone the processes of adoption and adaptation.

The vital aspects of finance for trade development include the following:

- i) Estimation of financial requirements.
- ii) Determination of credit components and
- iii) Determination of repayment schedule.

i) Estimation of credit:

One of the significant problems of financing rural artisans is the determination of the scale of financing. The finance package should differ from trade to trade, artisan to artisan and time to time. It should consider credit requirements for work shed, up-gradation of technology and more

importantly working capital. It is important to ensure that all these needs are met out of a single source. The estimation of credit requirements can be very scientifically done by the artisan Guilds in taluk and district level meetings avoiding the problems of under financing or over financing. It is even possible that the Guilds act as the agencies of channelising credit, as is done by NGOs like SKDRDP.

ii) Component of credit:

Our study has revealed the high tendency of credit diversion due to pressing consumption needs, difficulties in obtaining materials and equipments on time and in most of the cases inadequacy of financial assistance for setting the trade on modern lines. The first part of the problem must be taken care of at the stage of artisan orientation. They must be clearly told about the need for employing finance on trade development. With a guarantee of consumption credit, this should not be difficult. The raw materials and equipments must be supplied in kind by the artisan Guilds, which shall pass on the economies of large scale buying to the artisans. This would ensure the supply of appropriate equipments, and right quantity of materials of the right quality, at the right time from the right sources at reasonable rates.

Working capital requirements, other than the basic raw materials may be distributed in cash. Working capital financing should be subject to an overall limit, which shall vary depending upon the utilisation pattern, the business turnover, and repayment trends of each artisan.

iii) Repayment Schedule:

The repayment schedule must be scientifically determined by the Artisan Guilds, considering the gestation period, and the likely return over investment. A broad repayment schedule is suggested here for recovery of credit extended to artisans. It must be noted that this schedule only provides the general guidelines and hence should be flexible enough to accommodate changes as per individual requirements.

i) First six months from the date of actual disbursement of credit shall be considered as gestation period. During this period the Guild shall closely supervise the utilisation of credit and shall not insist on repayment. The first six months shall be treated as 'repayment holidays'.

ii) The credit provided for construction of work shed and/or acquisition of fixed assets like equipments shall be spread over a period of 5 to 6 years resulting in 60-72 small instalments, starting from the 7th month.

iii) The working capital component shall be recovered in six instalments starting from the 7th month. Working capital finance must be in the nature of revolving credit.

iv) The recovery schedule shall be flexible enough to accommodate the fluctuations in demand for artisanal products. This flexibility has to be decided by the executive committee of the artisan Guilds for each trade.

### C. Credit Supervision:

It has been observed earlier that the biggest lacuna of present system of financing artisans is the poor pre- and post-financing evaluations. The artisan guilds should, therefore, ensure that supervision of credit be taken up with all earnestness. Credit supervision is not to be limited to an act of evaluation, only when the overdues are reported. It has to be a continuous monitoring, right from the stage of assessing the credit requirements up to the collection of debts. The guilds should ensure that credit is extended to the right person, at the right time, the funds are properly and purposively deployed and repaid promptly. Here, credit supervision is more an act of helping artisans to properly use and repay the funds than of being suspicious about misuse. The emphasis of supervision should be to ensure proper end-use.

### Evaluation and Feedback System:

One of the pre-requisites in setting the rural artisans on modern lines is ensuring that, the artisans never lose faith in the development process. Therefore, all concerned with artisan development must constantly take up follow up actions so as to make the artisan relevant in the modern market economy. In order to take up the follow-up work, committed field staff with a genuine interest in artisan development must be appointed. Regular evaluation, feedback

and readjustments may be made possible only if the concerned machinery is geared properly. It is such a system of follow up that stabilises the process of development and sustains the results.

**T**he task of ensuring the viability of the artisan activities is a matter of economic necessity in India. The artisans finding their rightful place in the economy is also symbolic of a more balanced distribution of the means of production. Therefore, continued and concerted efforts are needed on the part of all concerned to ensure the revival of the traditional sector in the long run. The diverse nature of Indian economy, her vast size, the scattered settlements- both of human and natural resources and above all the present living conditions of the teeming millions, especially in the rural non-farm sector, establish a strong case for strengthening the traditional sector. As we march ahead with the new world order, the question that always haunts us is whether the growth and the development could be sustained in the long run. Strengthening the traditional sector is indeed one of the best ways of realising the dreams of 'Sustainable Development.'